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A study to assess and evaluate the implementation of various reforms by the government in financial and banking sector: With reference to the employees of these sectors

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Abstract
The financial and banking system in India has undergone significant changes during last 15 years. There have been new banks, new instruments, new windows, new opportunities and, along with all this, new challenges. While deregulation has opened up new vistas for banks to augment revenues, it has also entailed greater competition and consequently greater risks. The traditional face of banks as mere financial intermediaries has since altered and has emerged as the defining attribute. Banking sector reforms introduced in the early 1990s as a part of the structural reforms have touched upon almost all aspects of banking operations.

Keywords: financial and banking system, deregulation, augment revenues, risk management

1. Introduction
The Indian banking system has undergone a sea change from its traditional role of a financial intermediately and a sort of armored vault it is now a much more dynamic financial institution. The banks of today are venturing into more risk prone areas such as trading in securities, derivatives and foreign exchange and then either selling them as securities or re-insuring them getting rid of their loans.

But in all this zeal and enthusiasm there is a word of caution. RBI cannot and fortunately does not shed away its responsibility of being a caretaker of small investors. It has to play a significant role when it comes to permitting banks using credit derivatives, and managing their credit risk. After all as the umbrella financial institution of the country RBI and the Indian Banks Association have to take care of the welfare of the society as a whole.

For a few decades preceding the onset of banking and financial sector reforms in India, banks operated in an environment that was heavily regulated and characterised by sufficient barriers to entry, which protected them against too much competition. This regulated environment set in complacency in the manner in which banks operated and responded to the customer needs. The administered interest rate structure, both on the liability and the assets sides, allowed banks to earn reasonable spread without much efforts. Despite this, however, banks' profitability was low and NPLs level was high, reflecting lack of efficiency. Although banks operated under regulatory constraints in the form of statutory holding of Government securities (statutory liquidity ratio or SLR) and the cash reserve ratio (CRR) and lacked functional autonomy and operational efficiency, the fact was that most banks did not *operate* efficiently.

While the broad objectives of the financial sector reforms, thus, were to enhance efficiency and productivity, the process of reforms were initiated in a gradual and properly sequenced manner so as to have a reinforcing effect.

Banks have been accorded greater discretion in sourcing and utilisation of resources, *albeit* in an increasingly competitive environment. The out-reach of the Indian banking system has increased in terms of expansion of branches/ATMs. In the post-reform period, assets/ liabilities of banks have grown consistently at a high rate. The financial performance of banks also improved as reflected in their increased profitability. Net profit to assets ratio improved from 0.49 per cent in 2000-01 to 1.13 per cent in 2003-04.

Scope of the Study
The scope of the study is limited to only the employees of the financial and banking sector in India.

Objectives of the Study
1. To study the various reforms in the financial and banking sector in India.
2. To understand the impact of these reforms on the employees of the financial and banking sector in India.

2. Literature Review
India has a diversified financial sector which is undergoing rapid expansion, both in terms of vigorous growth of existing financial services firms and new entities entering the market. The financial sector comprises of commercial banks, insurance companies, non-banking financial companies, co-operatives, pension funds, mutual funds and other smaller financial entities. However, the financial sector in India is extensively a banking sector with commercial banks accounting for more than 64 per cent of the total assets held by the financial system.

In the early 1990s, India embarked on an ambitious economic reform programme in which banking sector reforms formed a major part. A committee of high level on financial sector, chaired by M. Narasimham, laid the foundation for the reforms in the banking sector. The Committee, which was set up in 1991, submitted its report in 1992, on financial sector reforms. Another committee, on banking sector reforms, was constituted under the chairmanship of M. Narasimham which submitted its report in 1998.

The Indian banking sector has witnessed wide ranging

changes under the influence of the financial sector reforms commenced during the early 1990s. The approach to such reforms in India has been one of gradual and non-disruptive development through a consultative process. The emphasis has been on deregulation and opening the banking sector to market forces. The Reserve Bank of India has been consistently working towards the establishment of an enabling regulatory framework with rapid and effective supervision as well as the development of technological and institutional infrastructure. Persistent endeavor have been made towards adoption of international benchmarks as appropriate to Indian conditions. While some changes in the legal infrastructure are yet to be effected, the developments so far have brought the Indian financial system closer to global standards.
With the increasing levels of globalisation of the Indian banking industry, evolution of universal banks and bundling of financial services, competition in the banking industry will intensify further. The banking industry has the potential and the ability to rise to the occasion as demonstrated by the rapid pace of automation which has already had a profound impact on raising the standard of banking services. The financial strength of individual banks, which are major participants in the financial system, is the first line of defense against financial risks. Strong capital positions and balance sheets place banks in a better position to deal with and absorb the economic shocks.

3. Methodology
3.1 Research design
The present research paper is a mix of different research methods adopted to collect primary and secondary data. The sources of data include the customers of bank from various places and also the related organizations.

3.2 Population and sampling
To confirm that the sample selected is representative of the population, simple random sampling was used in this research where each individual in the population of interest has an equal likelihood of selection, and a random sample was taken. For this bank employees of public sector banks, private banks, co-operative banks viz. Central Bank of India, Bank of India, State Bank of India, HDFC, IDBI Bank, Corporation Bank, Cosmos Bank, Shikshak Sahakari Bank, Gandhibag Co-operative Banks, Maharashtra State Co-op Bank etc., were directed a questionnaire of 10 questions and then data was collected and analysed.

3.3 Data collection
Data was collected through the use of primary and secondary sources. Questionnaire was prepared and sent to the employees of the above mentioned banks, who were selected randomly. The respondents were given different options to choose the preferred one from. The number of respondents and number of options varied from question to question. Secondary data was collected from research papers, articles, journals etc. related to assessment and evaluation of the implementation of various reforms by the government in financial and banking sector with reference to the employees of these sectors.

3.4 Data analysis and interpretation

Table 1: Awareness about the banking sector reforms.

Yes	No
323	77

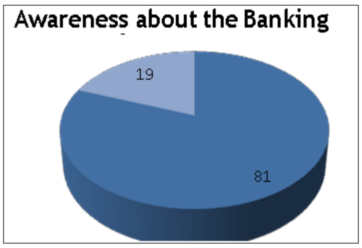

Fig 1

- The banking staff are regularly trained and having updated knowledge regarding various reforms undergoing in the banking sector. Most of the banking staffs are aware about the reforms in banking sectors.
- 81% staff i.e. 323 are aware about the different reforms in the banking and financial sector out of total 400 respondent

Table 2: Types of banking reforms the staff feels better

Type of Reform	Rating
Reduction in CRR	98
Reduction in SLR	148
Online Banking	47
ATM	16
Web Applications	8
Deregulation of banking system	74
Private Mutual Fund Permitted	2
Environmental Factor	7

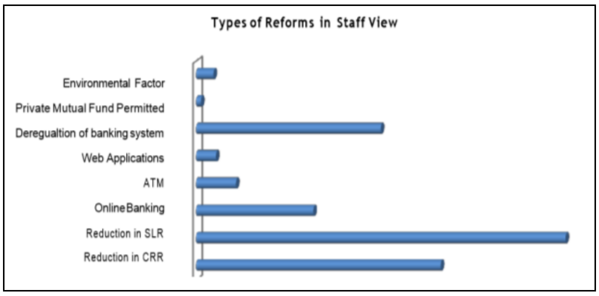

Fig 2

- The banks in today's era are updating themselves to cope up with the global and customer requirement. Most of the banks are feels that the different reforms are helpful to the banking and financial sector.
- 148 staff members feel that reduction in SLR is essential; however 98 respondent feels that reduction in CRR will help. The other respondents feels that many other reforms are helpful and convenient.

Table 3: Difficulty in transforming from traditional work structure to new standard.

Easy	Average	Difficult	Impossible
110	164	89	37

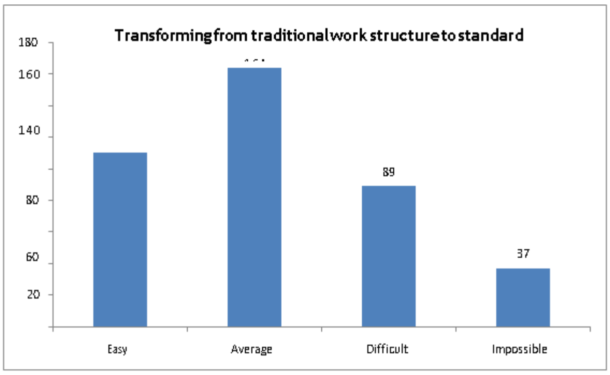

Fig 3

- The change is the way of life. But the human tendency is generally not to respond changes easily. The banking staffs are aware about the necessity of changing their work structure from traditional banking to modern one.
- 110 respondents out of 400 respondents those who are having modern work structure in their banks had changed their work structure easily. Amongst them 164 respondent faced average easiness and 89 respondent faced difficulty in changing their work structure. The 37 respondents are said that it is impossible for them to change their work structure from traditional banking to modern work structure.

Table 4: Reforms are advantageous in Banking

Yes	No
361	39

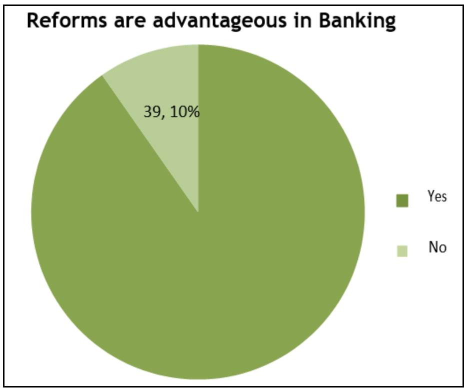

Fig 4

- The reforms in banking are always beneficial to the banks and their customer for effective and efficient banking.
- Total 90% bank staff i.e. 361 staff out of total 400 respondent are feeling that banking reforms will ensure customer convenience and reduce cost of transaction for bank.

Table 5: Convenience in using of Web Application

Difficulty Level	1	2	3	4	5	6	7	8	9	10
No. of respondents	28	46	66	56	48	76	23	34	12	11

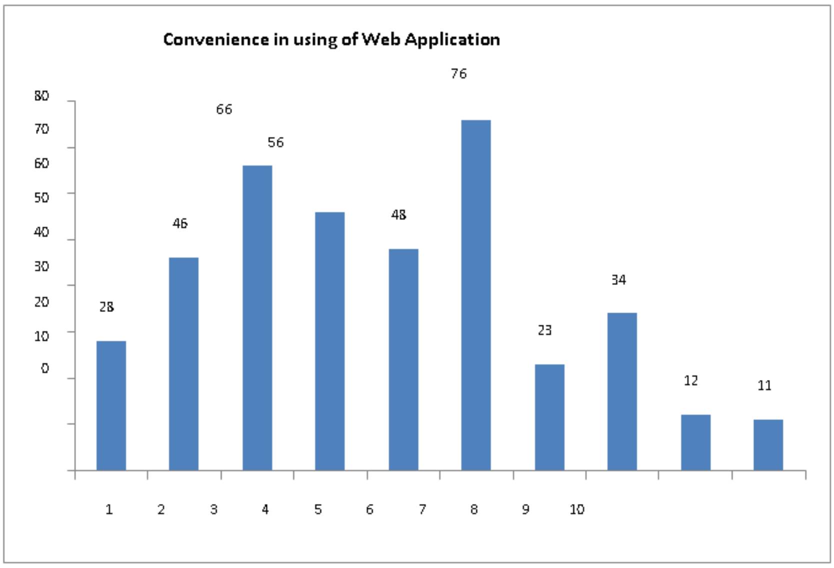

Fig 5

- The working with Web Application has different level of convenience in using in Banking.
- Out of 400 respondent following number of respondent are convenient in using Web application. The average numbers of bank staff are comfortable in using Web Application.
- 28 number of respondent had convenience level as 1, 46 respondents have 2nd level whereas 3rd, 4th, 5th and 6th level has 66, 56, 48 and 76 respondent respectively. The 7th and 8th level has 23 and 34 respondent respectively. The worst convenience level i.e. 9th and 10th has no respondent.

Table 6: Non-tangible benefits

Yes	No
287	113

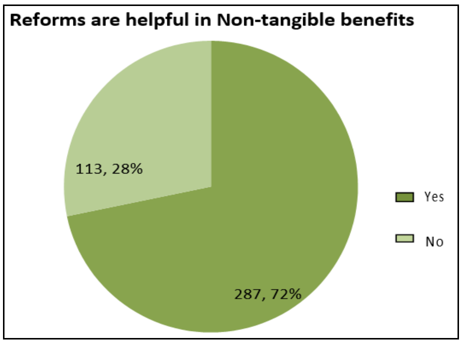

Fig 6

- The majority of bank employees feel that the reform helps in getting non- tangible benefits to bank.
- Whereas some feel that using banking reforms can get brand recognition and reputation. Total 72% bank staff i.e. 287 staff out of total 400 respondents are feeling that reforms can also playing an important role getting non-tangible

Table 7: Reforms helps in reducing Transactional Cost

Yes	No
321	79

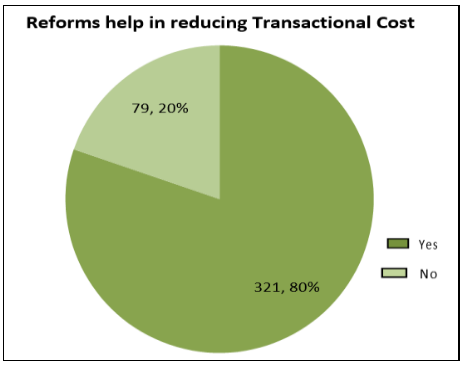

Fig 7

- Majority i.e. 80% employees feel that the transaction cost will be reduced by using reforms thus increasing the profitability of bank.

Table 8: Reforms leads to the Faster Customer Response Time

Yes	No
189	211

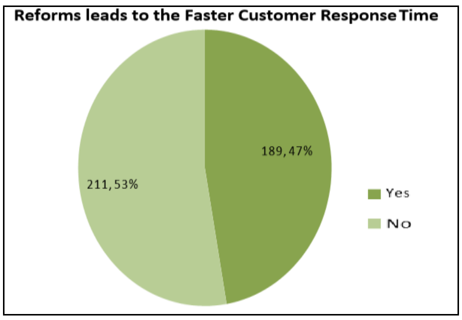

Fig 8

- 47% bank employees feel that reforms based banking will enable them to respond to the customer query quickly.

Table 9: Ease in Customer Interaction

Yes	No
312	88

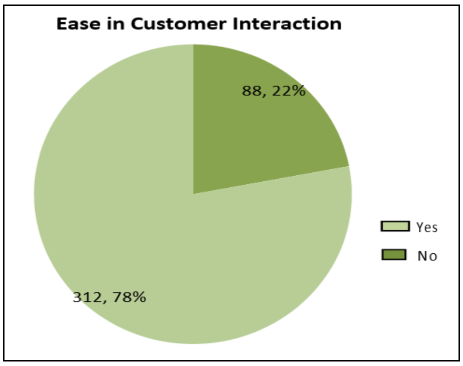

Fig 9

- Majority of bank employees are of the opinion that reforms will facilitate easy, quick and responsive interaction with customers.
- Out of 400 respondent 78% believes that customer interaction is possible while using reforms whereas 22% believed that it is difficult.

Table 10: Rating about the Quality of Service provided to customers

Excellent	Good	Average	Poor
53	61	27	7

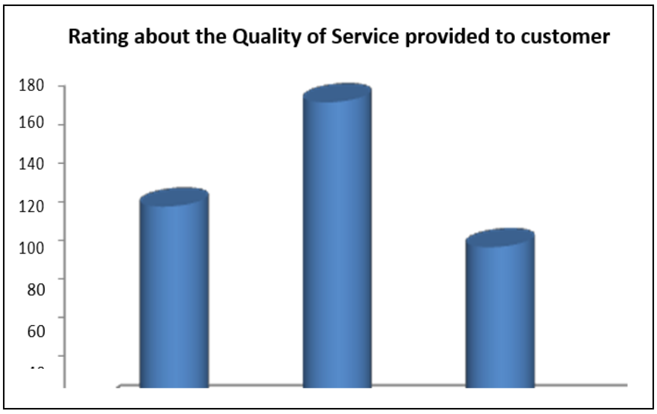

Fig 10

- Overall opinion is that banking reforms will ensure good quality of service to customers.

4. Findings

- The users of banking reforms are growing drastically across the nation.
- Organization performing excellent while using the new trends in banking to automate their task.
- The use of Web Application had reduced the transactional cost, lowered the product cycle time.
- The service quality is improved with faster customer response is possible using the reforms in banking and financial sector including NBFC, Insurance, etc.
- The Financial sector can support their customer by

providing various value added services as and when required.

5. Conclusion
There are some risks associated with ebanking: digital inclusion and technological literacy are still major problems in society and, must continue to be a priority issue for banks as they should be for all business. Change is inevitable in the modern banking environment, the successful banks will be those who can adapt the older channels to bring benefits to the newer ones and yet maintain the trust of their stakeholders.

If banks are to reap the social sustainability benefits of ebanking to the full, they need to continue to search for innovative and efficient ways to integrate their CSR work into all areas of business, linking the opportunities available for training, inclusion and trust building.

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