PROJECT REPORT

ON

<u>CUSTOMER SATISFACTION IN ICICI BANK</u>

BACHELOR OF COMMERCE

(BANKING & INSURANCE)

SEMESTER V

SUBMITTED BY

ASHISH ANIL DHANAWADE

ROLL NO. 17

BIRLA COLLEGE OF ARTS, SCIENCE & COMMERCE,

MURBAD ROAD, KALYAN (W)

UNIVERSITY OF MUMBAI

(2011-2012)

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Submitted:

In partial fulfillment of the requirements for the award of the degree of Bachelor of Banking & Insurance.

BY

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KALYAN (W)

BIRLA COLLEGE OF ARTS, SCIENCE, & COMMERCE, KALYAN

(CONDUCTED BY KALYAN CITIZENS' EDUCATION SOCIETY)

(AFFILIATED BY UNIVERSITY OF MUMBAI)

BACHELOR OF BANKING AND INSURANCE

CERTIFICATE

THIS IS TO CERTIFY THAT **Mr. ASHISH ANIL DHANAWADE** OF T.Y.B.COM. BANKING & INSURANCE (V SEMESTER) HAS SUCCESSFULLY COMPLETED THE PROJECT ON **"CUSTOMER SATISFACTION IN ICICI BANK"**, UNDER THE GUIDANCE OF **Miss. KSHAMATA GAWADE**

PROJECT GUIDE **PRINCIPAL**

COURSE CO-ORDINATOR

INTERNAL EXAMINER

EXTERNAL EXAMINER

<u>DECLARATION</u>

I, **<u>Mr. ASHISH .A. DHANAWADE</u>**, student of T.Y.Banking & Insurance semester V (2010-2011) hereby declare that I have completed the project on "**<u>CUSTOMER SATISFACTION IN ICICI BANK</u>**"

I further declare that the information imparted is true and fair to the best of my knowledge.

SIGNATURE

ASHISH .A. DHANAWADE

ROLL NO. 17

ACKNOWLEDGMENT

It gives me a great pleasure to submit this project on "CUSTOMER SATISFACTION IN ICICI BANK"

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Preface

The project crm in icici bank showas the clear picture regarding what the facilities and services are provided to customer . They also provide value added services to the customer.
The project also highlight the history of icici bank and what innovative customized package have they provided.

Objectives

- Services of icici bank
- Strategies they use for crm
- Comparative studies with other bank
- Impact effet on customer

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Chapter no 1. BANKING IN INDIA

Banking in India originated in the last decades of the 18th century. The first banks were The General Bank of India, which started in 1786, and Bank of Hindustan, which started in 1790; both are now defunct. The oldest bank in existence in India is the State Bank of India, which originated in the Bank of Calcutta in June 1806, which almost immediately became the Bank of Bengal. This was one of the three presidency banks, the other two being the Bank of Bombay and the Bank of Madras, all three of which were established under charters from the British East India Company. For many years the Presidency banks acted as quasi-central banks, as did their successors. The three banks merged in 1921 to form the Imperial Bank of India, which, upon India's independence, became the State Bank of India.

➢ History

Indian merchants in Calcutta established the Union Bank in 1839, but it failed in 1848 as a consequence of the economic crisis of 1848-49. The Allahabad Bank, established in 1865 and still functioning today, is the oldest Joint Stock bank in India.(Joint Stock Bank: A company that issues stock and requires shareholders to be held liable for the company's debt) It was not the first though. That honor belongs to the Bank of Upper India, which was established in 1863, and which survived until 1913, when it failed, with some of its assets and liabilities being transferred to the Alliance Bank of Simla.

When the American Civil War stopped the supply of cotton to Lancashire from the Confederate States, promoters opened banks to finance trading in Indian cotton. With large exposure to speculative ventures, most of the banks opened in India during that period failed. The depositors lost money and lost interest in keeping deposits with banks. Subsequently, banking in India remained the exclusive domain of Europeans for next several decades until the beginning of the 20th century.

Foreign banks too started to arrive, particularly in Calcutta, in the 1860s. The Comptoire d'Escompte de Paris opened a branch in Calcutta in 1860, and another in Bombay in 1862; branches in Madras and Puducherry, then a French colony, followed. HSBC established itself in

Bengal in 1869. Calcutta was the most active trading port in India, mainly due to the trade of the British Empire, and so became a banking center.

The first entirely Indian joint stock bank was the Oudh Commercial Bank, established in 1881 in Faizabad. It failed in 1958. The next was the Punjab National Bank, established in Lahore in 1895, which has survived to the present and is now one of the largest banks in India.

Around the turn of the 20th Century, the Indian economy was passing through a relative period of stability. Around five decades had elapsed since the Indian Mutiny, and the social, industrial and other infrastructure had improved. Indians had established small banks, most of which served particular ethnic and religious communities.

The presidency banks dominated banking in India but there were also some exchange banks and a number of Indian joint stock banks. All these banks operated in different segments of the economy. The exchange banks, mostly owned by Europeans, concentrated on financing foreign trade. Indian joint stock banks were generally under capitalized and lacked the experience and maturity to compete with the presidency and exchange banks. This segmentation let Lord Curzon to observe, "In respect of banking it seems we are behind the times. We are like some old fashioned sailing ship, divided by solid wooden bulkheads into separate and cumbersome compartments."

The period between 1906 and 1911, saw the establishment of banks inspired by the Swadeshi movement. The Swadeshi movement inspired local businessmen and political figures to found banks of and for the Indian community. A number of banks established then have survived to the present such as Bank of India, Corporation Bank, Indian Bank, Bank of Baroda, Canara Bank and Central Bank of India.

The fervour of Swadeshi movement lead to establishing of many private banks in Dakshina Kannada and Udupi district which were unified earlier and known by the name South Canara South Kanara district. Four nationalised banks started in this district and also a leading private sector bank. Hence undivided Dakshina Kannada district is known as "Cradle of Indian Banking".

During the First World War (1914-1918) through the end of the Second World War (1939-1945), and two years thereafter until the independence of India were challenging for Indian banking. The years of the First World War were turbulent, and it took its toll with banks simply collapsing despite the Indian economy gaining indirect boost due to war-related economic activities. At least 94 banks in India failed between 1913 and 1918 as indicated in the following table:

Years	**Number of banks that failed**	**Authorised capital (Rs. Lakhs)**	**Paid-up Capital (Rs. Lakhs)**
1913	12	274	35
1914	42	710	109
1915	11	56	5
1916	13	231	4
1917	9	76	25
1918	7	209	1

➢ Post - independence

The partition of India in 1947 adversely impacted the economies of Punjab and West Bengal, paralyzing banking activities for months. India's independence marked the end of a regime of the Laissez-faire for the Indian banking. The Government of India initiated measures to play an active role in the economic life of the nation, and the Industrial Policy Resolution adopted by the government in 1948 envisaged a mixed economy. This resulted into greater involvement of the state in different segm

The Reserve Bank of India, India's central banking authority, was nationalized on January 1, 1949 under the terms of the Reserve Bank of India (Transfer to Public Ownership) Act, 1948 (RBI, 2005b).

In 1949, the Banking Regulation Act was enacted which empowered the Reserve Bank of India (RBI) "to regulate, control, and inspect the banks in India."

The Banking Regulation Act also provided that no new bank or branch of an existing bank could be opened without a license from the RBI, and no two banks could have common director.

➢ Nationalisation


THE TIMES OF INDIA

14 TOP BANKS ARE NATIONALISED

Ordinance follows unanimous Cabinet decision

'Syndicate' in disarray as Morarji goes

A vital step, says Indira

Banks Nationalisation in India: Newspaper Clipping, Times of India, July, 20, 1969 Despite the provisions, control and regulations of Reserve Bank of India, banks in India except the State Bank of India or SBI, continued to be owned and operated by private persons. By the 1960s, the Indian banking industry had become an important tool to facilitate the development of the Indian economy. At the same time, it had emerged as a large employer, and a debate had ensued about the nationalization of the banking industry. Indira Gandhi, then Prime Minister of India, expressed the intention of the Government of India in the annual conference of the All India Congress Meeting in a paper entitled "Stray thoughts on Bank Nationalisation." The meeting received the paper with enthusiasm.Thereafter, her move was swift and sudden. The Government of India issued an ordinance and nationalised the 14 largest commercial banks with effect from the midnight of July 19, 1969. Jayaprakash Narayan, a national leader of India, described the step as a "masterstroke of political sagacity." Within two weeks of the issue of the ordinance, the Parliament passed the Banking Companies (Acquisition and Transfer of Undertaking) Bill, and it received the presidential approval on 9 August 1969.

A second dose of nationalization of 6 more commercial banks followed in 1980. The stated reason for the nationalization was to give the government more control of credit delivery. With the second dose of nationalization, the Government of India controlled around 91% of the banking business of India. Later on, in the year 1993, the government merged New Bank of India with Punjab National Bank. It was the only merger between nationalized banks and resulted in the reduction of the number of nationalised banks from 20 to 19. After this, until the 1990s, the nationalised banks grew at a pace of around 4%, closer to the average growth rate of the Indian economy.

➢ Liberalisation

ve Bank of India is an autonomous body, with minimal pressure from the government. In the early 1990s, the then Narasimha Rao government embarked on a policy of liberalization, licensing a small number of private banks. These came to be known as New Generation tech-savvy banks, and included Global Trust Bank (the first of such new generation banks to be set up), which later amalgamated with Oriental Bank of Commerce, Axis Bank(earlier as UTI Bank), ICICI Bank and HDFC Bank. This move, along with the rapid growth in the economy of India, revitalized the banking sector in India, which has seen rapid growth with strong contribution from all the three sectors of banks, namely, government banks, private banks and foreign banks.

The next stage for the Indian banking has been set up with the proposed relaxation in the norms for Foreign Direct Investment, where all Foreign Investors in banks may be given voting rights which coul

The new policy shook the Banking sector in India completely. Bankers, till this time, were used to the 4-6-4 method (Borrow at 4%;Lend at 6%;Go home at 4) of functioning. The new wave ushered in a modern outlook and tech-savvy methods of working for traditional banks.All this led to the retail boom in India. People not just demanded more from their banks but also received more.

Currently (2007), banking in India is generally fairly mature in terms of supply, product range and reach-even though reach in rural India still remains a challenge for the private sector and foreign banks. In terms of quality of assets and capital adequacy, Indian banks are considered to have clean, strong and transparent balance sheets relative to other banks in comparable economies in its region. The Reser The stated policy of the Bank on the Indian Rupee is to manage volatility but without any fixed exchange rate-and this has mostly been true.With the growth in the Indian economy expected to be strong for quite some time-especially in its services sector-the demand for banking services, especially retail banking, mortgages and investment services are expected to be strong. One may also expect M&As, takeovers, and asset sales.

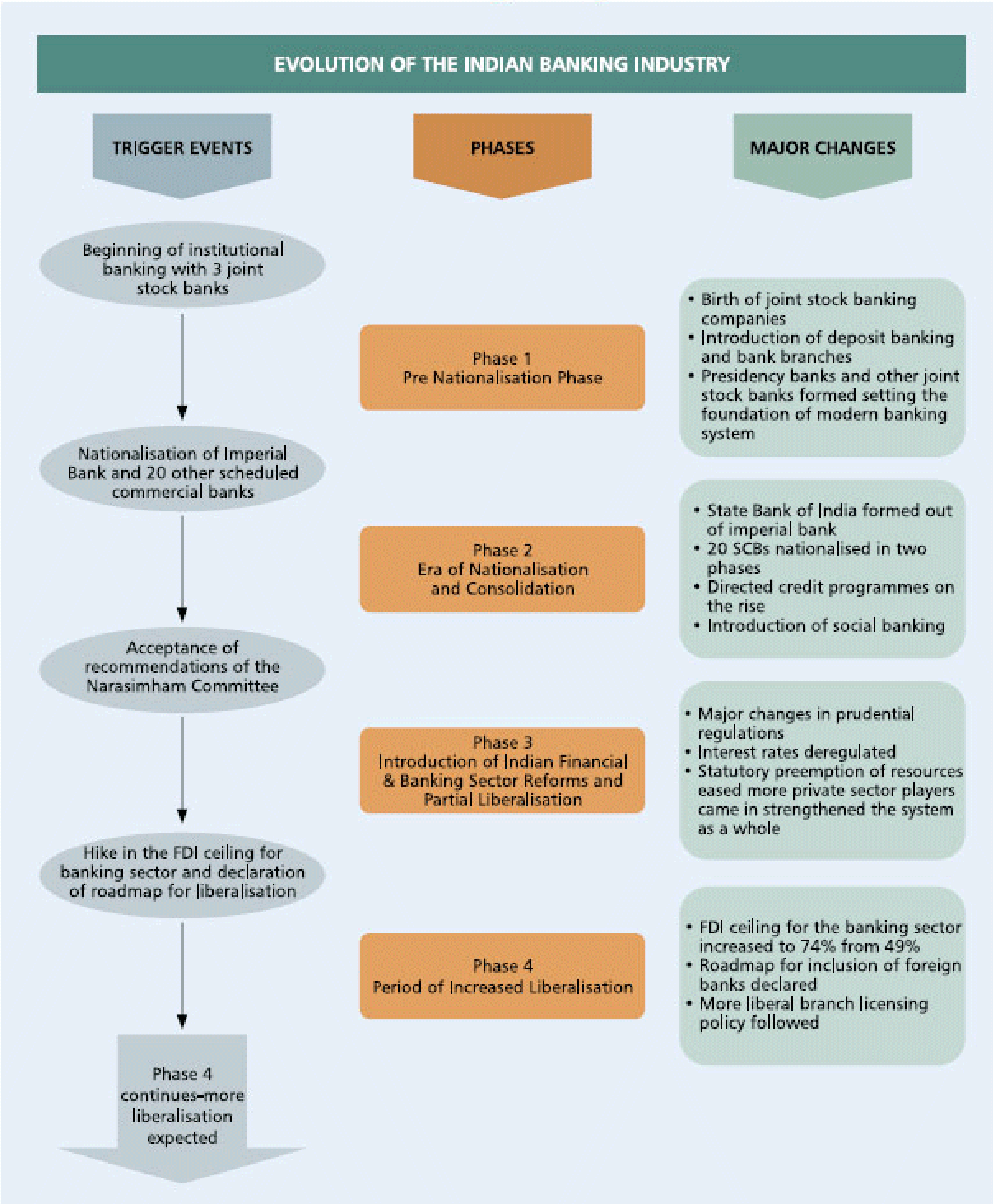
In March 2006, the Reserve Bank of India allowed Warburg Pincus to increase its stake in Kotak Mahindra Bank (a private sector bank) to 10%. This is the first time an investor has been allowed to hold more than 5% in a private sector bank since the RBI announced norms ind exceed the present cap of 10%,at present it has gone up to 74% with some restrictions.2005 that any stake exceeding 5% in the private sector banks would need to be vetted by them.In recent years critics have charged that the non-government owned banks are too aggressive in their loan recovery efforts in connection with housing, vehicle and personal loans. There are press reports that the banks' loan recovery efforts have driven defaulting borrowers to suicide.2005 that any stake exceeding 5% in the private sector banks would need to be vetted by them.In recent years critics have charged that the non-government owned banks are too aggressive in their loan recovery efforts in connection with housing, vehicle and personal loans. There are press reports that the banks' loan recovery efforts have driven defaulting borrowers to suicide.

INDIAN BANKING INDUSTRY

- **Evolution of the Indian Banking Industry:**

The Indian banking industry has its foundations in the 18th century, and has had a varied evolutionary experience since then. The initial banks in India were primarily traders' banks engaged only in financing activities. Banking industry in the pre-independence era developed with the Presidency Banks, which were transformed into the Imperial Bank of India and subsequently into the State Bank of India. The initial days of the industry saw a majority private ownership and a highly volatile work environment. Major strides towards public ownership and accountability were made with nationalisation in 1969 and 1980 which transformed the face of banking in India. The industry in recent times has recognised the importance of private and foreign players in a competitive scenario and has moved towards greater liberalisation.

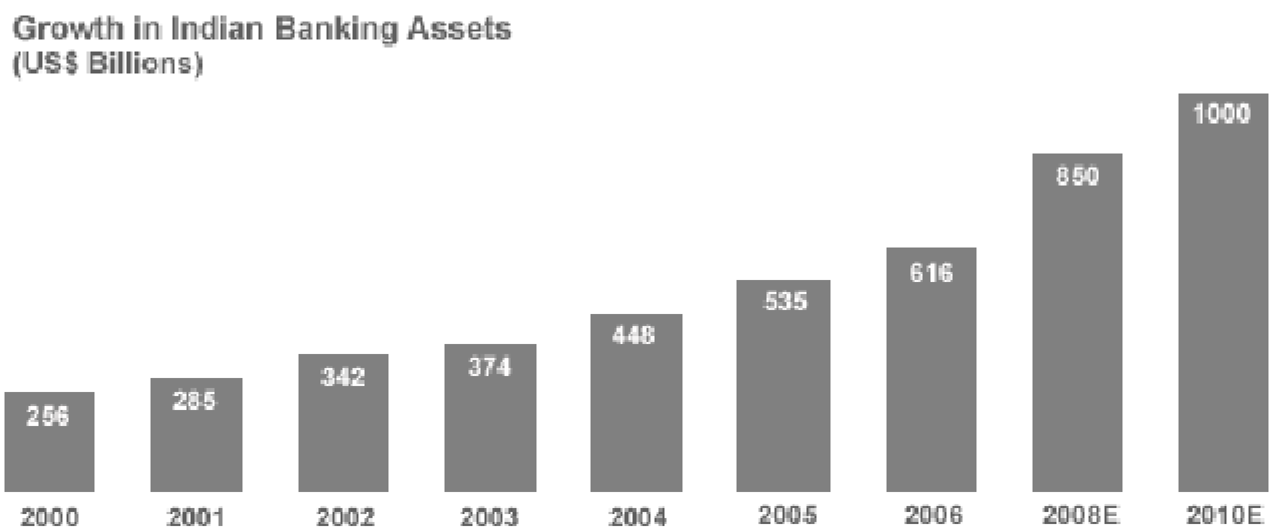
Exhibit 2.1: Phases of Evolution of the Banking Industry



Source: D&B Industry Research Service

The Indian banking market is growing at an astonishing rate, with Assets expected to reach US$1 trillion by 2010.An expanding economy,middle class,and technological innovations are all contributing to this growth.

The country's middle class accounts for over 320 million People.In correlation with thegrowth of the economy, rising income levels, increased standard of living, and affordability of banking products are promising factors for continued expansion



The Indian banking Industry is in the middle of anITrevolution, Focusing on theexpansionofretailand ruralbanking. Playersare becoming increasingly customer -centric intheir approach, which has resulted in innovative methods of offering new bankingproducts and services.Banks are now realizingthe importance of being a big player and are beginning to focus their attention on mergers and acquisitions to take advantageof economies of scale and/or comply with Basel IIregulation."Indian banking industry assets are expected to reach US$1 trillion by 2010 and are poisedto receive a greater infusionof foreign capital,"says Prathima Rajan, analyst in Celent's banking group and author ofthereport. "The banking industry should focus on having a small number of large players that cancompete globally rather than having a large number of fragmented players.

➢ structure of the organised banking sector in India

Regional Rural Banks (RRBs) were set up in September 1975 in order to develop the rural economy by providing banking services in such areas by combining the cooperative specialty of local orientation and the sound resource base which is the characteristic of commercial banks. RRBs have a unique structure, in the sense that their equity holding is jointly held by the central government, the concerned state government and the sponsor bank (in the ratio 50:15:35), which is responsible for assisting the RRB by providing financial, managerial and training aid and also subscribing to its share capital.

Between 1975 and 1987, 196 RRBs were established. RRBs have grown in geographical coverage, reaching out to increasing number of rural clientele. At the end of June 2008, they covered 585 out of the 622 districts of the country. Despite growing in geographical coverage, the number of RRBs operational in the country has been declining over the past five years due to rapid consolidation among them. As a result of state wise amalgamation of RRBs sponsored by the same sponsor bank, the number of RRBs fell to 86 by end March 2009.

➢ Cooperative bank scheduled

Scheduled cooperative banks in India can be broadly classified into urban credit cooperative institutions and rural cooperative credit institutions. Rural cooperative banks undertake long term as well as short term lending. Credit cooperatives in most states have a three tier structure (primary, district and state level).

➢ Non- Banks:Scheduled

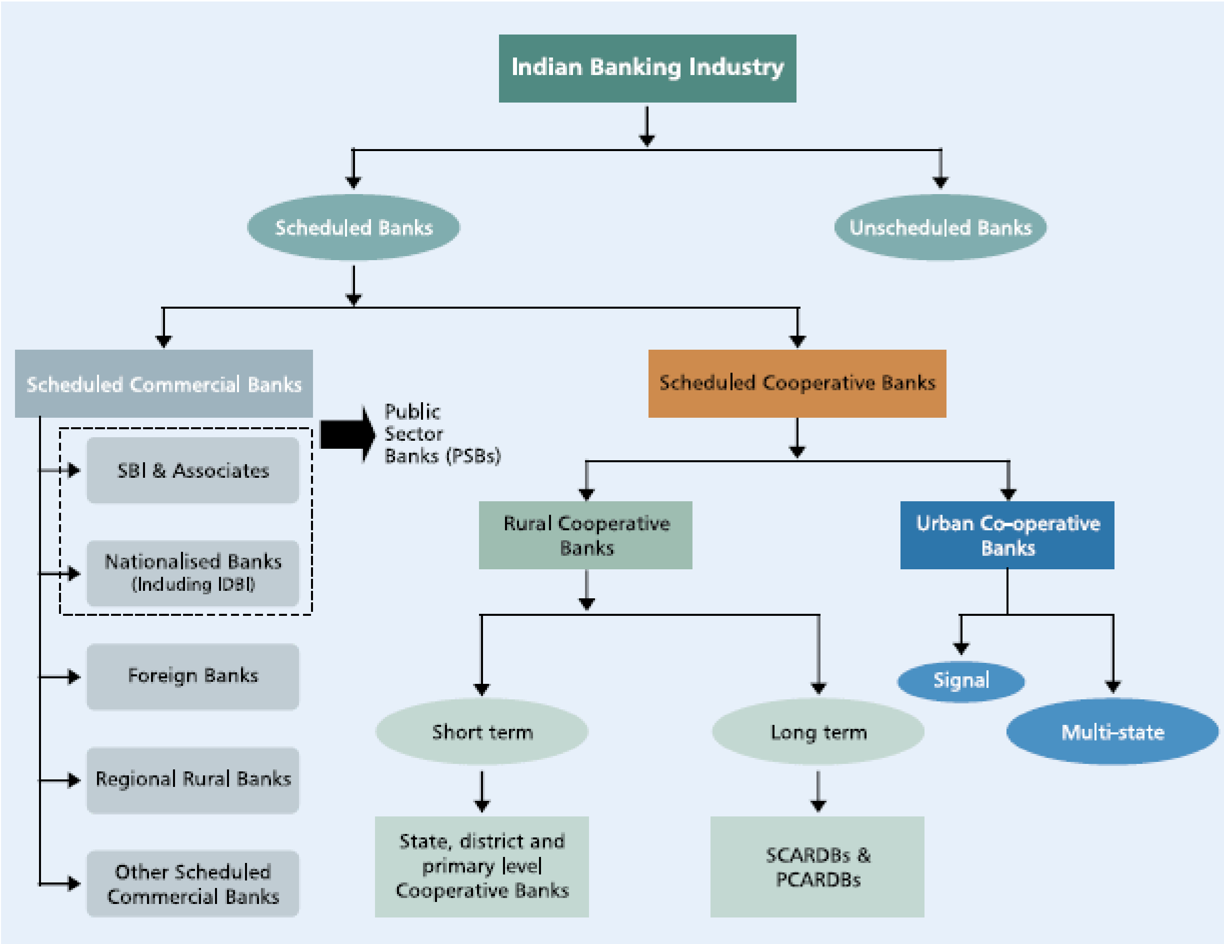
Non-scheduled banks also function in the Indian banking space, in the form of Local Area Banks (LAB). As at end-March 2009 there were only 4 LABs operating in India. Local area banks are banks that are set up under the scheme announced by the government of India in 1996, for the establishment of new private banks of a local nature; with jurisdiction over a maximum of three contiguous districts. LABs aid in the mobilisation of funds of rural and semi urban districts. Six

LABs were originally licensed, but the license of one of them was cancelled due to irregularities in operations, and the other was amalgamated with Bank of Baroda in 2004 due to its weak financial position.

➢ Business Segmentation

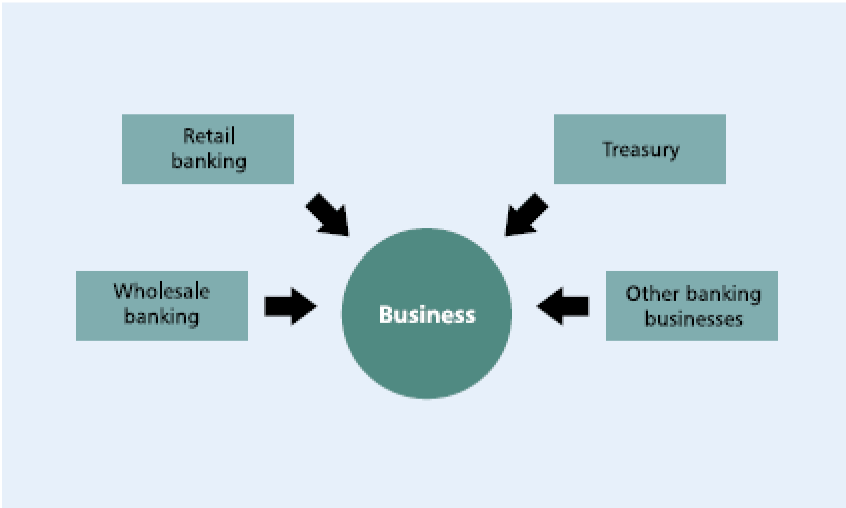
The entire range of banking operations are segmented into four broad heads- retail banking businesses, wholesale banking businesses, treasury operations and other banking activities. Banks have dedicated business units and branches for retail banking, wholesale banking (divided again into large corporate, mid corporate) etc

Exhibit 2.2: Structure of the Organised Banking Industry



Source: D&B Industry Research Service

Exhibit 2.3: Business Segmentation



Source: D&B Industry Research Service

➢ Retail banking

It includes exposures to individuals or small businesses. Retail banking activities are identified based on four criteria of orientation, granularity, product criterion and low value of individual exposures. In essence, these qualifiers imply that retail exposures should be to individuals or small businesses (whose annual turnover is limited to Rs. 0.50 billion) and could take any form of credit like cash credit, overdrafts etc. Retail banking exposures to one entity is limited to the extent of 0.2% of the total retail portfolio of the bank or the absolute limit of Rs. 50 million. Retail banking products on the liability side includes all types of deposit accounts and mortgages and loans (personal, housing, educational etc) on the assets side of banks. It also includes other ancillary products and services like credit cards, demat accounts etc.

The retail portfolio of banks accounted for around 21.3% of the total loans and advances of SCBs as at end-March 2009. The major component of the retail portfolio of banks is housing loans, followed by auto loans. Retail banking segment is a well diversified business segment. Most banks have a significant portion of their business contributed by retail banking activities. The largest players in retail banking in India are ICICI Bank, SBI, PNB, BOI, HDFC and Canara Bank.

Among the large banks, ICICI bank is a major player in the retail banking space which has had definitive strategies in place to boost its retail portfolio. It has a strong focus on movement towards cheaper channels of distribution, which is vital for the transaction intensive retail business. SBI's retail business is also fast growing and a strategic business unit for the bank. Among the smaller banks, many have a visible presence especially in the auto loans business. Among these banks the reliance on their respective retail portfolio is high, as many of these banks have advance portfolios that are concentrated in certain usages, such as auto or consumer durables. Foreign banks have had a somewhat restricted retail portfolio till recently. However, they are fast expanding in this business segment. The retail banking industry is likely to see a high competition scenario in the near future.

➢ Whole sale banking

Wholesale banking includes high ticket exposures primarily to corporates. Internal processes of most banks classify wholesale banking into mid corporates and large corporates according to the size of exposure to the clients. A large portion of wholesale banking clients also account for off balance sheet businesses. Hedging solutions form a significant portion of exposures coming from corporates. Hence, wholesale banking clients are strategic for the banks with the view to gain other business from them. Various forms of financing, like project finance, leasing finance, finance for working capital, term finance etc form part of wholesale banking transactions. Syndication services and merchant banking services are also provided to wholesale clients in addition to the variety of products and services offered.

Wholesale banking is also a well diversified banking vertical. Most banks have a presence in wholesale banking. But this vertical is largely dominated by large Indian banks. While a large portion of the business of foreign banks comes from wholesale banking, their market share is still smaller than that of the larger Indian banks. A number of large private players among Indian banks are also very active in this segment. Among the players with the largest footprint in the wholesale banking space are SBI, ICICI Bank, IDBI Bank, Canara Bank, Bank of India, Punjab National Bank and Central Bank of India. Bank of Baroda has also been exhibiting quite robust results from its wholesale banking operations

Chapter no 2 .HISTORY OF ICICI BANK

➢ History

ICICI Bank was originally promoted in 1994 by ICICI Limited, an Indian financial institution, and was its wholly-owned subsidiary. ICICI's shareholding in ICICI Bank was reduced to 46% through a public offering of shares NYSE in fiscal 2000, ICICI Bank's acquisition of Bank of Madura Limited in an all-stock amalgamation in fiscal 2001, and secondary market sales by ICICI to institutional investors in fiscal 2001 and fiscal 2002. ICICI was formed in 1955 at the initiative of the World Bank, the Government of India and representatives of Indian industry. The principal objective was to create a development financial institution for providing medium-term and long-term project financing to Indian businesses.. In the 1990s, ICICI transformed its business from a development financial institution offering only project finance to a diversified financial services group offering a wide variety of products and services, both directly and through a number of subsidiaries and affiliates like ICICI Bank. In 1999, ICICI become the first Indian company and the first bank or financial institution from non-Japan Asia to be listed on the NYSE.

After consideration of various corporate structuring alternatives in the context of the emerging competitive scenario in the Indian banking industry, and the move towards universal banking, the managements of ICICI and ICICI Bank formed the view that the merger of ICICI with ICICI Bank would be the optimal strategic alternative for both entities, and would create the optimal legal structure for the ICICI group's universal banking strategy. The merger would enhance value for ICICI shareholders through the merged entity's access to low-cost deposits, greater in India in fiscal 1998, an equity offering in the form of ADRs listed on the opportunities for earning fee-based income and the ability to participate in the payments system and provide transaction-banking services. The merger would enhance value for ICICI Bank shareholders through a large capital base and scale of operations, seamless access to ICICI's strong corporate relationships built up over five decades, entry into new business segments, higher market share in various business segments.

In October 2001, the Boards of Directors of ICICI and ICICI Bank approved the merger of ICICI and two of its wholly-owned retail finance subsidiaries, ICICI Personal Financial Services Limited and ICICI Capital Services Limited, with ICICI Bank. The merger was approved by shareholders of ICICI and ICICI Bank in January 2002, by the High Court of Gujarat at Ahmedabad in March 2002, and by the High Court of Judicature at Mumbai and the Reserve Bank of India in April 2002. Consequent to the merger, the ICICI group's financing and banking operations, both wholesale and retail, have been integrated in a single entity.

.

- Privatistion of bank

Banks are in news these days for one reason or the other. One common refrain in such ‘news stories’ being that banks are sick, not viable and they need reforms. Meanwhile, the government has announced its decision to reduce its stakes in public sector banks to 33%. Are the banks really sick? The answer is No. Public sector banks are making profits. Even the loss-making banks like UCO bank have turned the corner this year. Then why this outcry?
It is not the ordinary citizen of India who is crying himself/herself hoarse about public sector banking. Ordinary men and women are happy with the banks, farmers are happy with the banks, and small industrialists do want the banks to reach out to them more and more. In all these sectors the recovery percentage is very high. (As per a RBI report in 1999, the recovery of small and medium loans is as high as 67%.) Compared to 1950s and 1960s the farmers are getting more credit. At least 20% of Indian farmers have been released from usury and the clutches of jotedars and moneylenders. It is these people who constitute crores and crores of Indian people

and they do not complain about the banks. True, banks have their share of problems and people do have some criticism about the customer service but they definitely do not want to see the public sector banks wound up.

It is the industrialists represented in CII, FICCI and other chambers who complain about public sector banks. It is they who say that Indian pubic sector banks are not up to the mark in customer service, they are not giving adequate credit, and that they have more procedures and systems than required. These people also want their money transferred in seconds from stock exchange to stock exchange. Strangely enough, these are the very same people who do not want to pay back the bank loans. They search every nook and corner of law books and statutes to search for the remotest possible way to dodge repayment of loans. They have succeeded in finding such loopholes in the Banking Companies Act.

➢ The secrecy clause

There is a secrecy clause in the Act which empowers a banking company to conceal the amounts set aside by it as bad loans. The bad loans are those which could not be repaid due to the vagaries of business cycle or due to natural calamities etc. There is no point in pursuing the recovery of such loans, as such borrowers do not have any means to repay. Such debts are written off record books and recorded as general expenditure and banks need not publish these. This clause has been exploited to the hilt by the Indian industrial and business class to conceal their loot of bank funds.

For this modus operandi to become clearer, we have to go a bit deeper into the structure and administration of banks. When banks were nationalised in 1969, a National Banking Corporation and a separate banking service were proposed to develop the necessary human resources to administer the banks. Instead the government chose not to disturb the old bureaucratic setup of these banks. When these banks were under private management, their relatives and cronies, specially trained to serve their business houses, were in the top echelons of all these banks. Besides the board of management of each bank was to be reconstituted with directors drawn from the public. ‘Drawn from pubic’ was a euphemism because only politicians, industrialists and other businessmen found their entry into the board under the pretext of ‘social service’. Thus it was found that persons from industrial houses like Tatas, Birlas, and Singhanias etc. had enough clout to serve on the boards of various public sector banks many times over.

What happens when these capitalists sit on the board of various public sector banks? They found an ingenious way to siphon off public money. That was done in two ways. One to promote loyal officers to key positions in banks and shelter them so that they could sanction any amount of loan. Second, to siphon off money through loan write-offs.

➢ Who opposed nationalisation in 1969

The Jan Sangh, the BJP's earlier avatar, in its 1971 election manifesto, opposed nationalisation of banks and promised to de-nationalise them if came to power. Atal Behari Vajpayee, who was the president of the Jan Sangh then, was in the forefront of opposition to bank nationalisation. Now that he has become the Prime Minister, the 1971 promise has been fulfilled.

➢ How much was the loot?

1. Harshad Mehta — Rs.812 crore
2. Hindustan Photo Films — Rs. 395 crore
3. Mangalore Chemicals and Fertilisers - Rs. 165 crore
4. JK Synthetics — Rs. 87 crore
5. Hyderabad Allwyn — Rs. 85 crore
6. HMT — Rs. 77 crore

Here, we have consciously chosen these few examples in this mixed list. It has the names of public sector, joint sector, and private sector companies. What a public sector company like HMT to do with the loot of the public sector banks?

The modus operandi is complex. HMT supplies commodities to a trader under a Letter of Credit. The trader, after receiving the goods, vanishes and cannot be traced. So a liability exists with HMT. In a joint sector company like Mangalore Chemicals, the goods are hypothecated to a bank. Meanwhile the expiry date for chemicals is over and the goods become worthless. Hence the loan is outstanding. But the same chemicals are purchased by private chemical factories in a bid and profitably used. But banks write off their loan.

➢ There were no professional heads for banks

Professional men and women were seldom put in charge of public sector banks. You do not find a single chairperson in any of these public sector banks who innovated new programmes, instruments, policies etc. to suit Indian requirements. On the other hand, you find people like Ratnakar of the Canara Bank and Gopalakrishnan of the Indian Bank who made it to the top by serving their political masters. These people exemplify how vested interests promote young and aspiring officers to top positions and how these men, in turn, served their mentors loyally. Ratnakar was hailed as a young banker who achieved impossible targets. He was also credited with waking up the entire banking industry to modernity. He ended up in CBI's dragnet as the most notorious crook ever known in banking circles. Similar was the fate of Gopalakrishnan, the protégé of Moopanar. Year after year his term was extended as chairman of the Indian Bank. He is now cooling his heels in jail on criminal charges

These two characters constitute only the tip of the iceberg. Hundreds of chairmen and managing directors have been promoted and utilised by the industrial class for their own growth at the expense of public money in banks. After 1975, politicians started looting banks in a big way. Indians have not forgotten Janardhan Poojari who was a deputy minister for finance. He boasted that each family in his home constituency of Mangalore had got a loan from public sector banks. He started loan melas to hoodwink the masses. His real intention was to conceal the loot of bank resources by politicians. Bank managements willingly obliged the minister and the Congress got the votes in the subsequent elections. And all those loan mela loans were written off. How ridiculous it is to ensure that each family in a parliamentary constituency is given a loan! But it was hailed by bank chairmen and sections of the media as the largest experiment in social banking. No wonder it ended up a flop.

➢ The unions in the banking sector

There was a time when in international labour conferences, leaders from the West would enquire how the bank employees union in India was so strong. Nowhere in the world the professional workers (clerks, typists, peons, and even officers) are so well unionised as in public sector banks in India. They used to wonder how the while-collar employees in India (bank employees being a major segment among them) were so united and strong, with a class approach.

AIBEA — All-India Bank Employees' Association — organised the employees under a broad left agenda. Its founding conference in 1946 passed a resolution calling for bank nationalisation. AIBEA had such towering leaders like Comrade Parwana and Dr.BN Pandey. The latter was a staunch Congressman and was also Governor of Bihar for some time. Comrade Parwana, who sacrificed his life for bank employees, was popular among the Hindi-belt leaders.

But now all is not well with the AIBEA. While the top leaders were/are members of the CPI, the general members were left to shout only slogans and say hallelujahs to leaders. Nothing was done to educate ordinary members. It is surprising that a union which boasts of 7 lakh membership does not have a TU school to train its own leaders and cadres. We find that every union affiliated to the AIBEA having leaders who are well past 70 years of age. It is astonishing that a man who was a principal office-bearer in 1947, and represented the union in all important tribunals, continues to be the general secretary, even after 54 years. The second rung leaders do not have any say in the affairs of AIBEA, where dictates of the elders prevail. This has also encouraged career-seekers in the unions. The directorship is the principal aim of these career men and women. The gap between members and leadership is so wide that many do not know who their leaders are. These members respond to strikes only when they are for their economic gain. And there is total lack of coordination between the party (CPI) and the union leadership. CPI leaders have gone on record saying nobody can control AIBEA or its leaders. Such centrifugal tendencies of bureaucratic trade union leaderships are justified by this party in the name of 'autonomy' of the trade union from the communist party.

All other unions put together do not exceed even 10% of the total membership of the AIBEA. AIBEA directors sit on the board in all but two nationalised banks. The CPI(M)-led BEFI made tall promises. But they did not contribute either to the ongoing discussion on the orientation of the bank employees movement in the face of globalisation challenge or to activising the membership. All unions other than AIBEA have low credibility because they opposed the pension agreement of the AIBEA and called upon the membership not to opt for it. Many members obliged. Less than 50% opted for pension. They said that pension as a third benefit is a matter of principle. But all the leaders of these unions opted for the pension scheme themselves while advising the members to do otherwise. Under the current VRS scheme being offered in the banks, those who had opted for pensions would earn more by opting for VRS than by continuing in service! Hence all these splinter unions are now in the forefront in demanding that the government should give one more opportunity for the employees to opt for pension. So much for their ethics and commitment for principle.

➢ The Janata interlude

It is not that the Congress government alone was to blame for public sector banks' losses. The then Janata government also squeezed the banks dry for their votebank politics. The Rural Debt Relief Scheme introduced by VP Singh frittered away more than Rs.60,000 crore of bank money, benefiting mostly kulaks. That this money was compensated through budgetary allocations was an eyewash. Only the principal was compensated. The interest (i.e. earnings for banks) was completely lost. Not only that; the banks had to finance the same. defaulters again, causing great disruptions in the credit-delivery system. Through the 'debt relief' scheme, the people were given an impression that they need not repay the loans and they could keep dodging until a favourable government came to their rescue. The recovery percentage in every bank dropped by 30%. Thus, an instrument of economic and social change was used as a broom to sweep votes into political kitties. All these developments had a backlash on the morale of the bank employees. Professionalism took a beating.

We talked about political interference in the appointment of chairmen and board of directors. After 1980, the political interference, which started as loan mela, expanded further. This political interference (patronage) was institutionalised in the arena of investments in stock exchange. Sagging fortunes of favoured industrial companies was boosted up by directing banks and other institutional investors to buy their shares. A separate class of operators began to thrive on this mode of conducting business. A few became experts and built their empires. Ambanis are one such example. Even when there was no production in their plants, even where production had yet to start, their shares were boosted up. Ambanis could literally sweep money. They symbolised the resurgent new class of operators who twisted and turned the financial system to their own advantage.

➢ RBI culprit — the real

We have been saying that public sector banks have many in built ills. Unless these are remedied by public control, the banks cannot discharge the role they were intended to. Who has to bell the cat? Whether the trade unions, which make news only at the time of national strikes, can do it? In banking industry, there is a system of workers' representation on banks' boards. Their number is restricted to one from the employees and another from the officers. They are an insignificant minority in the board. There are two directors from the RBI and one from the ministry. Apart from chairman, the government has totally four people to implement its concerns. Also, the RBI has a mandatory role to inspect, intervene and direct the bank managements in their day-to-day affairs.

Hence, if banks have written off huge loans benefiting businessmen and industrialists, none is aware of it better than the RBI. But in none of its reports, documents or studies, the RBI has scrutinized this. The only reason being excessive control of the government over the RBI which turns a blind eye to what is going on. The RBI is the watchdog. Hence if there is one real culprit for the banks' ills, it is the RBI. The RBI is such a Kumbhkarna that it never knew the shady dealings in stock exchange scam until a reporter pointed out the untallied accounts of the State Bank of India and the stock exchange in clearing cheques.

As on date, Rs.30,000 crore of public money has evaporated in Harshad Mehta stock scam. The then Finance Minister Manmohan Singh was on record saying that it was a 'system failure'. He never acknowledged the cheating or looting of the public funds. In any other country, the likes of Mehta would be behind the bars. But today Mehta is a columnist in The Times of India and advises on stock markets.

If there could be a parliamentary probe into the discharge of duties and responsibilities entrusted to the RBI by the Constitution, many of its governors would be denounced for their treachery.

Today they hold respectful public offices like governors in states. The system, of course, doesn't 'fail' them.

➢ Liberalisation and the no-holds-barred loot

The period of liberalisation was the period of no-hold-barred loot of public money. Side by side, the politicians started talking of reforms and restructuring etc. They glorified Asian Tigers and wanted India to emulate them. Every finger was pointed to the buoyant share markets. The stock market index became synonymous with progress. The media too joined the bandwagon. And then there was the crash. The public sector banks lost Rs.30,000 crore in the Harshad Mehta scam.

What was being deliberately overlooked was the fact that liberalisation, and the consequent reforms, came to India after being experimented in dozens of countries all over the world and everywhere it was an utter failure. It did not generate the promised wealth for the broad masses. But it increased the wealth of speculators, investors and currency traders; in short, the owners of hot money.

The decade of 1980s saw a sea-change in the international economy. Globalisation became the buzzword. At the same time, advances in communication technology were utilised to the hilt by those who propelled globalisation. They controlled so much hot money that they could wreck the economy of any nation. India could not resist the onslaught and had to dismantle its protective barriers to money flows, money changing, money transfers and trade etc.

Western governments and bankers met at Basle and declared that a minimum of 8% capital adequacy was necessary for banks to do business in international markets. This means no matter how large a bank is or how much public confidence it commands in India, it is unfit to open an international letter of credit or engage in forex trade etc., unless it has a capital adequacy ratio of 8%. None of the banks in India except the SBI meets this criteria. Hence came the Narasimham Committee to suggest ways and means of enabling the banks to meet the Basle conditionalities and the Committee came up with sweeping recommendations. Now banks have to be merged to have a larger capital base. The financial sector liberalisation spearheaded by WTO under the garb of opening of financial services included privatisation and disinvestment of government holdings. The WTO also imposes a whole lot of conditions like withdrawal of subsidies (soft-interest loans etc.) and even manpower limitations. They even have targets fixed for years to come. India, having signed the WTO agreement without even a discussion in the parliament, is now duty-bound to implement them.

Gone are the ideals of nationalisation. Gone are the democratic capitalist ideals of unshackling the small producer from his debt burden. Gone too are the concepts of welfare state. The banks cannot survive this onslaught. But one should have hope. Our only hope is to build workers' struggles to stop this slide.

Before and after nationalization	After nationalisation
Before 1969	After 1999
Total branches 8262	45,698
Staff 2,20,000	9,65,720
Deposit Rs.4665 crore	Rs.7,31,000 crore
Credit to agriculture Rs.162 crore	Rs.4,46,496 crore
	Rs.53,197 crore
2% of total branches were in rural areas	40% of branches are in rural/semi-urban areas
Bank deposits siphoned off to industrial houses as cheap credit	A greater portion of deposits are channelised to r credit
One hundred bank directors were also sitting directors in about 1000 companies	This figure came down drastically
	Reservation/roaster policy implemented in full

Public money siphoned off through benami landing	Public money siphoned off through loan write-offs
Names of defaulters and those whose loans were written off not for public scrutiny under banking secrecy	The same is the situation even now. The banks are answerable to the Parliament. Comptroller and Aud General has no jurisdiction over government b accounts shrouded in secrecy.
Politicians-owners nexus was absent. But there was patronage through donations.	Interference and manipulation by the politic industrialist nexus in full swing. In some cases, (Janardhan Poojari) bank loans were used to garner vote
Public money was safeguarded through Deposit Insurance Corporation	The Deposit Insurance Corporation was abolished.

CHAPTER NO .3 FACILITIES OF ICICI BANK

1. Tax payers to select the relevant challan from NSDL site.
2. Taxpayers to enter their PAN / TAN / Assessee code as applicable. There will be an online check on the validity of the PAN / TAN / Assessee code entered.
3. If PAN/ TAN/ Assessee code is valid the taxpayer will be allowed to fill up other challan details like accounting head code / Major head code under which payment is made, name and address of PAN/TAN and also select ICICI Bank through which payment is to be made.
4. On submission of data entered a confirmation screen will be displayed. If the taxpayer confirms the data entered in the challan, it will be directed to the net-banking site of ICICI Bank.
5. The taxpayer will login to the ICICI Bank internet-banking site with the User id/ Password provided by the ICICI Bank (Retail Internet Banking).
6. Taxpayer to enter payment details and authorize the payment.
7. On successful payment a challan counterfoil will be displayed containing CIN, payment details and Bank name through which e-payment has been made. This counterfoil is proof of payment being made.

You can also log in to download your Direct/Indirect Tax payment acknowledgment for last three months of payments made through ICICIBank.com from eTax challan link in Bank Accounts section.

➢ BILL PAYMENT

To pay your bills through the Bill Pay facility, all you need to do is to complete a simple one time registration for each biller. No more entering billing details every time you pay your bills!
We offer you this facility in two modes depending on the biller:

➢ PRESENTMENT TYPE BILLER

For these billers, the biller will present the bills in your account for payment.
All you need to do is:

• Login and Register your biller for one time

• View your bills from the next billing cycle

. Pay your exact bill amount

You can also set up Standing Instructions online to pay your recurring bills, automatically.
The Standing Instructions can also be modified by logging into your account.

➢ PAYMENT TYPE BILLER

For these billers you can pay your bills at your convenience as per the billing cycle. All you need to do is:

• Login and Register your biller for one time

• Pay any amount as per your bill

• You can also set up standing instructions for recurring payments.

With ICICI Bank you need not visit booking reservation centers any more. You can now buy your train tickets online and pay using our Internet Banking Facility. For this ICICI Bank has tied up with IRCTC.

Credit card facility through mobile

The tools and the processes are as follow

➢ CUSTOMER APPLICATION FORM

Centralized software where the whole data is collected.Wide range of offering.Cross selling and Feedback forms.

- Customer applications form

Bank collects all the data from customer application form and gets thepersonalized information to know which product to offer to which customer. Thisprocess helps in collecting the data and knowing what the customer wants.

- **Centralized software where the whole data is collected:**

The data collected through customer application forms is available at one serverand can be accessed anytime, anywhere. So, this helps in the further process of customized offerings and cross selling.

- **Wide range of offering** :

After collecting the data from the customer, team decides what product to offer towhich customer. In case the bank recognizes you as a valuable customer then isoffers a more customized service.

- **CROSS SELLING:-**

It refers to offering another product from the service offering of the bank to the customerwhich he has not gone for. For example If customer has savings account with the bank then they offer him a insurance, fixed deposits etc. This depends on the value of thecustomer to the bank. Cross selling is not offered to every customer. It depends on howloyal the customer is to the bank. The more business he gives us, the more are hischances of being special services offered.

ICICI Bank Loans against Securities, in association with ICICI Securities Ltd. brings you the facility that enables you to sell your pledged shares online

This facility helps you to take advantage of price movements in the shares against which you have availed of an ICICI Bank loan. You can exit at the best price at any point in time. The facility is also available on shares in your demat accounts with other depositories.

The sale proceeds will be credited to your loan account after deducting service charges and all applicable taxes as per prevailing TDS guidelines.

New Delhi, Nov. 23: In a move to serve Non Resident Indian (NRI), ICICI Bank, largest private sector bank of India, announced the 'Fixed Rupee' remittance facility. This will enable the NRIs to send the exact Rupee amount to India, as the excahnge rate is confirmed at the time of initiating the remittance.

This service is available on ICICI Bank's online money transfer platform Money2India.com.

Applauding the 'Fixed Rupee' service ICICI Bank spokesperson said, “We at ICICI Bank have always believed in offering customer-centric solutions and we are delighted to present Fixed Rupee facility on Money2India.com.”

He further said, “This facility will be available from key geographies like US, UK, Singapore, Australia, Hong Kong, Canada, France and Germany.”

As this service provides innovative solution such as on the spot exchange rate applicable at the time of remittance, it will enable the users to decide the exact amount of remittance.

➢ The salient features of the facility are as under:

All internet banking customers can use this facility.

On payment option, select ICICI Bank for making the payment. You will be redirected to a secured login page of ICICI Bank. After logging on to the site, the payment amount, and payee details will be displayed.

You will be required to confirm the transaction by entering transaction password. On successful authentication, your Bank Account will be immediately debited and payment confirmation number will be provided. Within some time you will also receive online confirmation from IRCTC website. Tickets are booked immediately and PNR number is provided online at Partner's website.

Cancellation policy: No cash is paid at the time of cancellation. Your bank account will be credited with the ticket amount less cancellation charges as levied by IRCTC. ICICI Bank does not levy any cancellation charges.

- While new borrowers can avail of cheaper loans, the move will also benefit the bank’s existing retail loan customers who have availed of loans at floating rates.

ICICI Bank said the reduction was possible because of a decrease in the cost of funds, and margins would not come under pressure.

The cost of funds for the private sector bank — which has been seeking to reduce its dependence on high-cost bulk deposits and was focusing on current account and savings bank account (Casa) balances — had dropped 50 basis points to around 7 per cent at the end of the last financial year. In addition, its net interest margin (NIM) increased from 2.2 per cent at the end of March 2008 to 2.4 per cent at the end of March 2009.

In contrast, SBI, which has seen a build-up in high cost fixed deposits, has seen its NIM drop from 3.07 per cent at the end of March 2008 to 2.93 per cent at the end of March this year.

This was despite a 23 per cent growth in Casa during the last financial year. SBI has refrained from a reduction in its benchmark prime lending rate (BPLR), and has instead focused on cutting rates for certain segments, to ensure that NIM stayed above 3 per cent.

Over the next few weeks, some of the public sector banks are expected to reduce rates following more persuasion by the government. “We will look at the cost of funds as well as the net interest margin before we decide on fresh reduction in lending rates,” said a public sector bank chief.

The Reserve Bank of India has also said that banks have room to lower lending rates owing to the steep reduction in policy rates since October last year.

ICICI bank has reduced its lending rates 150 basis points over the last six months.

The reduction was implemented in three tranches, with the last round on April 21 when lending rates were pared 50 basis points and deposit rates lowered 25 to 50 basis points. With effect from May 11, ICICI Bank had pruned deposit rates 25 to 50 basis points.

With the latest round of lending rate reductions, ICICI Bank is now in line with public sector banks of which, like SBI — the country’s largest bank, have lowered the benchmark lending rates 150 basis point.

Chapter no 4 : SERVICES OF ICICI BANK

An ICICI Bank Savings Account offers you a valuable banking experience.

- DEBIT-CUM-ATM CARD **-** With ICICI Bank Savings Account you will get a debit card that you can use to withdraw cash from any ATM. You may also use your debit card to directly make purchases through a Visa/Mastercard POS (Point of Sale) machine available at most stores! This will help you access your money from anywhere.
- MONEY MULTIPLIER FACILITY - Allow us to take care of your idle money by moving it into high interest savings account earning.
- INTERNET Banking - Banking could not have been more convenient. Just log in with your user ID and password and make banking a hassle-free routine. For details, or for the list of transactions that you can do online, I.
- CUSTOMER CARE - Our 24-hour Customer Care is always available to answer any query or take your instructions.
- MOBILE BANKING - Transferring funds or getting to know your balance is as easy as sending an SMS.
- STANDING INSTRUCTIONS - ICICI Bank accepts and supports Standing Instructions. You don't have to worry about the chore of carrying out a routine transaction. Just set up a Standing Instruction and leave it to us to manage.
- NOMINATION FACILITY - You may nominate a person as beneficiary to your account proceeds
- DD CALL AND COLLECT - Don't waste even a minute in a queue to collect a Demand Draft or Pay Order. On the way to the branch, just call Customer Care, provide details of the DD to be prepared and collect it ready and signed at the branch.
- SAVINGS ACCOUNT PORTABILITY - You may request for transfer of your Savings Account from one branch to another branch of ICICI Bank by giving a written request in the branch or by calling the 24 X 7 Customer Care OR placing a request through internet banking. The account will be transferred within 2 working days without :

- suspending the account operations
- change in account number
- surrender of debit card, cheque book

SALARY ACCOUNT

What's so special about ICICI Bank Salary Account?

ICICI Bank Salary Account is a benefit-rich payroll account for Employers and Employees.

As an organization, you can opt for our Salary Accounts to enable easy disbursements of salaries and enjoy numerous other benefits too.

With ICICI Bank Salary Accounts your employees will enjoy the convenience of :

- Having the largest network of ATMs at their command.
- Free 24 hour Phone Banking.

Free Internet Banking.

All you would require to do is to send ICICI Bank an advice (in form of a cheque/debit instruction, ecs, etc) for the total salary amount along with the salary details of the designated employees in a soft and hard copy format and we will credit the respective employees' accounts as per your statement of advice.

ICICI Bank Salary Accounts benefits you in more than one ways:-

- Reduces your paperwork.
- Saves remittance costs.
- Employees receive instant credit of salaries.
- More convenient than ECS.

Besides all of the above, employees will automatically become ICICI Bank account holders with special benefits and privileges of 8-8 banking, Investment advisory and much more.

ICICI Bank also has a special offering: Defense Banking Services designed exclusively for the armed force.

- ICICI Bank allows you a loan against the deposit. Our new recurring deposit account also has a special feature - Non-applicability of Tax Deduction at Source (TDS).

- **FIXED DEPOSIT**
- Flexibility of tenure - 7 days to 10 years
- Liquidity
- Premature / Partial withdrawal permitted (subject to applicable charges)
- Loan / Overdraft upto 90% of FD amount
- Option of monthly / quarterly payout available
- Competitive interest rate **- Know interest rates** for various tenures
- Convenient ways to open a FD
    - Internet Banking
    - Phone banking
    - ICICI Bank Branch
- Recurring Deposits
- ICICI Bank Recurring Deposits are an ideal way to invest small amounts of money every month and end up with a large kitty on maturity.
- High recurring billing and recurring payments can be a drain on your finances and hence large investments may seem a plan away.
- Let us help you in processing your recurring payment through our recurring billing software that keeps track of your investments with us. This can be easily availed of through a recurring account online that comes with letting us serve you through Internet banking. You may even transfer funds through Internet banking into your recurring account. A recurring account transfer gets done in seconds through Internet banking.

❖ FEATURES

- With our recurring deposits you can avail a host of facilities with ICICI Bank. You may check on recurring account receivable, recurring account payable, recurring account fees and all recurring debit account transactions.
- A recurring deposit account with I

The minimum balance of deposit is Rs.500 per month and thereafter in multiples of Rs.100. The tenure ranges from 6 months to a maximum period of 10 years, recurring deposit of 3 months thereafter.

Home loan

Home Loans - ICICI Bank offer unbeatable benefits to ensure that you get the best deal without any hassles.

As one of the leading home loan provider, ICICI Bank understands how special building a new home is for you and our Home Loan help you lay the foundation for your dream home.

ICICI offers you the most convenient home loan plans to suit your needs. With so many attractive features in every type of home loan we offer, creating the home you always wanted is no longer a distant dream. Some of our key benefits are:

Guidance through out the process

Home loan amounts suited to your needs

Home Loan tenure upto 20 years

Simplified documentation

Doorstep delivery of home loan papers

Sanction approval without having selected a property.

Free Personal Accident Insurance

Insurance options for your home loan at attractive premium

➢ PERSONAL LOANS

Personal Loans for all your financial needs

Thinking of renovating your house? Yearning to buy a new laptop? Need financial assistance for marriage-related expenses or for your child's higher education? An ICICI Bank Personal Loan is your one-stop-shop for fulfilling all your financial aspirations!

- Key Benefits of ICICI BankPersonal Loan
- Loan up to Rs. 10 lakhs
- No security/guarantor required
- Faster processing.
- Minimum documentation
- Attractive rates of interest
- Flexible repayment option of 12-48 months

ICICI Bank may, at its sole discretion, utilise the services of external service provider/s or agent/s and on such terms as required or necessary, in relation to its products.

Chapter no 5 :CUSTOMER SATISFACTION

What is customer satisfaction ?

Customer satisfaction, a term frequently used in marketing, is a measure of how products and services supplied by a company meet or surpass customer expectation. Customer satisfaction is defined as "the number of customers, or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals." In a survey of nearly 200 senior marketing managers, 71 percent responded that they found the "customer satisfaction" metric very useful.

It is seen as a key performance indicator within business and is often part of a Balanced Scorecard. In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy.

Within organizations, customer satisfaction ratings can have powerful effects. They focus employees on the importance of fulfilling customers' expectations. Furthermore, when these ratings dip, they warn of problems that can affect sales and profitability. These metrics quantify an important dynamic. When a brand has loyal customers, it gains positive word-of-mouth marketing, which is both free and highly effective.

Therefore, it is essential for businesses to effectively manage customer satisfaction. To be able do this, firms need reliable and representative measures of satisfaction.

In researching satisfaction, firms generally ask customers whether their product or service has met or exceeded expectations. Thus, expectations are a key factor behind satisfaction. When customers have high expectations and the reality falls short, they will be disappointed and will likely rate their experience as less than satisfying. For this reason, a luxury resort, for example, might receive a lower satisfaction rating than a budget motel—even though its facilities and service would be deemed superior in "absolute" terms.

The importance of customer satisfaction diminishes when a firm has increased bargaining power. For example, cell phone plan providers, such as AT&T and Verizon, participate in an industry that is anoligopoly, where only a few suppliers of a certain product or service exist. As such, many cell phone plan contracts have a lot of fine print with provisions that they would never get away if there were, say, a hundred cell phone plan providers, because customer satisfaction would be way too low, and customers would easily have the option of leaving for a better contract offer.

There is a substantial body of empirical literature that establishes the benefits of customer satisfaction for firms

Purpose

A business ideally is continually seeking feedback to improve customer satisfaction.

Customer satisfaction provides a leading indicator of consumer purchase intentions and loyalty. Customer satisfaction data are among the most frequently collected indicators of market perceptions. Their principal use is twofold

Within organizations, the collection, analysis and dissemination of these data send a message about the importance of tending to customers and ensuring that they have a positive experience with the company's goods and services.

Although sales or market share can indicate how well a firm is performing currently, satisfaction is an indicator of how likely it is that the firm's customers will make further purchases in the future. Much research has focused on the relationship between customer satisfaction and retention. Studies indicate that the ramifications of satisfaction are most strongly realized at the extremes. On a five-point scale, individuals who rate their satisfaction level as "5" are likely to become return customers and might even evangelize for the firm. (A second important metric related to satisfaction is willingness to recommend. This metric is defined as "The percentage of surveyed customers who indicate that they would recommend a brand to friends." When a customer is satisfied with a product, he or she might recommend it to friends, relatives and colleagues. This can be a powerful marketing advantage.) Individuals who rate their satisfaction level as “1,” by contrast, are unlikely to return. Further, they can hurt the firm by making satisfaction.negative comments about it to prospective customers. Willingness to recommend is a key metric relating to customer

➢ METHODOLOGIES

American Customer Satisfaction Index (ACSI) is a scientific standard of customer satisfaction. Academic research has shown that the national ACSI score is a strong predictor of Gross Domestic Product (GDP) growth, and an even stronger predictor of Personal Consumption Expenditure (PCE) growth. On the microeconomic level, academic studies have shown that ACSI data is related to a firm's financial performance in terms of return on investment (ROI), sales, long-term firm value (Tobin's q), cash flow, cash flow volatility, human capital performance, portfolio returns, debt financing, risk, and consumer spending. Increasing ACSI scores has been shown to predict loyalty, word-of-mouth recommendations, and purchase behavior. The ACSI measures customer satisfaction annually for more than 200 companies in 43 industries and 10 economic sectors. In addition to quarterly reports, the ACSI methodology can be applied to private sector companies and government agencies in order to improve loyalty and purchase intent. Two companies have been licensed to apply the methodology of the ACSI for both the private and public sector: CFI Group, Inc. and Foresee Resultsapply the ACSI to websites and other online initiatives. ASCI scores have also been calculated by independent researchers, for example, for the mobile phones sector,higher education,andelectronic mail.

The Kano model is a theory of product development and customer satisfaction developed in the 1980s by Professor Noriaki Kano that classifies customer preferences into five categories: Attractive, One-Dimensional, Must-Be, Indifferent, Reverse. The Kano model offers some insight into the product attributes which are perceived to be important to customers.

SERVQUAL or RATER is a service-quality framework that has been incorporated into customer-satisfaction surveys (e.g., the revised Norwegian Customer Satisfaction Barometer) to indicate the gap between customer expectations and experience.

J.D. Power and Associates provides another measure of customer satisfaction, known for its top-box approach and automotive industry rankings. J.D. Power and Associates' marketing research consists primarily of consumer surveys and is publicly known for the value of its product awards.

Other research and consulting firms have customer satisfaction solutions as well. These include A.T. Kearney's Customer Satisfaction Audit process,which incorporates the Stages of Excellence framework and which helps define a company's status against eight critically identified dimensions.

For Business to Business (B2B) surveys there is the InfoQuest box.[18] This has been used internationally since 1989 on more than 110,000 surveys (Nov '09) with an average response rate of 72.74%. The box is targeted at "the most important" customers and avoids the need for a blanket survey.

These customer satisfaction methodologies have not been independently audited by the Marketing Accountability Standards Board (MASB) according to MMAP (Marketing Metric Audit Protocol).

➢ CRM AT ICICI BANK

CRM at ICICI Bank involves increased communication between the bank and its present and prospective customers. Its philosophy focuses on each and every customer's satisfaction.

CRM facilitated coordination of multiple business functions & multiple channel ofcommunication with the customers to carry out customer management more efficiently. It alsoautomated the process flow tracking in the product sales process and helped generate customizedreports and promote cross-selling.

- ➢ Understand and differentiate: Understanding customers is important in order todevelop a sound relationship with them. Customer profiling is done in order tounderstand demographics, purchase pattern and channel preference. CRM also helped ICICI in

- valuation of its customers to understand customer profitability and Customer Life Time Value (CLV).
- Develop and customize: - In a customer centric business environment, the products andprocesses have to be according to customers’ needs and preferences. ICICI has alwaysfocused on developing channels of service delivery according to customers’ need andservice expectation.

- Interact and Deliver: To foster a strong customer relationship ICICI ensured that allareas of the bank have easy access to relevant, actionable customer information andemployees should be trained on how to use customer information to tailor interactionsbased on both customer needs and potential customer value.

- Acquire and Retain: CRM helped ICICI to figure out valuable customers and made iteasy to formulate retention strategies for them. It also helped it cope up with the changein customer’s life cycle and offer services accordingly. CRM at ICICI Bank involves increased communication between the bank and its present and prospective customers. Its philosophy focuses on each and every customer‟ssatisfaction. cross-selling CRM facilitated coordination of multiple business functions & multiplechannel of communication with the customers to carry out customer management moreefficiently. It also automated the process flow tracking in the product sales process andhelped generate customized reports and promote.

OBJECTIVES

- ### Show your customers you value them

  Although many businesses are quick to placate customers who voice complaints, a business that pre-emptively strives to satisfy the customer makes an even better impression. This consideration of the customer’s opinions can foster loyalty in the long run and translate to repeat A customer satisfaction survey demonstrates the value you place on your customer’s experience with your company sale.

➢ Show your customers you value them

A customer satisfaction survey demonstrates the value you place on your customer's experience with your company. Although many businesses are quick to placate customers who voice complaints, a business that pre-emptively strives to satisfy the customer makes an even better impression. This consideration of the customer's opinions can foster loyalty in the long run and translate to repeat sale.

➢ Be convenient for customers

A survey that's long, difficult to comprehend or onerous in any way is inconsiderate of the customer's time. Customers that are gracious enough to take time out of their day to help you better your business should be rewarded with a survey that's easy to understand, complete and return.

➢ Lead to change

After customer surveys have been completed and trends have been analyzed, the company should act on what the results have revealed. If your survey data indicates that your website is difficult to navigate, take action toward getting the website layout tweaked. If customers have voiced concerns that your return policy is unfair, revisit and revise it if necessary. Surveys that don't evoke changes in the company send a bad message about the company's commitment to customer service

➢ Importance

satisfaction is apparent when you realize that, without customers, you don't have a business. A single unsatisfied customer can send more business away from your company than 10 satisfied customers. The more you focus on customer retention and customer support, the more long-term business you'll get. It's worth it to focus on customer satisfaction strategies, no matter how large or small your company is.Understanding the needs of the customer is critical.A business relationship, just like any other relationship, relies on both people getting their needs met. No matter what type of business you are in, all customers want the same thing. They want to feel welcomed and appreciated by you and your staff. They don't want to get the impression that they are just being used by you for money. Small interactions like "Thank you" and a nice smile can go a long way toward customer satisfaction.

Make sure your employees operate with the same principles.A big part of customer satisfaction is reliability. If customers come to expect a certain mode of behavior from you and your employees, you should deliver it to them each and every time. Customers want to be able to rely on you. They expect consistent delivery times (if applicable) and support. By training your employees to treat all customers with the same respect, your customers will all have the same experience with your company, which will increase customer satisfaction.

Be honest when you don't meet expectations.Customer satisfaction is at its most important when something goes wrong in the chain of delivery. Whether a customer was double charged or didn't receive what she ordered, your employees need to handle the situation with the utmost care. Your employee should apologize and take steps to rectify the situation. The phrase "the customer is always right" is at the core of a good customer satisfaction strategy. It doesn't matter whether or not the customer misread the instructions or made the mistake; your employee should take steps to make the customer happy.

Customer satisfaction is the foundation of a good business.Satisfied customers ill take a great foundation for return business, and they may also bring in their friends and associates. Remember that customers are the heart of any business. Keep them satisfied, and encourage them to tell their friends about their experiences with your business.

It is ICICI Bank’s policy to ensure that:

• All customers are treated fairly at all times.

• Any complaints raised by customers are dealt with courtesy and on time.

• Customers are fully informed of their rights to alternative remedy if they are not fully satisfied with the response of the Bank to their complaint. All complaints will be treated efficiently and fairly. The bank will work continuously towards providing quality service to its customers. The bank will always act in good faith and without prejudice to the interest of the customer.

The bank's Complaint Handling Process will be available to customers on request.The bank shall also ensure that all employees concerned will be informed about the Complaint Handling Process and its subsequent updates.

- Complaint Definition: Any expression of dissatisfaction about a product or service that is not resolved at the first point of contact is a complaint.

- Multi-channel customer service strategy: The bank's customer service strategy is to enable customers' to avail of services through multiple channels. The various channels available to customers for redressal of issues are as follows:
  - Customer Care: Customers can contact our Customer Care officers through phone for redressal of issues.

Branch: Customers can walk into any ICICI Bank branch and speak with branch officials for resolution of their issues.
Indiav. Internet Banking: Customers can write to Accounts Manager, which is available after logging in to their accounts through our Internet Banking.

vi. Escalation: If a customer is not satisfied with the resolution provided through
- these channels, he can ask for the contact details of senior officials and can
- escalate the issue to them.

Complaint plaques providing details of the Regional Manager Branch Banking are put up in every branch. Customers who are dissatisfied with the services provided to them can contact the Regional Manager.
If the customer's issue is not resolved even after contacting various complaint resolution channels, he/she can write to the Head – Customer Service Quality

- Process Improvements:
  The complaints would essentially provide valuable insight into weaknesses within

the bank's internal processes and procedures (including automated processes) that have a negative impact on the bank's ability to conduct its business efficiently and successfully.

The bank has institutionalized a detailed multi-step process of Root Cause Analysis for escalated complaints to:

- Identify and extract issues that concern the customer
- Obtain feedback from units who interacted with the customer i.e. branch and

➢ Customer Care

- Map processes of handling the issue, determine if the current process isfollowed optimally
- Identify root causes of complaints and erring units, if any
- Initiate process changes, if required
- Track the impact of process changes.

➢ COMPARISON OF ICICI BANK WITH SBI

ICICI bank is the largest private sector bank in India and the second largest commercial bank inIndia. It has branches all over India and even in smaller towns in South India after the takeoverof Bank of Madurai. The bank also has foreign subsidiaries like ICICI bank, Canada in Canada,Britain and Russia ,representative offices in USA, China, UAE, Bangladesh, South Africa andbranches in Bahrain, Singapore .

It offers a platform for online share trading through ICICI Direct and insurance services -ICICI Prudential. NRI services include money transfer through Money2India, which offerbetter foreign exchange rates for lower amounts compared to other services.

Like most private sector banks, all ICICI bank branches in India are networked. You canaccess your account from any ICICI bank branch in India. Anyone can also depositcash/local cheque in your account at any branch of ICICI bank.

Also they have very convenient bank timings and are open for 12 hours from 8.00 a.m to8 p.m from Monday to Saturday. When you deposit a cheque at their branch, they willreadily give you a stamped acknowledgement for deposit. You can only deposit cash inyour own account at the ATM, for depositing cash into a third party account, you have tovisit the branch. You have to select the deposit cash option, you will get an envelope fordepositing cash, which you can then fill in the details and deposit it back. At locationswhere ICICI bank does not have a branch, the queue at the ATMs is very long. Just afteroffice hours , between 6 pm - 7.30 pm, customers sometimeshave to wait for 15-20minutes on some days, to access the ATM.

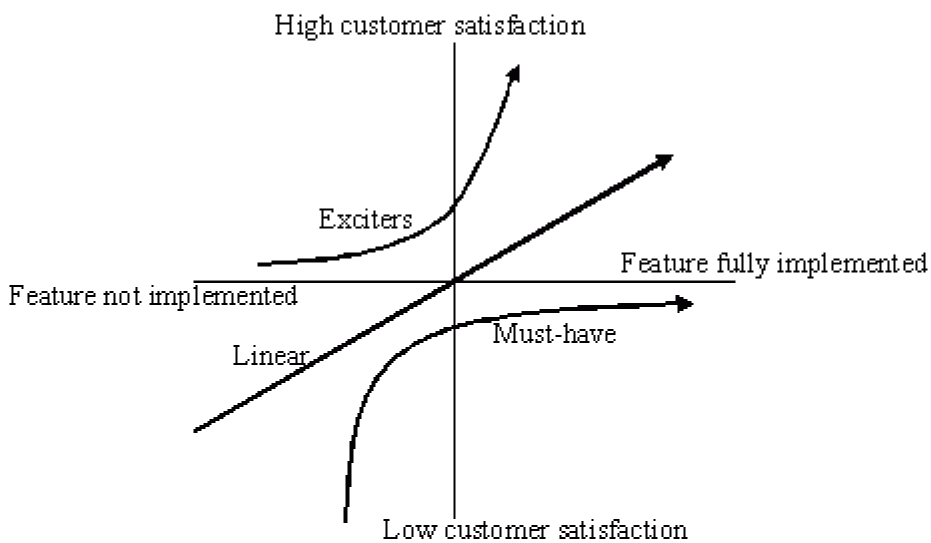
Since ICICI bank was established after 1991 it offers online banking where you cancheck the balance in your account any time. The interface for savings accounts is muchbetter and user friendly compared to that for their roaming current account

However, unlike other banks like HDFC bank,their online bank statement does notindicate the branch at which the amount is deposited. The information is available in theemail statement sent to you the next day. You have to contact phone banking, enter CRNand TPIN, during working hours to get this information. Very often, the system is slow,so you have to hold on for 10 minutes.

For savings account, up to 3 cash deposits per quarter (3 months) at the non base branchcan be made at no cost. For additional cash deposits, the bank charges the recipient Rs100 (+ service tax) per deposit, irrespective of the amount deposited. When the bankimplemented this change, the ICICI bank customers were not informed about the revisionin the charges. For outstation cheques, ICICI bank charges a minimum of Rs 30 (+service tax) for savings accounts . This is very inconvenient foraccount holders in smalltowns, who receive the dividend warrant payable in major cities only. These warrants can For savings account, up to 3 cash deposits per quarter (3 months) at the non base branchcan be made at no cost. For additional cash deposits, the bank charges the recipient Rs100 (+ service tax) per deposit, irrespective of the amount deposited. When the bankimplemented this change, the ICICI bank customers were not informed about the revisionin the charges. For outstation cheques, ICICI bank charges a minimum of Rs 30 (+service tax) for savings accounts . This is very inconvenient foraccount holders in smalltowns,

who receive the dividend warrant payable in major cities only. These warrants can be for small amounts like rs 20.

KANO MODEL OF CUSTOMER SATISFACTION



According to the on average 45% of a software features are never used and only 20% of features are used always or often. It means that on average you could develop two times simpler product and sell it for the same price. Potentially gains can be even bigger, for the enterprise scale systems two times simpler product often means four times shorter schedules and ten times simpler integration and testing.

There is no other way to discover what features would be actually used, than to ask the real or at least potential customers, preferably after letting them to try some features live. One of the tools for aiding the feature categorization is the Kano model of customer satisfaction.

The Kano model separates features into three broad categories:

- . MUST-HAVE, MANDATORY FEATURES.

  It is necessary to develop these features just to enter the market. However, once the basic requirement is satisfied, customer almost doesn't care about the further improvement of the

  For example, the modern web processor has to contains the spell-checker feature to be sell. However, most words customers won't even notice if the spell-checker contains 50 or 200 thousands

- LINEAR OR PERFORMANCE FEATURES

  The better this kind of features is developed, the more customer is satisfied.

  For example, the more storage space a file storage server provides, the more customers would be satisfied

- EXCITEMENT OR "WOW" FEATURES

  Customer won't be disappointed too much if these features are missing. However, the couple of exciter features can provide great customer satisfaction often adding a price premium to a product.

  For example, a built-in e-mail client isn't an indispensable feature for a web browser, but it can really excite some people.

- Must-have features are required for a product to enter the market and therefore have to be developed as soon as possible. After must-have features are implemented, as many linear features as possible should be implemented, because each of these features increases the customer satisfaction (unless there are already too many of those). Exciter features are to be approached the last, but keep in mind that a couple of exciters can contribute very well to the viral marketing of a product.

questionnaire

WHICH OF THE FOLLOWING ATTRIBUTES COMPELLED YOU MOST TO OPEN BANK?

(a)ATM cum DEBIT Cards

(b) Cheque Book

(c) Internet Banking/ Phone Banking

(D) Working Hours

(e) Value Added Services

2 Which TYPE OF SERVICE PREFERS THE MOST by you?

(a) ATM SERVICE

(b) Internet Banking

(c) Mobile banking

(d) CORE BANKING

(e) Retail Banking

. 3:-Which of following banks do you have account

(a) ICICI Bank

(b) SBI Bank

(c) HDFC BANK

(D) Axis Bank

5:-How many services offered by your banks?

(a) D-Mat A/C

(b) Mutual Funds

(c) e-Instructions

(d) LI & GI

(e) Digitally Signed Statemen

6:-How would you know about these service

(b) Friends and Relatives

(c) Direct Selling Agents

(d) Others Pls specify

:

Case study 1

ICICI Bank has grown six-fold since its KM strategy was established in 2000, making it the second biggest in India today. But that strategy has been robust enough to grow with it. Central to ICICI Bank's success has been its flexible, innovative methods, and a plethora of KM tools that were cannily marketed to staff from the very start.

By Deepa Prabhu

ICICI was founded in the mid-1950s at the behest of the World Bank, the Indian government and various 'captains of industry' in India. Its purpose back then was to provide medium and long-term development finance for Indian business.

In the mid-1990s its business strategy shifted to take advantage of the opening up of the Indian economy. The idea? To create a diversified financial-services supplier offering a range of products, instead of concentrating purely on project finance. ICICI Bank was, therefore, established in 1994 to provide retail banking facilities across India.

The idea was well timed and proved wildly successful. Today, it is the second largest bank in India with assets of almost $40bn and can boast a network of more than 570 branches and a steadily growing international business, with branches in the UK, Russia and Canada.

First steps

ICICI Bank's knowledge management (KM) strategy was established in 2000. Back then, the company was very much smaller than it is now – just 1,200 staff compared to the 30,000 that work for ICICI Bank today.

However, the programme was started at a time when the company's growth was starting to go into overdrive. Initially, the organisation developed a broad technology-linked infrastructure, including a corporate intranet, ICICI Universe, intended to provide a platform where, for instance, employees could check the human resources (HR) system for vacation entitlements, book days off or view their personal pension details.

By putting these simple, but necessary activities on the intranet, it encouraged employees to get familiar with using web-based applications, to overcome any fear of technology as well as providing them with a good reason for using the portal on a regular basis.

What began more as an idea and less as a project, was simply the belief that staff should have a space on the intranet where they could participate in collaborative activities, such as contribute or find documents, engage in discussions and post or answer queries. That idea, in essence, first converted the bank to KM.

Initially, the organisation was motivated to act due to the upheaval caused by the tail-end of the dot-com boom, which was depriving the bank of many good staff as they left in significant numbers to join dot-com start-ups – taking their knowledge and know-how with them. We therefore developedWiseGuy, ICICI's KM intranet portal – easily accessible from the main staff portal – to provide a way of capturing and disseminating the knowledge of departing staff.

To develop WiseGuy, a team was put together encompassing KM, HR, technology and research with a brief to 'just do it'. Indeed they did and a beta version was ready within just three months.

Before the year was out, faced with the prospect of a reverse merger of ICICI Bank with its parent ICICI, which went through in 2002, the KM team had to restructure to meet the needs of the new corporate entity. Some issues articulated at the time included:

How to connect this vast new pool of employees with each other;

How to share business-related information about clients, deals and ideas;

How to manage staff through the change process via communication, messages, channels and so on;

How to overcome the problems caused by staff turnover;

How to ensure that every person in the company is adequately equipped with the skills and training required for their jobs and for lifelong learning and development.

The deeper question was, quite simply, how do we create a hunger among staff to acquire and share knowledge? That is to say, how do we create the culture? The aim was to ensure that employees stayed permanently aware of the external competitive challenges of the business, and to persuade them to remain constantly open to new thoughts, ideas and ways of working.

Satisfied users

In our view, employee satisfaction drives usage and we wanted to use this as the delivery vehicle to support three major information-handling behaviours: sharing, collaboration and self-help. In essence, the workplace is no longer just a physical location. It has become a blend of physical and virtual spaces in which work is undertaken.

The KM programme is now deeply embedded in the bank, but not as a result of any directive from top management. Employees work with the KMprogramme because they see its benefits and realise the value it brings to them on a day-to-day basis. This is what makes it vibrant and engaging.

It is significant that a small project originally designed for about 1,200 employees in few locations has been flexible and scalable enough to cater for more than 30,000 employees in more than 600 locations, most of whom are customer-facing staff.

Everything they need should be at their fingertips, whether getting an answer to a problem, checking a policy or accessing standard templates and formats such as letters, agreements or guidelines.

The importance of scalability cannot be underestimated. In 2005, usage increased more than six times compared to the year before and the portal marked a record one-million logins in November 2004 after the site was redesigned. The number of staff using the KM portal doubled in the same period.

On average today, about 6,000 users visit the site daily, of which 95 per cent come from ICICI Bank’s retail branches. And more than 40 business divisions actively participate in the KM effort to contribute and publish content. Today, there are more than 14,000 individual items, about 1,000 daily searches for information and more than 16,000 interactive postings.

The WiseGuy KM portal also encompasses a variety of sections including: document management; news inside and outside the organisation; digital resources such as trade and news journals, research reports, maps, directories, currency and time calculators; information on the various business groups and group companies, complete employee information; and, interactive sections such as discussion forums, query boards, book reviews, online quizzes, the rewards and recognition scheme, and so on.

Wise Wednesdays

Early on, we realised that several senior people were reluctant to type and post submissions to the portal. So we invited them to share their tacit knowledge in an informal manner and the WiseGuy Knowledge Leader Series (KLS) was born.

Guest speakers included experts on various topics, such as advanced finance, and internal business heads who were delighted to be invited and were willing to give it a try. KLS evolved to include even chief the financial officers and CEOs of renowned companies in India, who have spoken on the topics of leadership and strategy.

Called ‘Wise Wednesdays’, we have conducted more than 60 KLS in various formats over a period of three years from 2001 to 2004. It contributed immensely to our WiseGuy brand and really helped to build the popularity of KM in ICICI Bank and, overall, gave our KM efforts huge visibility.

In another experiment, we set aside some time once a week for a knowledge café in the canteen of our Mumbai headquarters. Similarly, we tried a variety of other formats, including informal ‘brown bag’ concepts, in which staff would be invited to bring their lunch along to a presentation on a particular subject by a notable individual, to web conferences and live webcasts, so that any user in any location could participate. KLS encouraged face-to-face, live interaction and KM was therefore not seen purely as a portal activity.

Not all of these were successful. For example, our knowledge cafes had to be abandoned because the noise in the canteen proved too distracting, while some of our speakers for the brown-bag presentations felt offended that staff were tucking into their lunches while they were presenting about weighty topics.

Corporate learning

The ability to learn across the group and from team mates is a very powerful tool. We aim to build a learning environment by encouraging collaboration and push mechanisms, including a webzine e-mail to every employee before 9.30am. The Daily Dose, as it is called, is a summary of what is new in the outside world and on the portal. It features headlines, opinions, polls, happenings, customer appreciations, newsletters and other regular updates.

Again, one of the main benefits of the Daily Dose is the high profile it lends to our various KM initiatives. When we polled staff, almost 97 per cent said that The Daily Dose represents an important part of their working day. By delivering it direct to their mailbox, it helps the KM team to capture the ‘mind space’ of employees as soon as they sit down to work in the morning.

Other tools we use include Newsroom, a space on the intranet where daily news headlines are published. Here, staff can look up all the newsletters published by internal business groups, media releases, as well as tracking what our competitors are up to. Then there are ‘K-mailers’, which are short, one-page reviews on any one of 33 topics in six categories; internal newsletters from various domain specialists; online quizzes; 'word power' articles or glossaries; training modules; and, a whole library of online research tools.

Query Board, a central, interactive frequently asked questions repository by and for staff, is where they can post any work-related queries, such as the number of cheques that can be deposited at any one time, customer credit questions, cheque returns and so on.

Indeed, anything work-related that demands authoritative responses from colleagues and in-house experts. It serves as the fastest and most reliable source for feedback on queries or doubts related to workplace rules, policies and procedures, technical know-how and much more. Remarkably, the average response time to a query ranges from five to 15 minutes, but never more than one day from the time the query was posted.

In addition to Query Board, we also offer a more general discussion forum on the intranet where staff can talk about finance, business and economy-related topics. Discussions on our forum revolve around topics highly relevant to the work in the bank, such as the automatic cheque book re-order system and solutions for detecting fake bank notes.

Managing documents on WiseGuy

The digital assets on Wise Guy represent a vital element of our programme. WiseGuy's document-management system offers a managed view into otherwise overwhelming enterprise content and provides users access to personalised content with team-specific interfaces to improve collaboration.

Centralised and distributed publishing capabilities mean that users are empowered and can contribute their own documents, define them, schedule updates and so on. Furthermore, the portal manager enables business groups to generate their own template-based, database-driven mini-websites using an extremely flexible front end, point-and-click tool.

The content is classified and organised by use of a simple tree view for easy navigation, supplemented by a search tool for easy retrieval. Information can be located within two or three clicks, or less than a minute of searching. Other key features include easy identification of documents by author, date, posted comments and even queries.

The system helps to preserve the organisation's intellectual capital, as it is able to capture information so that it is not lost even when a person leaves the organisation. To encourage participation, ‘sticky’ features on the portal include opinion polls, cartoons, tips, word of the day and tools available to business teams to conduct surveys and online quizzes.

Case study 2

INNOVATIONS IN MICROFINANCE

To enable its foray into the rural markets, IC IC I Bank merged with the Bank of Madura(est.1943), which had a substantial network of 77 branches in the rural areas of a South Indian state ± Tamil Nadu. The Bank of Madura had an expertise in catering to the needs of the small and medium sector and had a strong networkof SHGs. At the time of the merger the Bank of Madura had 1200 SHGs.However, the program was not yet sustainable. To reach profitability IC IC I Bank devised a three-tiered structure. The highest level was to be a project manager,who would be an employee of the bank.Six coordinators would report to each project manager and would in turn oversee the work of 6 promoters. The target for promotion of groups was 20 groups within 12 months, upon which the promoter would receive financial compensation from the Bank. The coordinator would usually be an SHG member who would coordinate the activities of the promoters.

The women who had finished a year of promoting the requisite 20 groups were given the designation of Social ServiceC onsultant. These would travel within a radius of 15 kilometres, in order to promote as many groups within their area as possible. Strict guidelines were set for selection of SHG members and SHGs would focus on those who were illiterate and below the poverty line so that there would be homogeneity in the socio economic background as well. The SHGs followed the normal pattern of saving until they had internally collected an amount Rs 6000 in a bank account held in the group's name, through a weekly payment of a small amount by each member of the group. After this, the amount collected would be lent internally at 24% p.a. This rate of interest was much less than was available from the informal lenders, and the entire groups stood to gain as the interest was churned back into the group

IC IC I Bank achieved a high rate of growth, reaching 8000 SHGs in March 2003, with its team of 20 project managers. Within three years of the merger with Bank of Madura, IC IC I Bank had extended its reach to 12000 SHGs.However, the pace of outreach was still slow, and the Bank

began to experiment with other models of reaching the unreached. This was because existing branches could be leveraged for
outreach, but in areas where there were no IC IC I Bank branches, it would not be
viable to set up branches solely for the purpose of rural outreach, as such branches
would have a very long gestation period and would costly in terms of overheads.
ATMs were also costly proposition and the infrastructure required was not in place
in most of the remote areas.

It was felt that in the case of the SHG formation, there was no risk sharing or financial stake/ performance stake of the social intermediary (NGO) in the process of group formation. Once the groups were formed and linked to Bank credit, there was no more responsibility on the part of the NGO. The SHGs had been repaying at very good rates, above 95%, yet there was a need to control the quality of group formation and link it to credit discipline. IC IC I Bank also worked with Self Help Promotion Institutions to outsource the work of group formation institutions whose core competence was in social intermediation. In this case, the alignment of incentives remained the same, as the bank staffs were replaced by an external entity, who albeit with the best of intentions and competencies, would not be able to vouch for the quality of groups created by it. Thus, despite having good increase in outreach, the model failed to scale up further

INTERMEDIATION MODEL

I*C* I*C* I Bank began to experiment with the micro finance institution (MFI) as a substitute for the more granular Self Help Group. The MFIs were willing to take on the risk of the financial performance of the groups/ individuals that were being lent to. Therefore the stake in good quality group formation was also built in. Also,this channel was better for leveraging large amounts of funds without necessarily having a grassroots level presence of the bank staff. The MFI would undertake the processes and operationalization in terms of group formation, cash management,disbursal and recovery, and also record keeping. The Bank would lend to the MFI on the basis of its balance sheet and portfolio performance and the MFI would repay the bank.

The MFI-Bank linkage model paved the way for taking a wider range of services to the financially underserved populace. These financial services include provision of micro insurance tailored to the cash flows and insurance needs of the low-income clients. The micro insurance ensured the end client a support in case of accidents/ disablement as well as loan insurance in case of death. This was a significant step towards reducing household vulnerabilities.

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CONCLUSION

Thus, ICICI has been able to use technology to provide value-added service to its customers during the last few years. For ICICI, technology is an integral part of their business. However,their overall progress could have been smoother but for certain internal and extraneous factors and also a pressure on spreads due to a competitive market (Annual report, 2000 –01). E-banking has become a necessary survival weapon and is fundamentally changing the banking industry worldwide. To day, the click of the mouse offers customers banking services at a much lower cost and also empowers them with unprecedented freedom in choosing vendors for their financial service needs. No country today has a choice- whether to implement E-banking or notgiven the global and competitive nature of the economy. ICICI have topgrade and constantly think of new innovative customized packages and services to remain competitive. The invasion of banking by technology has created an information age and commoditization of banking services. ICICI have come to realize that survival in the new e-economy depends on delivering some or all of their banking services on the Internet while continuing to support their traditional infrastructure.