

An Appraisal of On Line Customer Services

A Case Study of SBI

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ABSTRACT

The Bank's efforts to improve efficiency and Customer service through use of technology are related in the rapid pace of its branch computerization. In order to provide better Customer service, business hours have been extended in 1840 computerized branches in the country. With a view to helping the Customers to have access to the information regarding their accounts round-the clock, through Internet, the Bank has introduced 'Online State Bank of India' from the 1st August. The Bank has appointed a firm of consultants for drawing up its IT plan. The plan covers IT architecture for the Bank and business solutions including e-commerce, Payment gateways and networking of all computerised branches.

1. INTRODUCTION

Customer interface at the branch level is dominant. At the branch, the branch, the Customer would expect warm and courteous behavior from the staff, which can be cultivated through attitudinal changes, prompted by training programmes and demonstrable examples, insofar as use of computer and communication technology is concerned, it should lead to a reduction in waiting time, accuracy in reporting, provision of additional/ innovative services and expeditions transfer of funds, as also availability of larger span of time, for doing banking business.

In a survey, it was observed that in the beginning, branch was computerised soon, the Customers were patient when they were asked to wait for passbooks because new passbooks had not yet been received. They were also patient when they were asked to wait because the operating staff did not have some clarity about the procedure etc. but they were not prepared to wait for an unspecified time for passbook printing or any other service for that matter-delay and an indifferent approach are two factors for which the Customer is not willing to compromise and would rather shift to another bank than tolerate any delay or bad service.

The State Bank of India is largest commercial bank in India in terms of profits, assets, deposits, branches and employees. A network of eight Indian Banking subsidiaries of the Bank, comprising seven Associate Banks and State Bank of India commercial and International Bank Ltd., are engaged in the business of commercial banking in the country. Branches of the seven associates are located in various regions of the country. Bank also provided financial services through its Non-Banking subsidiaries, and primary dealing in government securities.

The bank is also engaged in international banking principally for its Indian Customers. The international banking group services the needs of the Banks domestic corporate and other Customers in financing import and export transactions. The continuing deregulation of India's financial services sector has resulted in increased competition for the bank. In order to maximize shareholder value in this increasingly competitive environment, the bank aims to profitability while consolidating its position as India's leading bank, and capitalize on opportunities presented by deregulation and other changes in the financial services sector to

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further enhance profitability through Develop and market new product and services.

2. ONLINE CUSTOMER AWARENESS SERVICES

The bank (SBI) has adopted an information technology (IT) strategy aiming at a comprehensive, cost effective IT architecture focused on MIS, decision support systems, office automation and data processing capabilities. In level of absorption of IT and the level of automation, the bank is significantly ahead of its peers. The bank has already installed more than 1000 ATM centers, of which 60 percent are networked. The bank is under the process of implementing core banking solution. A technology initiative in the banks as on 31st March, 2002 and it helps in,

- Improved Customer service
- Customer relationship management
- Reduced time to market new products
- Better management of bank's fund and risks
- Providing cash management services for Customers
- Reduced transaction costs
- Increased staff productivity
- Ability to do a profitability analysis
- Management and monitoring of NPAs
- Fulfilling US GAAP requirements
- Single- point view of Customer. Etc.

The projects of online customer awareness and services are successfully implemented by State Bank of India including current plans. i.e. S.T.E.P.S., e-rail, RBIEFT, e-pay, Tele banking, SBI- FAST, Demat services, SB-ATM, Debit & Smart Card, SPEED, SWIFT, e-commerce, and SBI Vishwayatra Foreign Travel Card.

A THE STEPS PROJECT

State Bank Electronic Payment system (STEPS) is a highly innovative and effective payment solution designed, developed and implemented by State Bank of India in selected fully computerised Branches

(FCBs). STEPS Provides an end-to end fully automated Electronic Fund Transfer (EFT) to ensure availability of funds at the destination with speed and efficiency. STEPS ensure credit of funds to the beneficiary's account at the other branch on the next day. STEPS Provides the facility of immediate funds transfer from one computerised branch to another. The product is being launched on a pilot basis at 25 branches from 1-1-01, at 400/500 branches by 31-3-01 and at all computerised branches by 30-9-01. The system is to be used only for settlement of payments between two FCBSs through a link office. For this purpose an office namely, steps office has been set up at agency Banking & Reconciliation, National Banking Group, Belapur, Navi Mumbai. The transactions between the branches will be reconciled electronically at steps office. All transactions will be routed through steps office only.

B. E-RAIL(E-RAIL)

The scheme of e-rail is book your tickets online. The facility has launched wet 1st September 2003 in association with IRCTC. The scheme facilities booking of Railways Ticket online. The salient features of the scheme are as under:

- All Internet banking Customers can use the facility.
- You are required on www.irctc.co.in. You can select your train depending on your journey and book your ticket online.
- On giving payment option as SBI, the user will be redirected to onlinesbi.com. After logging on to the site you will be displayed payment amount, TID No. and railway reference no.
- On the payment mount your account will be debited. You can print the ticket.
- The ticket can be delivered or collected by the Customer
- The user only at New Delhi can personally collect the ticket

- The payment amount will include ticket fare including reservation charges, courier charges and Bank service fee of Rs. 10/- the bank service fee has been waived for one month.
- For cancellation, the has ticket to be presented over reservation counter.
- No cash will be paid at the time of cancellation. Only cancellation ticket will be issued. Your account will be credited after 4 days.
- SBI shall not be responsible for any delays or disputes regarding tickets.

C. RBI-EFT

Inter- bank Electronic Funds Transfer facility of the Reserve Bank of India (RBI-EFT) is available with State Bank of India branches in the clearing zone of service branches at Kolkata, Mumbai, New Delhi and Chennai.

The project has been conceived in order to bring about a total system over haul at FD, Kolkata as their existing reporting and reconciliation procedures and systems/ Networking infrastructure were not adequate to cope with the workload. It was also felt desirable to provide a comprehensive modern system that would ensure not only up-to-date nostro account reconciliation on a day to day basis but also obviate situations of forced provisions in respect of outstanding debit items as per regulatory requirements. For RBI-EFT the information is available with Asst. General Managers of Business Planning and commercial.

D. E-PAY(E-PAY)

E-pay is online bill payment services, launched by State Bank of India. All internet banking individual Customers at selected centers having savings/ current accounts with transaction rights, can use this service. It enables you to-

- ◆ View/ Pay
- ◆ Schedule
- ◆ Auto Pay and

◆ View bills paid online

Bill payment @ online SBI (e-pay) will let you to pay your telephone Mobile, Electricity, Insurance and Credit Card bills electronically over an online SBI website.

E. TELEBANKING

This is a secure, fast & convenient way to obtain a range of services by using a telephone without visiting the branch e.g. information on account, conduct of selected transactions, report loss of ATM card, order a cheque book, draft etc. the customer has to call from a telephone with tone dialing facility. For fax of his statement of account, he should have a telefax. The facility is protected with two level passwords in addition to – the customer's account number, which is his login ID. The Customers should be careful to maintain secrecy of his Password & PIN number.

E. SBI-VSATS

VSATs stand for very small aperture terminals, it is a satellite- based communications system linking a number of locations. VSATs are a relatively new technology. In was first used in the USA in 1984. In India, privately- run VSAT services started from March 1995. The National Stock Exchange is the most prominent organization which uses a VSAT-based communications system in India.

A VSAT-based system consists of three parts. The VSATs themselves are small fixed earth stations. There is a large earth station called a hub which controls the network and finally there is a satellite through which the VSATs link up with each other. A VSAT to VSAT communication typically involves what is known as a double hop. A VSAT from a particular location sends a signal to a satellite. This is known as up linking. The signal is then down linked to the central earth station, uplinked again to the satellite and finally down-linked to another

VSAT.

G. RUPEE TRAVELLER CHEQUE

Rupee travelers cheques which come in denominations of Rs.500/- Rs. 1000/- and Rs. 5000/- and carry your funds in safety and with peace of mind. Travellers cheques are widely accepted at large number of other banks and at business establishments. No identification requirements at the time of encashment and no time limit for encashment/usage of the cheques. And also SBI offering the following online services.

Gift cheques are available at all in branches of State Bank of India in denominations of Rs.101/-, 201/-,501/- and 1001/- respectively. Gift cheques do not attract any charges and its attractive free envelope. Encashable at par at all SBI branches, with no identification requirements no time limit for encashment and purchase can be made in bulk.

H. SBI-VISHWAYATRA FOREIGN TRAVEL CARD (SBI-VFTC)

The SBI – Vishwa Yatra Card is a magnetic strip pre-paid card, which offers convenient and secure way to carry cash. This prepaid dollar card offers the freedom to shop anywhere in the world and provides access to the currency of your destination at competitive market rates, cash withdrawals can be made anytime with a pre-set personal identification number (PIN) at 850000 visa ATMs worldwide and usage of the card for purchases can be done at over 13 million visa electronic merchant establishments worldwide and this is available in US DOLLER card activation.

The card can be issued to any bonafide citizen of India who plans to visit abroad except Nepal and Bhutan. The corporate can purchase the card for their employees whom they plan to send abroad for official purpose subject to completion of SBI guild lines this card can be purchased by

the parents/sponsors of the students going abroad for higher studies, in the students name and can be subsequently reloaded up to the statutory ceiling prescribed from time to time.

I. DEMAT SERVICES (DEPOSITORY PARTICIPANT SERVICES)

Depository is an organization, which holds securities in the form of electronic book entries. This will be done at the request of shareholders through the medium of a depository participant (DP). If an investor wants the services of a depository, he has to open an account with the DP. Further, a depository transfers securities as per the investor's instructions without actually handling securities, through the electronic mode. The DP will maintain the account balances of securities bought and sold by the investor from time to time. The DP will also give the investor a statement of holdings, which is similar to a passbook.

J. SBI-ATM

ATM, the acronym of Automatic or Automated Teller Machine is increasingly becoming popular in the banking industry, according to international Dictionary of Finance, ATM is a computerised machine used for banking transactions, e.g. paying or withdrawing money, statement inquiries and transfers; operated by magnetic plastic cards and personal identification numbers (PINs), Barclays bank, London in 1967, installed the first ATM in the world. In India, it was HSBC, which installed its first ATM in 1987. There are more than 10 lakhs ATM world wide while in India it is around 5000, there is a spurt in the installation of ATMs in India now, thanks to liberalization and competition. It is expected that the number of ATMs in India will exceed 35,000 in 2004. ATM cards are used for the following purposes:

- ◆ It can perform both cash and non-cash transaction in a totally secured

- environment.
- ◆ Cash transactions for both deposits and withdrawals.
- ◆ Non cash transactions include:
 - a. Mini statement of last 5 transactions
 - b. Balance enquiry
 - c. Stop payment instructions
 - d. Transfer of funds between accounts.
 - e. Requisitions for cheque book/drafts.
 - f. Bill payments.
- ◆ Dispensing traveller's cheques
- ◆ Smart card based applications
- ◆ Web enable activities
- ◆ Issue of Railways/Air tickets.

Beside the above, all banks provide special boxes in all ATM outlets for deposit of cheques in the bank. The withdrawal in ATM is restricted to a certain limit per transaction per card as fixed by individual banks. For example SBI permits a maximum cash withdrawal of Rs. 10,000/- per transaction while ICICI permits Rs. 15,000/- . The ceiling for individual withdrawal is fixed based on the need for cash replenishment, product differentiation and serving more cards. There are also on-line and off-line.ATMs.

K. SMART CARDS

Smart cards are plastic cards like credit cards, with an implanted computer chip on them, which is responsible for storing sensitive data and processing then the first smart card come to use in 1977. The smart cards are basically of three types-the storage/ memory cards, intelligent cards and the hybrid cards.

In India, the smart card market is in nascent stage with around 1.3 million chip cards in use, compared to china's 150 million. The country's various languages, social divisions, and political and religious groups pose a challenge to a national rollout of smart cards. Lack of an extensive telecommunications infrastructure hinders the card network. Some major developments in smart card field in India are:-

- Bharat petroleum launched India's first retail and loyalty card for petroleum. Customer can pay for fuel and other purchases through this card.
- The Indian postal department brought out smart cards way in 1995.
- IIT Mumbai has given smart cards to students for use in canteens, general stores and library.
- Government will introduce smart cards with large data storing capacity for driving licenses, vehicle registration certificates and national permit for commercial vehicles. Gujarat and Andhra Pradesh have already introduced the concept.
- Prepaid phone card, Internet banking Internet shopping, transportation, health care are some of the area of application for smart card.

The smart gold card issued by State Bank of India is an IOC co-branded smart card. It can be used for purchasing fuel and lubricants at IOC petrol pumps. It can be used as e-purse with pre-loaded cash to make utility payments like electricity, telephone, mobile bills etc. It can also be used in ATM outlets. The enrolment fee is Rs 250/- and the annual fee is Rs 100 and the card is valid for 4 years.

L. SPEED

Processing of loans involves a lot of paperwork, lot of number crunching and a lot of mind wrenching at various levels. This is automated to a great extent with the aid of new software called SPEED.

SPEED is software for preparing credit proposals. It is the acronym for submission of proposals for ECCB Decisions. Basically, it is software designed and developed by industrial Financial Department, Corporate centre primarily as a carrier of proposals fro Local Head office to corporate centre in an electronic format. There is a provision for reporting of irregularities also in electronic format.

The first version of SPEED was rolled out to LHOs in March 1998 and subsequently, eight versions up to SPEED 1.7 have since been sent to circles. The later versions have taken care of new requirements of COCC and also modifications suggested by LHOs/ Branches, the main advantages of speed is,

- It makes proposal preparation easy and complete as per requirement.
- It helps in building industrial Data.
- It helps in reporting irregularities.

One of the main advantages of SPEED is that making proposals becomes easy, secondly, by using the latest version of SPED, you are assured that all requirements of corporate centre are taken care of.

M. SWIFT

The acronym S.W.I.F.T. stands for society for worldwide Interbank Financial Telecommunication. SWIFT allows member financial institutions worldwide to electronically exchange information amongst each other. Services offered by SWIFT are cost-effective, reliable secure. Messages are transmitted globally through high speed communication channels on standardized message format for many international banking operations.

In May 1973, 239 major international banks from 15 countries formed SWIFT as a cooperative society with its head quarters at business, Belgium. Live operations commenced with effect from 9th May 1977. SWIFT provides connection to approximately 3000 user base has been enlarged and its services are now also available to non bank financial institutions like dealers in securities, brokers, clearing and depository institutions, trust or fiduciary services companies, etc.

N. ELECTRONIC COMMERCE (E-COMMERCE)

Electronic Commerce (E-Commerce)

refers to the paperless exchange of business information using Electronic data interchange (EDI). Electronic Mail, Electronic Bulletin Boards, Electronic Funds transfer (EFT), FAX and other network-based technologies. In a word, E-commerce is associated with buying and selling of information, products and services over computer communication networks. It not only automates manual processes and paper transactions but also help organizations move to a fully electronic environment and change the way they operate. E-commerce has unleashed yet another revolution, which is metamorphosing the way business is done.

Internet seems to be creating the possibility of a permanent worldwide bazaar in which no prices are ever fixed for long, and information is instantly available. Internet provides a perfect medium for aggregating buyers and sellers from all over the world. The importance of e-commerce was as follows:-

- ◆ E-commerce denotes buying and selling goods/services using electronic media.
- ◆ Internet Banking, Internet shopping, e-mails are examples.
- ◆ It is faster and cheaper.
- ◆ It reduces operational cost for businessmen.
- ◆ Its success depends on connectivity.

The most important factor for the success of e-commerce is delivery. It is easy to setup a portal but difficult to deliver the goods. Other key success factors include providing value for money, gaining customer trust and flexibility to keep pace with the market conditions. Orders can be booked electronically, but the actual delivery of goods is still to be done physically, most firms are not making any real gains. Amazon.com the world's biggest e-commerce firm is yet to demonstrate that their business models are profitable. The single largest roadblock in our country today is connectivity. The second issue is the

revenue divide between the center and the states which has resulted in a multiple and complicated system of taxation. The third issue is the legal process. However, the passing of income tax bill is a step in the right direction for growth of E-Commerce.

3. OBSERVATIONS & SUGGESTIONS FOR FURTHER IMPROVEMENT

In response to the changing environment, in order to sharpen its competitive edge in marketing and to establish it as the premier financial services group in the country. SBI underwent restructuring during the last year. Both the structure and processes of the Bank have been reorganized to ensure faster delivery of products, more responsive Customer service. The bank today seeks to base its marketing strategy on maximisation of product value to the Customer. Several measures initiated to this effect are: use of technology for better functioning of branches and better Customer service.

Initially, the Customers were very reluctant and finding it is very difficult and unfamiliar. But slowly when the matters got settled down and the computerised branch became more established in the new environment. The Customers also started feeling comfortable. The bank has to prepare itself for survival in the future and only those

banks who are able not only to provide service but also to retain their Customers will thrive. Those banks, which have the ability to devise newer product to meet the Customer needs will fare better, on the technology front some changes required, as suggested by the Customers and observer:

- ◆ In fully computerised branches a Customer operated enquiry terminal may be provided.
- ◆ Extension of Business Hours. The benefits will obviously be to attract fresh business.
- ◆ Customers, especially corporate clients can be provided terminal at their premises which will facilitate enquiry and other functions.
- ◆ Increase in availability of Electronic Funds Transfer (EFT) though already in operation in SBI, will give us a competitive edge and lead to more customer satisfaction.
- ◆ Single window service i.e. any service at any counter including cash transactions are needed in place of the presently available dedicated counters. For corporate clients, concept of Relationship Banking Should is made universally applicable.

Provision of Automated Teller Machines (ATM) is considered the starting point as far as technology is concerned. This facility is not available at all the places.

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