

Skills Needs for Future Indian Bankers

Dr. Bhabani Shankar Gupta

Faculty, Bank of India – RSETI, Dhanbad, Jharkhand, bsgupta10@gmail.com

ABSTRACT

The attrition of Indian PSU banks and its customer by demonetization reflects the post demonetization scenario of Indian economy. Banks constitute the backbone of the money market and ensuring smooth working of the payment systems. But how much our rural and small business men has been seriously suffered due to cash crunch .On other hand Indian banks hedging their failure and searching alternative earning source instead of main source. That's why bank imposed several high charges on various services of bank to common customers .Because it is easy to implement compare to recovery of big NPA amount from big corporate houses. This reflects weak leadership quality means lack of skills and education among all level of managers. The study was descriptive and analytical, so a survey method was used. A well-structured questionnaire was prepared and was administered to the respondents through a personal interview and other methods to collect the primary data. My result has shown the penetration level of rural people on bank account, banking services and e-transactions of cashless. The uniqueness of this research paper is that negative consequences of post demonetization and it reflects there are no relation among black money, corruption, terrorist funding with demonetization. All these are hypothetical assumption and common people has been cheated through bank services and its charges. The most important challenge to proper coordination among Banks, RBI and Government. Indian Banks needs alchemy of leadership for innovative and sustainable growth. Special skills needs for future Indian Bankers to meet 21st century challenges.

Keywords – *Demonetization, Black money, Bankers, Banks, Rural Customer & NPA.*

INTRODUCTION

The 21st century poses various challenges to Indian PSU banks in the complex environmental setup where business have to take strategic decisions about uncertainty of the future, financial management, monitoring performance, regulation and compliance,

competencies and recruiting the right talent, technology, exploding data, customer service, maintaining business reputation and knowing when to embrace change. In such a perplexing atmosphere, three broad areas emerge as saviours to the modern businesses: STRATEGY, SYSTEM & SERVICE. These

three-fold strategies ensure the innovations & sustainability of business. The bloodline ability of business– the bloodline of the 21st century leadership. On 8 November 2016, the Government of India announced the Demonetization of all Rs 500 and Rs 1000 banknotes and cashless transaction under the Digital India programme. The consequence of this historic decision is negative growth trend in the Index of Industrial Production (IIP) from 4.8% in October 2016 to 2.2% in October 2017 and The liquid money crises in market or cash crunch in various ATMs of Banks has been still continue till date. According to Mr Rajiv Kumar, financial services secretary, said in Mumbai May 23, 2018 –“India’s public sector banks (PSBs) have been hurting for some time now, saddled with gross non performing assets (NPAs) worth Rs 8.41 lakh crore as of December 2017. But it was the \$2 billion (over Rs 13,000 crore) fraud reported by Punjab National Bank in February that sent shivers down the spines of lenders and the government.”

The NPA amount of PSU Banks has been reached more than eight lakh crore. So two big challenges instant faced by PSU Banks one how you reduced NPA amounts and other how you retained faith of customer through cashless transaction as well as consequence of demonetisation. Because the consequence of this historic decision is negative growth trend in the Index of Industrial Production (IIP) from

4.8% in October 2016 to 2.2% in October 2017 and As per renowned historian Mr Arnold Toynbee –“ who Introduced the concept of challenge and response to explain the rise and fall of civilisations, I strongly believe that leadership is no different. How we respond to future challenges will shape our destinies.”. But one important question is that can Demonetizations capable to stop Black money, Corruptions and terrorist funding? Answered is simply no because individual attitudinal behaviour to earn illegal money through wrong practice can not be replaced by physical replacement of Rs 1000 & Rs 500 currency notes. Attrition of Indian PSU banks and its customers is highly affected due to demonetization. The following new negative aspects of demonetisation are -----

1. Crises of liquid money or cash crunch,
2. Expensive e transactions,
3. Expensive Banking services,
4. Low Customer sentimental on banking services,
5. Lack of leadership in banking services,
6. Fraud e transaction activities,
7. Abolished small businessman from market,
8. Hoarding of cash,
9. Cash deposited ratio in banks lower than cash withdraw ratio from banks,
10. Lack of coordination among Banks, RBI and Government,
11. Increase Cyber crimes and
12. Finally slow growth of Indian economy.

13. Misuses of the Pradhan Mantri Jan-Dhan Yojana Accounts (PMJDYAs)

And the post demonetisation scenarios of banks are as follows

1. Monetary Scene, 2016-17

Parameter	14-15	15-16	EGR #	16-17*
Broad Money (M3)	10.9%	10.5%	11.4%	10.9%
500-Note	15.1%	19.7%	10.4%	N A
1000-Note	10.5%	12.7%	15.1%	
All Notes	11.4%	14.9%	10.9%	
M3	13.7%	14.3%	N A	14.3%
Demand Deposits (DD)	162.4%	166.8%		169.1%
Time Deposits (TD)	17.5%	18.4%		18.4%
	85.2%	86.4%	N A	

(Source- The Journal of IIBF, July-Sept-2017)

One needs to pay attention to the shaded portion in Table 1. That 2015-16 and 2016-17 reflected unusually high figures compared to the preceding years in respect of almost all the parameters is easily discernible

2. Impact on Microeconomics-

As per Central Statistics Office (Press Note: May 31, 2017), reflecting reduced economic activities, 2016-17 Q3 real GDP growth rate slid to seven percent from 7.5% in Q2 and 7.2% a year ago. The Q4 growth rate was further less at 6.1% compared to 7.9% a year ago. The 2016-17 annual growth rates are estimated at 7.1% as against eight percent in 2015-16. The 2017-18 Q1 growth rate is estimated at 5.7% - a three-year low – down

from 7.9% a year ago (Press Note: Aug 31, 2017).

3. Impact on Investments and Loans (INR trillion)

Pre-demonetization			Post-demonetization		
Accrual since Oct 30, 15 as on	Inv. *	Loans	Accrual since Oct 28, 16 as on	Inv. *	Loans
Nov 13, 15	0.12	0.19	Nov 11, 16	0.03	-0.59
Dec 11, 15	0.64	1.45	Dec 9, 16	3.85	-0.73
Jan 8, 16	0.57	2.56	Jan 6, 17	7.40	0.01
Feb 5, 16	0.80	3.31	Feb 3, 17	5.80	0.67
Mar 4, 16	0.49	4.26	Mar 3, 17	4.35	1.04
Apr 1, 16	-0.87	7.06	Mar 31, 17	1.48	4.70
Apr 29, 16	0.23	4.38	Apr 28, 17	3.00	1.33
May 27, 16	0.63	4.32	May 26, 17	3.30	1.81
Jun 24, 16	0.77	4.33	Jun 23, 17	3.38	2.52
Jul 22, 16	1.23	4.46	Jul 21, 17	3.79	2.76
Aug 19, 16	1.40	4.53	Aug 18, 17	4.17	2.92
CV	110.1%	48.9%	CV	52.8 %	110.9 %

(Source- The Journal of IIBF, July-Sept-2017)

Therefore, a large number of small business men will eventually be a part of the digital world, either fully or partially, due to cash crunch. In rural India where cash is still king of transactions. Neither adequate banking facility nor proper internet facility available to access formal financial or banking channels for online transactions. In 1971 during bank nationalization people of India have asked a question whether bank is safe place to put our money because bank has no brand loyalty and again in 2018 people of India have been repeated the same question whether bank is safe place to put our money because cash crunch by demonetizations and so many big fraud case in Indian banks as well as big NPA amount. Right now brand loyalty of bank is under doubt due to miss management and scarcity of leadership quality. So it is necessary to examine how 'alchemy of leadership foster Indian PSU Banks innovation & sustainability and reduces the

attrition of Indian PSU banks as well its customer. The Narendra Modi government is going to try out a new strategy to get India's state-run banks back in shape: name and shame. Can the present skills of our Indian bankers capable to meet the forth coming challenges of 21st century of our country and our economy survive through these skills? This paper seeks to identify what types of skills and education are required to foster Indian PSU Banks and how these skills might be enhanced.

Review of Literatures ---

On the basis of literature on Indian PSU Banks .We can classified these area of research in three broad areas emerge as saviours to the modern businesses: STRATEGY, SYSTEM & SERVICE. These three-fold strategies ensure the innovations & sustainability of Indian Bankers.

Since Bank is backbone of monetary market and completely service based industry. So end customer is king and customer decision is the final judgement. On the basis literatures review I have to find out the gap of our Indian banking service quality especially post demonetization situation.

1. Customer's perception of service quality of State Bank of India –a factor analysis by Dr G. Santhiyavalli (2011) –

The objective to service quality of SBI in Coimbatore area and to understand the customer perception of service quality in

selected branches of SBI and also the major factors responsible for customer satisfaction. The gap score were less for assurance, while highest for the empathy factors

2. Customer perception on Service Quality in Banking sector: with Special Reference to Indian Private Banks in Moradabad Region, February 2012.By: Vibhor Jain, Dr Sonia Gupta, Smrita Jain-

The main objective of the study is the measurement of the service quality in the banking sector. Segmentation of the customers based on their perception about the high and low service quality factors and identifying the relation between both, find the importance of various dimensions of service quality and its influence on customer satisfaction.

3. Customer's perception of service quality of State Bank of India – A Factor Analysis By: Dr. Mrs. G. Santhiyavalli, Department of Commerce, Avinashilingam Deemed University of Women, Coimbatore, India, September 2011 -

Gap Analysis was used to find the shortfalls in the dimensions of service quality of the banking service. The variables for data collection, used in the study are the demographic variables like age, gender, educational qualification, marital status occupation and annual income.

But there are very few research and literature available on the subject related to post Demonetization scenario and its impact on Indian PSU Banks as well as rural customers of bank. Available literatures are as follows ---

4. Nithin and Sharmila (2016)

studied demonetization and its impact on Indian Economy. The author believed and agreed with the view of Government He also argued and expectation Government would clear all hurdles of demonetisations to run Indian economy smoothly. But the author forgot expectation and implementation are not same .its need proper well planed which not done by the Government.

5. Nikita Gajjar (2016)

deliberated a study on Black Money in India: Present Status and Future Challenges and Demonetization. Her analysis all the steps of Government should adapt so far to tackle the Black Money. But not explained how Black Money abolished by demonetizations and its consequences.

6. Lokesh Uke (2017)

researched on demonetization and its effects in India. He studied positive and negative impact of demonization in India. His study was based on secondary data available in newspaper, magazines etc. He also urged to stop Demonetization would capable black money and corruption from India. Which is similar to

Government views and it needs some time. But he never explained how attitudinal change can be done through physical change like demonetisation and he said that the real impact will be shown in future.

7. Manpreet Kaur (2017)

conducted a study on demonetization and impact on Cashless Payment System. He has mentioned in his paper that Cashless process in Indian economy would bring several benefits and its future is so bright but not mentions how much people familiar with cashless transaction and its operation process.

Objectives –

1. To study the customers sentiment value on Indian Banks after demonetizations.
2. To study leadership of bank managers on customer perceived value.
3. To study the various service process of Indian PSU Banks.
4. To study the earning process of revenue of PSU Banks.
5. To study the challenge of e-transaction after demonetization.
6. To study the NPA status after demonetization.
7. To study the coordination among Banks, RBI and Government.

RESEARCH QUESTIONS

1. Did population in rural India were aware of Banking Services?
2. What were the actual challenges raised due to Demonetization in rural market?
3. Did the rural areas in India were ready to accept the concept of cashless.

LIMITATIONS OF STUDY

1. Area of research is a major constraint. The biggest limitation of the study is that it has been done in areas of Dhanbad district of Jharkhand only and may not give an overall picture of India.
2. Time limit is also a constraint. The study has been taken only for 3 months after Demonetization period between 15th December 2016 to 14th March 2017.
3. This study reflects the opinion and responses of individuals only where by findings and suggestion given on the basis of this research cannot be extrapolated (applied) to the entire Population.

HYPOTHESIS

H01: All the people have bank account in rural areas have significant awareness of Banking Services..

HA1: All the people have bank account in rural areas not aware of Banking Services.

H02: All the people have bank account in rural areas are using e-transaction of cashless.

HA2: All the people have bank account in rural areas are not using- transaction of cashless

RESEARCH METHODOLOGY---

The study was descriptive and analytical, so a Survey method was used. A well-structured questionnaire was prepared and was administered to the respondents through a personal interview and other methods to collect the primary data. The questionnaire was divided into two parts. Part one is respondent's profile and Part two was the main survey.

The sample to which the questionnaire was administered was based on random sampling techniques. The sample distribution was given in Table 1.

Age	Male	Female	Total
20-30	40	21	61
30-40	62	32	94
40-50	51	37	88
50-60	29	20	49
60-70	23	17	40
Total	247	155	402

Table 1:

Source: Primary data

Primary Data:

Primary data was collected randomly through the structured questionnaire in areas of Dhanbad district of Jharkhand and using simple random sampling..

Sample Size:

The study was limited to those participants who willingly elected to complete the instruments in their entirety. There were a total of 450 respondents, of which a figure of 402 was selected for the study.

Sample Design:

The researcher relied upon simple random sampling technique, considering the research methodology and research type as per guidelines. A caution was exercised during the study that the respondents who did not show inclination to be a part of the study were not covered.

Period of Study:

The data collection has been done for a period of 3 months 15th December 2016 to 14th March 2017

Secondary Data:

The secondary information or data was collected from newspapers, previous research articles and relevant websites.

Research Instruments:

A summated closed end questionnaire was used with different viewpoints of people. In this questionnaire, all the questions were positively framed to study the impact of independent variables like age, gender and profession on the dependent variable.

Statistical Analysis:

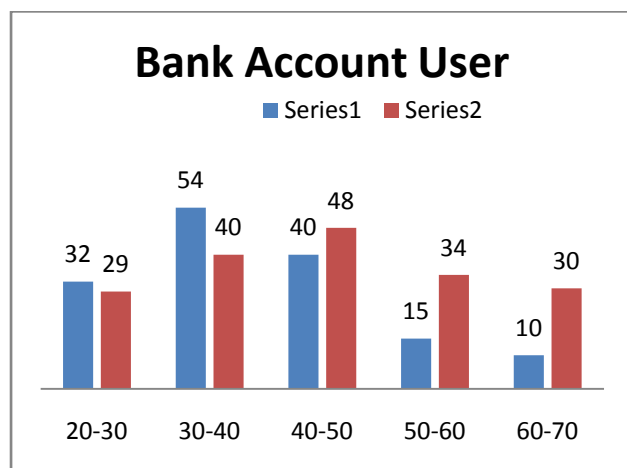
Efficient and effective data analysis is the result of effective data preparation. This was found to be very crucial between the completion of the field work and the statistical processing of the collected data. Data preparation involved transferring the questionnaire into an electronic format which allowed and facilitated subsequent data processing. Data sheet was prepared directly at Excel software for further analysis. On the basis of the datasheet tables were prepared for the analysis.

FINDINGS & ANALYSIS

I. User of Bank Account (Reference Table 2 & Graph 1)

Are you using Bank Account	20-30	30-40	40-50	50-60	60-70	Total
YES	32	54	40	15	10	151
NO	29	40	48	34	30	181
Total	61	94	88	49	40	332

Table 2 (Source- Primary data)



Graph 1

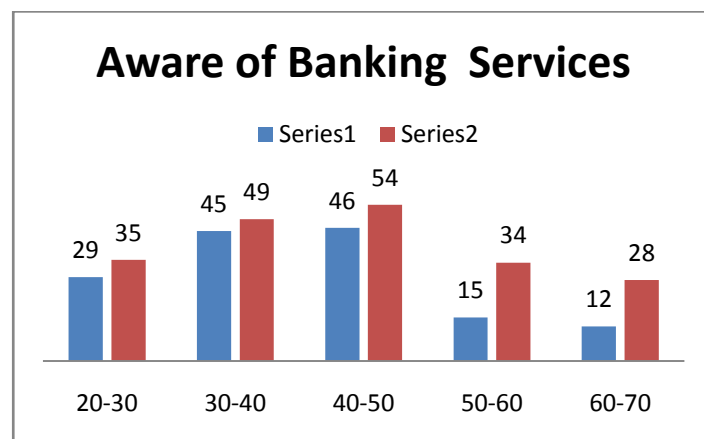
(source-Primary data) (Series 1- YES, Series 2- No)

With reference to the table 2 and graph 1, it shows that Maximum user of Bank Account is within the age bracket of 30-40 years and non Bank user in age bracket 40-50 Years. Very few People of age bracket between 60-70 years were using Bank Account. Most of the people of these groups told that they were using Bank Account for Government money. The young generation of age bracket between 20-30 years was college students and using their Jan Dhan Account, but most of them no transactions.

II. Awareness of Banking Services (Reference Table 3 and Graph 2)

		20-30	30-40	40-50	50-60	60-70	Total
Are you aware of Banking Services	Yes	29	45	46	15	12	147
	No	35	49	54	34	28	200
Total		64	94	100	49	40	347

Table 3 (Source: Primary data)



Graph 2

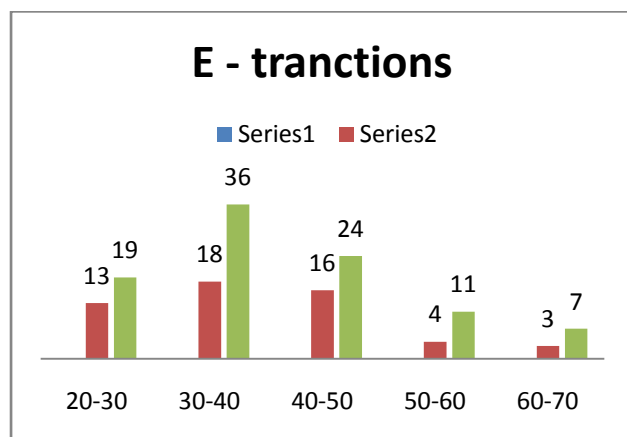
(Source: Primary data) (Series 1-YES & Series 2- No)

The study and the above data reflect that more than 50% of the respondents were not aware of Banking Services. The respondents having age bracket 40-50 years found maximum (54%) and age bracket 60-70 years found minimum (28%). Most of the youth having age bracket 30 - 40 years also were not aware of Bank account and its services process. Over all pictures reflects that maximum people not aware of banking services. So it needs to improve.

III. Usage of e-transaction (Reference Table 4 and Graph 3)

		20-30	30-40	40-50	50-60	60-70	Total
Are you using e-transaction	Yes	13	18	16	4	3	54
	No	19	36	24	11	7	97
Total		32	54	40	15	10	151

Table 4 (Source-Primary Data)



Graph 3

(Source-Primary Data) (Series 1-YES & Series 2- No)

Data indicates that maximum user of e-transactions were in age bracket 30-40 years. Most of the respondents having age bracket 60-70% are almost nil only 3% using e-transactions were retired from Government/Private organization, posted in urban areas and living in native place after the retirement, so they were used to the new payment gateway e-transaction. Few of them of the same age bracket told that their son working in urban area, had trained gifted them the smart phones and trained them to use e-transaction for easy and convenience purpose, at least fulfil the basic requirement like mobile recharge, payment of utility bills etc. The young generations of age bracket 20-30 years were found using e-transactions for online shopping for self or family members. Few of the young from age bracket 20-30 years revealed that they were using e-transactions for booking railway tickets or bus tickets. Here also reflects cash less transaction under digital India is so poor. It needs huge initiatives

CONCLUSION & SUGGESTIONS ----

The consequences of demonetization have been clearly visible in markets. Demonetization highly influenced the sentiment of bank customer on Banks, In fact lack of leadership among managers or lack of skills & education among staffs reflects how much in mature to face the unexpected situation of Bank, Banking Services and e-transactions. These are the following issues has been created after demonetizations - crises of liquid money or cash crunch, Expensive e transactions, Expensive Banking services, Low Customer sentimental on Banking services, Lack of leadership in Banking services, Fraud e transaction activities, Abolished small businessman from market, hoarding of cash , Cash deposited ratio in banks lower than cash with draw ratio from banks, lack of coordination among Bank , RBI and Government , Increase Cyber crimes and finally slow growth of Indian economy .

The major challenge faced by rural people due to lack of bank facility, lack of financial awareness as well as e –transactions process and poor internet availability .To achieve any socio-economic objectives, it aims at making a behavioural shift in the society — making it a ‘less-cash’ society, before finally transiting to a ‘cash-less’ economy.

On the basis of above issues there are some suggestions to improve banking services and its credentials –

1. **Renovate HR teams** --- HR team of any bank should be clear vision on three broad areas emerge as saviours to the modern businesses: STRATEGY, SYSTEM & SERVICE.
2. **Change recruitment process** – Present recruitments process not up to the marks because aptitude and information test is not justified expertise and excellence along with attitudinal behaviour of any candidate. So it needs to change the process.
3. **Regular training** ---Attrition of bank needs regular training for Learning & Development of new concepts at corporate level as well as branch level .So that bank can be ready to accept any new challenges.
4. **Awareness banking services**— Financial inclusion along with awareness of banking services and its products including cashless transactions are so important these days because educated customer is always protected customer. It also protect from cyber crime too.
5. **Transparent e-transactions**—Concept of cashless transaction needs more priority and transparency .Because e-transactions of various mode has been taken some hidden charges in the name of transaction

charges but without any valid receipts. Which is illegal?

6. **Leadership for customer perceived value** –Leadership style at any level should be without biased and customer perceived value as well as sentiments is always highest priority.
7. **Coordination among Bank, RBI & Government** – Decision of demonetization reveals that lack of coordination among Banks, RBI and Government. Ultimately a common customer has been suffered as well as banking operation hampered means our economy affected. So it needs utmost coordination among three for smooth economy of our country.
8. **Autonomy of Banks & RBI** ---- RBI and Banks needs more autonomy because some functional decisions need quick decision especially for RBI. RBI is regulator and its operational decisions should be more vibrant and effective on the issue like NPAs.
9. **Review of revenue earning process of banks**— Earlier revenue earning concepts of Banks was through the interest of loan amount not through operation charges. But now days it has been changed means more on operational charges less on interest of loan. That's why the bank earned Rs1,771.67 core from customers on account of non-maintenance of minimum average balance between April

and November 2017. This reflects penalty for unemployment because all such account holder are definitely less earning or zero earning. On the other hand NPA figures gradually high and Banks completely failure to gain NPA amount from Brower So it's needs to review the leadership quality of banks.

10. Strong Credit risk team --- The quality and expertise of Credit risk teams of banks is not adequate because they are unable to indentify the right entrepreneurs as well as their projects. That's one of the important reason of big amount of NPA. So it needs to review the expertise of credit risk teams of Banks.

11. Minimum Government intervention --- Recently Government intervention is too much whether it could be loan or other functional matters. This creates obstacles for banking industry. So better Government should focus on governess and policy making not functional matters.

12. Good CRM needs for Practices--- Strictly follows good CRM practices because customer is not a custodian and they need proper respect as well as dignity. So it needs to change attitude and arrogance of bank officials. It should be customer friendly.

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