

A Study on Retail Banking with special reference to Canara Bank

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Abstract - Banking in India has come a full circle from the time when you had to wait in a queue to collect cash to getting it delivered at your doorstep at no extra cost. Add to that services like phone banking, Internet banking, 24 hour ATM, draft delivery at home, etc. and you have service spelt with a capitals.

Though the contemporary banks' services have changed a lot over the last few years, the core function has remained the same. Banks handle deposits and withdrawal of money, provide loans, pay a part of the surplus as interest and the rest is kept back for the smooth functioning of the bank and profit making.

1. INTRODUCTION

Retail/Personal Banking: This division provides a range of financial services to individual customers and small companies. It operates mainly through branch networks. Retail banking includes routine transactions like deposits and withdrawals of money; money transfer; foreign currency exchange and traveller's cheque encashment. They also deal with personal and small loans, credit and mortgages; insurance policies; investment schemes; pension funds; and advice to customers on various financial matters. Apart

from offering home loans, car loans, educational loans, consumer loans, etc. they also develop various deposit schemes and help people fill their coffers.

STATEMENT OF THE PROBLEM

As there are immense opportunities of the retail banking in India. This Dissertation is on the issues and challenges in the retail banking because of the competition of the various banks and the customer satisfaction of the services which the banks are providing and at the same time to solve the complaints of the customer and maintaining the sound relationship for the future and by this way to estimate the future growth of the retail banking.

OBJECTIVES

1. To study the issues and challenges in retail banking
2. To study the recent trends in retail banking
3. To ensure high satisfaction level and reduce percentage of complaints of customers in retail banking.
4. To estimate the future growth of Indian retail banking.
5. To understand Optimization of retail banking channels.

6. To suggest strategies for improvement in Customer Service

DATA COLLECTION

Data was collected from two sources-primary and secondary sources.

1. **Primary data collection-** The primary data was collected by means of survey. It was collected from different customers through questionnaire.
2. **Secondary data collection-** This data was collected from Internet, Company's websites & Magazines.

SAMPLE SIZE

Sample size was restricted to 50 respondents, since it was not possible to cover the whole universe in the available time period.

SAMPLING METHOD

For this research **Non- Probability Convenience Sampling has been used** because time limit for the completion of the work is limited and also managers and employees were not available all the time.

Area of Study- Hyderabad

Duration- 3 months

LIMITATIONS

- Designing own and new financial products is very costly and time consuming for the bank.
- Customers now-a-days prefer net banking to branch banking. The banks that are slow in introducing technology-based

products, are finding it difficult to retain the customers who wish to opt for net banking.

- A major disadvantage is monitoring and follows up of huge volume of loan accounts inducing banks to spend heavily in human resource department.

The volume of amount borrowed by a single customer is very low as compared to wholesale banking. This does not allow banks to exploit the advantage of earning huge profits from single customer as in case of wholesale banking.

SWOT ANALYSIS

STRENGTHS :

- It has an extensive distribution network comprising of 132 branches in 88 locations.
- The Bank has a strong retail depository base & has good number customers.
- Bank boasts of strong brand equity.
- ISO 9001 certification for its depository & custody operations & for its backend processing of retail operation & direct banking operation.
- The bank has a near competitive edge in area of operations.
- The bank has a market leader in cash settlement service for the major stock exchanges in its country.
- Canara Bank is one of the largest private sector banks working in India.
- It has a highly automated environment in terms of information technology & communication system.
- Infrastructure is best.

- It has many innovative products like kids Advantage scheme, NRI services.

WEAKNESS:

- Sometime account opening and delivery of cheque book take comparatively more time.
- Lack of availability of different credit products like CC Limit, Bill discounting facilities.

OPPORTUNITY:

- Branch expansion
- Door step services
- Greater liberalization in foreign ownership via FDI in Indian Pvt. Sector Banks.
- CC/ OF Facilities.
- Infrastructure improvements & better systems for trading & settlement in the govt. securities & foreign exchange markets.

THREATS:

- The bank has started facing competition from players like SBI, PNB Bank in the finance market itself. This reduces the profit margins in the future.

Some Pvt. Banks have 7 days banking.

DATA COLLECTION METHOD

Data for the present study is collected from two sources:

Primary Data:

The data are collected directly from the universe by conducting interviews, etc. these are the original sources from which the researcher directly gathers data which are not previously referred. All the people from different profession were personally visited and interviewed. They were the main

source of primary data. The method of collection of primary data was personal direct interview through a structured questionnaire.

The primary data was collected by means of survey. Questionnaires were prepared and customers of Canara Bank were approached to fill up these questionnaires. The filled up information was later analyzed to obtain the required information.

Secondary Data:

The data are collected from the secondary sources such as magazines, journals, etc. These sources consist of already variable data in the form of statements, and reports, which may include sensory reports, financial statements of the company, reports of governments departments, etc.

It was collected from internal sources. The secondary data was collected on the basis of organizational file, official records, newspapers, magazines, management books, preserved information in the company's database and the website of the company.

Both Primary and Secondary sources was used for data collection.

For primary source, Questionnaire was used. For secondary source Internet, Magazines, and Newspaper etc were used.

RESEARCH DESIGN

Research design is simply the framework or plan for a study, used as a guide in collecting and analyzing data. There are three types of Research Design:-

1. Exploratory Research Design

2. **Descriptive Research Design**
3. **Casual Research Design**

For the study, **Exploratory Research Design** was undertaken to classify the investors on their risk and return profile.

PLAN OF ANALYSIS

The data obtained from the structured questionnaire was interpreted and recorded. The table and graph were constructed using data from the questionnaire through simple techniques like average, percentage, ratios etc. Which was then used for analyzing the acquired data?

2. DATA ANALYSIS AND INTERPRETATION

Profile of Respondents

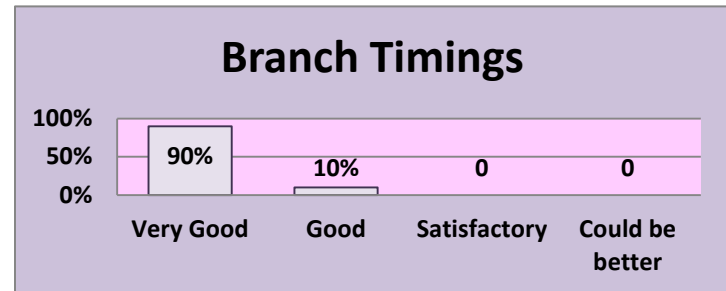
Respondents were the customers of Canara Bank of Hyderabad city of age group 25-40 years

A. Opinion on Branch experience.

The Branch timings (9:30 am to 6:30 pm from Monday to Saturday) are convenient

Table:1

Parameter	In numbers	In percentage
Very Good	45	90
Good	5	10
Satisfactory	0	0
Could be better	0	0



Interpretation

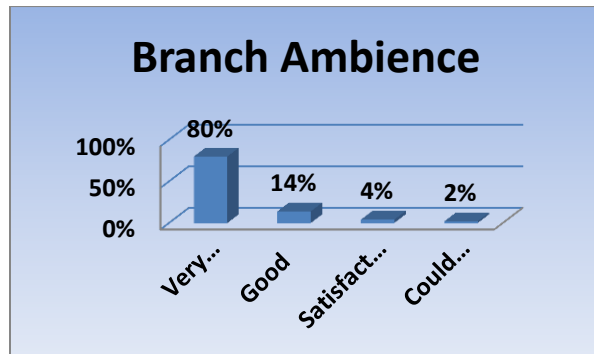
The purpose of this question is to know the whether the bank timings are convenient for the customer, 90% of respondents opinioned that bank timings are very good and 10% of respondent opinioned that timings are good. None of the customers have any problem with respect to timings.

Inference: As 90% responded very good, it seems high number are happy with bank timings.

The Branch ambience & layout is very friendly

Table:2

Parameter	In numbers	In percentage
Very Good	40	80
Good	7	14
Satisfactory	2	4
Could be better	1	2



Interpretation

80% were of the respondent opinioned that Branch ambience is very good, 14% were of the opinioned that branch ambience is good while 4% opinioned that it is satisfactory & just 1% opinioned that it could be better.

Inference: As 80% of respondents say branch ambience is very good, so not too many respondents like the branch ambience.

3. FINDINGS & SUGGESTIONS

SUMMARY OF FINDINGS

- With reference to table no.1, 90% of customers are happy with the bank timings & them opinioned that it is very good.
- With reference to table no. 2, 80% of respondents like the branch ambience & layout & find it friendly with reference to table no.3, 80% of respondents said branch was clean and well maintained.
- With reference to table no.4, 76% respondents view that Branch personnel had listened to them patiently and have been able to respond to their queries and clarifications.

- 74% of respondent responded that Branch personnel had been very helpful and courteous with reference to table no.5.
- With reference to table no. 6, 72% of respondents opinioned that branch personnel does 'Need Analyses' & 'Risk Assessment' of customer savings before recommending any investment option to them.
- With reference to table no.7, 86% of respondent that branch personnel are aware of Product and Services and responded to your queries.
- With reference to table no 8, 80% of respondents opinioned that waiting time at the Teller Counter is very good.
- With reference to table no.9, 90% of respondent opinioned that transactions are smooth and error free & is very good.
- With reference to table no. 10, 82% of respondent responded that Canara Bank looks into the feedback & is very good.
- With reference to table no.11, 80% of respondent opinioned that they are happy with the TAT post request is very good.
- With reference to table no.12, 45% of respondent are in favour of Money Monitor feature of the YBL Savings account.
- With reference to table no.13, 74% of the respondent opinioned that YES COMMUNITY EVENTS are very good.
- With reference to table no. 14, 78% of the respondent opinioned that information in bank statement is clear, easy & adequate and is very good.
- With reference to table no 15, 90% of respondent opinioned that they will most definitely recommend CANARA BANK to their friends & relatives. Overall the response of the bank customer is good.

SUGGESTIONS

Suggestions are always considered to be the most important part of any project report because for every pros there is cons associated with and to reduce the effect of latter, following suggestions must be taken into consideration in regard to retail banking.

- The Branch personnel should listen to customer patiently and should be able to respond to their queries and clarifications because some customer are new to some of the bank services and until and unless they will come to know about those services they will be not be satisfied.

- With reference to table no. 5 as not many respondent opinioned that Branch Personnel are helpful and courteous, so I will suggest that Bank personnel should be helpful & courteous towards maximum number of customers.

- With reference to table no. 6, larger number of branch personnel should do 'Need Analyses' & 'Risk Assessment' before recommending any investment option to customer.

- With reference to table no.7, more branch personnel should be aware of Product and Services and responded to customer's queries.

- With reference to table. 10, Canara Bank should look into the feedback provided by customer and takes necessary action wherever required.

- With reference to table no. 12, bank should focus on Instant FD facility & E-cheques as small 10% of customer likes this.

- Some time the customer has to wait at the Teller Counter, the service should be improved by appointing more staff, with reference to table no.11.

- Information in the Bank Statement should be more clear, easy to understand and adequate.

- Along with customer satisfaction employee's participation must be kept active by appraising their salary as they'll as their work.

- Frequently customers must be kept delighted by providing them regards and by maintaining customer relationship so that their interest can be kept maintained.

- The Canara Bank should focus on business and service portfolio for a reputation of being niche players in the industry.

- The bank should concentrate on few reliable high net worth companies and individuals rather than cater to the mass market.

- As 10% customer response is not good for the clarification of the queries response towards them so bank personnel should improve this issue because customer is a source through which business can be increase and satisfy customers is a source to create more customers, with reference to table no.4

- As it is only 10% respondent said that sometime there was a error in the transaction happened so to avoid these kinds of errors should be avoided because it is unnecessarily results in wastage of time for both staff members and service rendered, reference to table no. 9

- There should increase in the number of events organize by bank because it is a

opportunity for the bank to introduce new products and services and at the same time it is a open opportunity for the customer to come forward and suggest its views which might prove to add the values for the bank because 10% customer still not have a good response, with reference to table no.13

- Communication with the customer should improve and increase so bank can easily response towards them and in result the customer would be satisfy and no question that they will recommend the Canara Bank to their friends and relatives because 2% customer are no responding it in a positive manner

4. CONCLUSION AND FUTURE SCOPE

The project aims to study the retail banking operations of CANARA BANK. The study was very fruitful, it yielded the desired results, helped me understand the retail banking. The study also helps in what are the customer opinions towards operations of bank & its various product and services.

Any serious discussion of the future of the retail banking industry eventually raises a basic question: will future customers still need retail banks? The answer, it turns out, depends on banks themselves. With technology and nonblank businesses providing new options for safeguarding and managing their finances, customers will continue to depend on banks only as long as banks can provide service and value that cannot be found anywhere else.

The need to become highly customer focused has forced the slow-moving public sector

banks to adopt a fast track approach. The unleashing of products and services through the net has galvanized players at all levels of the banking and financial institutions market grid to look a new at their existing portfolio offering. Conservative banking practices allowed.

Indian banks to be insulated partially from the Asian currency crisis. Indian banks are now quoting at higher valuation when compared to banks in other Asian countries (viz. Hong Kong, Singapore, Philippines etc.) that have major problems linked to huge Non Performing Assets (NPAs) and payment defaults. Co-operative banks are nimble footed in approach and armed with efficient branch networks focus primarily on the 'high revenue' niche retail segments.

The Indian banking has finally worked up to the competitive dynamics of the 'new' Indian market and is addressing the relevant issues to take on the multifarious challenges of globalization. Banks that employ IT solutions are perceived to be 'futuristic' and proactive players capable of meeting the multifarious requirements of the large customer's base.

CANARA BANK has a great opportunity to increase their market potential in the present market situation.

LEARNING EXPERIENCE

The Dissertation is to define the retail banking and regarding the general services of bank.

The study was very fruitful, it yield the desire result, helped me to understand the banking

services better. The study also yields what are the factors that banking is looking forward for the customer.

The Indian banking has come from a long way from being a sleepy business institution to a highly proactive and dynamic entity. This transformation has been largely brought about by the large dose of liberalization and economic reforms that allowed banks to explore new business opportunities rather than generating revenues from conventional streams (i.e. borrowing and lending). The banking in India is highly fragmented with 30 banking units contributing to almost 50% of deposits and 60% of advances.

Industry estimates indicate that out of 274 commercial banks operating in India, 223 banks are in the public sector and 51 are in the private sector. The private sector bank grid also includes 24 foreign banks that have started their operations here. Under the ambit of the nationalized banks come the specialized banking institutions.

The bank gives great importance towards customer satisfaction. The senior staff with their busy schedule try to advice the customer how to invest in better way.

The employees in the bank are well behaved and give a great deal of satisfaction to see them how they approach their customers. The bank plays an important role not only to fulfill their duties towards customer but also to understand them better regarding what they want and how to maximize the return on the investment.

The bank has set up separate department for impart training program for the employees.

The biggest achievement is the implementation of core banking solution.

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