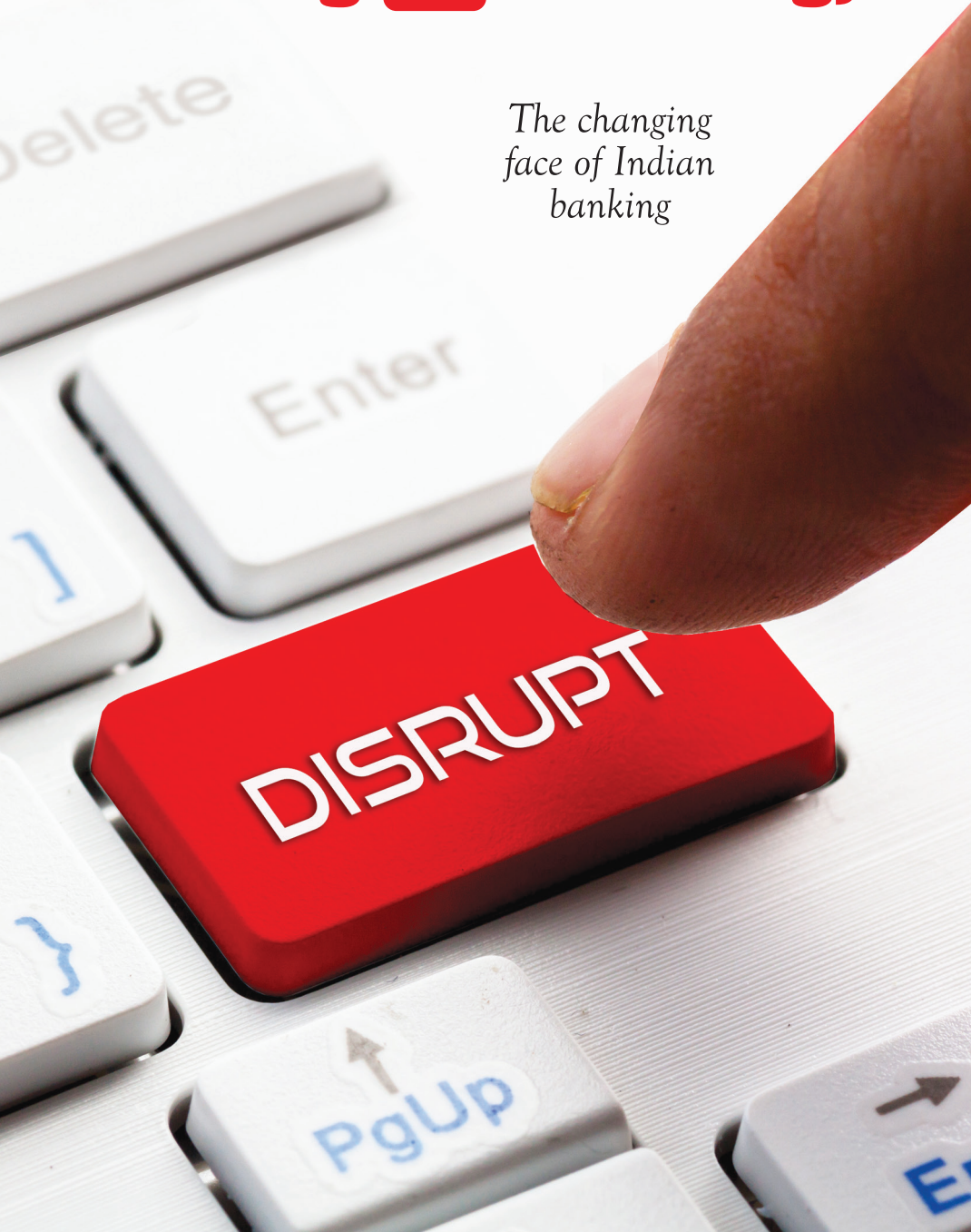


O. P. Srivastava

Banking **on** Technology

*The changing
face of Indian
banking*



CONTENTS

<i>Preface</i>	ix
<i>Foreword</i>	xi

Banking Before ATM Times

1. Down Memory Lane	3
2. Conventional Banking	24
3. Computerization in Banks	39

ATM Times

4. Arrival of New Generation Banks	47
5. Tryst with Technology	54
6. Side Effects of Technology	126

Banking After ATM Times

7. Digital Banking	145
8. Challenges in the Digital Era	166
9. New Disruptions in Technology in Banking	197
10. Learnings from the Past	229
11. From ATM to GAFAAM	245
12. The Fragmented Future	261

<i>Acknowledgements</i>	281
<i>About the Author</i>	283
<i>Annexure 1</i>	284
<i>References</i>	287

BANKING BEFORE ATM TIMES

1. DOWN MEMORY LANE



From Physics to Banking

Taking a UP roadways bus from Charbagh bus station at Lucknow, I reached the Zonal Training Centre of the Punjab National Bank (PNB) located at Pandunagar, Kanpur. The training centre took up the first and second floors of a triple-storey building, with a branch on the ground floor. The training manager was a young, suave and handsome man named Aftab Ahmad, who acted as the bank's representative for the next two months and steered our initiation into the world of banking. The trainees were a group of about 30 young men and women from across the country and diverse educational backgrounds. As a Physics post-graduate, I was sceptical of banking; to my mind, it was only complicated accounting and numbers. Two months of formal and informal education about the basics of banking slowly dissolved my apprehensions



Dr Raja Ramanna with students in the Physics Department at Lucknow University – 1975

and rigid notions; the congenial atmosphere created by Aftab Sir's informal and friendly attitude in and out of the classrooms was the catalyst.

This was my induction into banking as a management trainee at the beginning of 1978. After completing two months' theoretical training, we were all sent to the bank's head office located at Parliament Street, New Delhi for a few months to get an overview of the bank's functioning. The head office is a huge iconic building with a wide and towering entrance. I remember being overawed by its high-ceilinged hall, wide staircases and the large number of people on various floors. In the vastness of its large floors, the maze of closed cabins and muted conversations, one was left to figure one's own way about.



Grooming bankers in the classroom: PNB Zonal Training Centre, Kanpur – January 1978

After spending a few days at the head office, moving from one cubicle to the other and flipping through old files of correspondence, we were sent to the staff training centre at Civil

Lines for classroom training in the basic disciplines of banking – accountancy, economics, foreign trade, banking laws, regulations, etc. For a post-graduate in physics it was all Greek for a few days but, eventually, competition from my peers made me devote extra hours to study so that I could ask pertinent questions in class and dilute my ignorance of banking laws.

During our training, we were given numerous cyclostyled notes which became the basis of the written tests conducted every now and then. The results of these tests, we were told, would determine our ranking within the group and our final placement in a particular department of the bank; the forex department being the most sought after.

Period of Probation

One year of classroom training was followed by another year of probation, during which we were posted to various branches for on-the-job training in different areas of practical banking.

For on-the-job training in lending and credit appraisals, I was sent to a branch located at Lyons Range, Kolkata. The city was crowded and messy; sweet yet smelly. We were not consulted about the selection of the branch. We were young and excited to experience this new phase of our life, so it did not really matter which part of the country we were sent to. It was time to live life independently. From day one, we were told we had joined an all-India service and had to move around if we wanted faster promotions.

This branch was situated close to the Stock Exchange, surrounded by a number of transport agencies and stockbroker offices, and mainly catered to small- and medium-scale businesses, especially traders.

In those days, employee unions considered probationary officers or management trainees (as we were called in our bank) as intruders and the staff was generally hesitant to be co-operative

in sharing their knowledge with the so-called 'direct officers', who came from the head office directly without the knowledge of the local authorities and staff.

On my very first day at the Kolkata branch, I was asked to sit in the cash cabin and assist the cashier. The branch had numerous current accounts for transporters and stockbrokers, who made large daily cash deposits in their accounts. Every day, a number of office boys would visit the branch carrying gunny bags stuffed with small denomination currency notes, drop off the gunny bags at the cash counter, collect a 'kutcha receipt' and leave. The cashier issued the kutcha receipt without counting the cash inside the bags. These small chits were later replaced by 'pukka receipts', which the office boys collected in the evening.

The cashier was a middle-aged, stocky Bengali gentleman who manually sorted, counted, bundled, labelled, tallied, entered in the books and finally vaulted all the cash collected during the day with the help of a single peon. Sitting amidst so much cash, I observed with dismay the detached manner in which so much currency, largely soiled small denomination notes, was handled, transacted and stored. Perhaps there was some philosophy of life hidden in those heaps of notes lying so casually all around me inside the small cabin.

This was a daily routine at the branch. During my three-month stay there, I never heard any customer pointing out any discrepancy in the amount of cash they had deposited or the number written in the pukka receipt.

The cashier finished his work by 4 p.m. every day. After 4 p.m. he moved from one table to another, trying to help anyone having a problem wrapping up his or her work for the day. He seemed to know the work of every department and desk. He was the branch's acknowledged expert in tallying the books. I remember he always did the totalling twice – once starting from

the top of the column and going down to the bottom and again from bottom to top, running the tip of a pencil across the column. His ability to find mistakes in the numbers was amazing – a rare trait to imagine in today’s world of computers and calculators and excel sheets. During the day, he was often consulted by the Chief Manager of the branch, seeking his advice about a particular client – mostly for his consent to sanction small overdrafts to them. Everybody, from depositors to borrowers to staff members, trusted his advice. Later, I found out that he was a union leader and one of the most aggressive opponents of direct recruitment in the bank. This was my first exposure to banking, where trust, accuracy and integrity were universally taken for granted and constituted the foundation on which banking was built.

Rash Behari Avenue, Kolkata

During my stay in Kolkata, with the help of the local staff, I found a place to stay on Rashbihari Avenue in a lodge run by a South Indian gentleman, who also cooked for all the residents. Here, I was introduced to dosa-sambhar for breakfast, lunch and dinner.

As a young man in his mid-twenties, the atmosphere created by the damp and smelly air, infused with the lavender smell of talcum powder, in the congested slow-moving Kolkata trams intoxicated me. Life was becoming aromatic. I made some friends at the branch and started spending weekends watching Bengali plays and films. One of the plays I saw was a tear-jerking emotional drama based on the life of a famous stage performer named Notee Binodini (Binodini Dasi). I read in the newspapers recently that noted filmmaker Pradeep Sarkar is now planning to make a biopic based on her life. Though Bengali is an easy language to follow, I consciously started picking up Bengali words to be occasionally used in the trams (*kudi taka*, that is twenty rupees) and with the female staff in the branch, who all smiled