PRIVATE BANKING VERSES
GOVERNMENT BANKING CHALLENGES AND OPPORTUNITIES

K.V.V. RAJU*

*Faculty,
INC,
Tirupati, India.

ABSTRACT

Around the globe the people day by day increases. Their needs also day by day increasing. To satisfy the needs of the people becoming a tougher task to the government. That’s why the globalization and privatization introduced. At this point the private sectors role day by day increasing. Modern banking has evolved with time as to provide more host of services that changed the concept of banking from just depositing and withdrawing money. Today modern banking means much more. But the rural sector has suffered. Even though with the advent of private banks things have improved but the private sector predominantly operates in the urban areas.

Its not possible for the governments to satisfy all the people providing banking in government banks. So the privatization of the banking sector started. Day by day the private banks are offering more services than government banks. And at the same time both these sector are facing the challenges. At this point there will be a comparison between these two banks. Which one is better and more beneficiary to the customer. How is the customer satisfaction also counts.

The government sector is still appointing people on contract terms, expecting them to work for twice the amount, has lack of proper management at the top levels, suffers from bureaucratic hiccups in day to day functioning. And at this point we can also say that the computerization and online Banking is also not at all developed as it developed in private banking sector.

Private banks occupy nearly 1/4th share of the total banks in India. Day by day there is an increasing trend in the number of branches as well as the value added services being provided to the customer. In this regard the private banking sector is
leagues ahead of the private banking sector. In this context we should say that zero balance is one of the features of the private sector. Similarly so is online banking with very few government banks extending their services in the cyber world whereas the private banks are continually upgrading and providing advanced services. There should be no doubt as to who is the leader. There are a host of services such as funds transfer to any account of any bank at the click of a mouse. Requesting pass books, getting railway reservation tickets, or booking movie tickets. Or for instance paying electricity, water bills. So is the penetration of ATM throughout India. Though only SBI – a leading government bank can boast of being the sole government bank which can compete with the private leaders in market penetration. This “customer first” value addition services though inspired from the foreign banking sectors perhaps maybe the singular reason for the success of private banking.