A Study on Today’s Retail Formats of Banking Sector in India

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Abstract
Retail banking in India has grown at a rapid pace in recent years as number of consumers continuously relied upon the new banking products offered under the retail banking. Moreover, retail banking has widened the scope of technology and internet by introducing various services related to information technology, telecommunication and electronic data processing. There has been tremendous change that Indian Banking has been undergoing through. One such key change has been growth of retail banking. Majority of the growth of new private banks have been in the arena of retail banking both on lending as well as deposit side. The paper however focuses on examining the growth and development of retail banking in the context to rural and urban areas and how banks are using their existing business strategies to improve their market presence. The core objective of the paper is to identify the growth drivers of consumers towards embracing the retail banking services.

Keywords: Retail Formats, Banking Products, Customers Perception
INTRODUCTION

The changing customer demographics demands to create a differentiated application based on scalable technology, improved service and banking convenience. “Retail banking is typical mass-market banking where individual customers use local branches of larger commercial banks. Retail Banking is a banking service that is geared primarily towards individual consumers. Retail banking is usually made available by commercial banks, as well as smaller community banks. Unlike wholesale banking, retail banking focuses strictly on consumer markets. Retail banking is typical mass-market banking where individual customers use local branches of larger commercial banks. Retail banks offer a range of services to individual customers and small businesses, rather than to large companies and other banks. The services can include current accounts, savings accounts, investment advice and broking, and loans and mortgages. Retail banks perform two crucial functions for customers: firstly, they enable customers to bank their money securely, access it easily, and conduct transactions; and secondly, they provide access to additional money to fund large purchases, such as buying a home. In return for holding customers’ funds, which they can then invest, banks pay customers interest.

MEANING OF RETAIL

The word retail is derived from the French word retailer, meaning to cut a piece off or to break bulk. In simple terms, it implies a first-hand transaction with the customer. Retailing can be defined as the buying and selling of goods and services. It can also be defined as the timely delivery of goods and services demanded by consumers at prices that are competitive and affordable. Retailing involves a direct interface with the customer and the coordination of business activities from end to end-right from the concept or design stage of a product or offering, to its delivery and post-delivery service to the customer. The industry has contributed to the economic growth of many countries and is undoubtedly one of the fastest changing and dynamic industries in the world today.

RETAIL BANKING IN INDIA

Retail banking is a banking service that is geared primarily toward individual consumers. Retail banking is usually made available by commercial banks, as well as smaller community banks. Unlike wholesale banking, retail banking focuses strictly on consumer markets. Retail banking entities provide a wide range of personal banking services, including offering savings and checking accounts, bill paying services, as well as debit and credit cards. Through retail banking, consumers may also obtain mortgages and personal loans. Although retail banking is, for the most part, mass-market driven, many retail banking products may also extend to small and medium sized businesses. Today much of retail banking is streamlined electronically via Automated Teller Machines (ATMs), or through virtual retail banking known as online banking.
Traditionally, retail banks have provided these services directly to the customer via branches. While many still do this, retail banks now offer their services by telephone and the internet as well. Some operate solely via the internet and do not have facilities to serve customers at physical outlets. Other organizations, such as supermarkets, have now entered the banking sector and also offer a wide range of banking services.

TYPES OF RETAILING FORMATS IN INDIA

MALLS:

The largest form of organized retailing today. Located mainly in metro cities, in proximity to urban outskirts. Ranges from 60,000 sq ft to 7,00,000 sq ft and above. They lend an ideal shopping experience with an amalgamation of product, service and entertainment, all under a common roof.

SPECIALTY STORES:

Chains such as the Bangalore based Kids Kemp, the Mumbai books retailer Crossword, RPG's Music World and the Times Group's music chain Planet M, are focusing on specific market segments and have established themselves strongly in their sectors.

DISCOUNT STORES:

As the name suggests, discount stores or factory outlets, offer discounts on the MRP through selling in bulk reaching economies of scale or excess stock left over at the season. The product category can range from a variety of perishable/non-perishable goods.

DEPARTMENT STORES:

Large stores ranging from 20000-50000 sq. ft, catering to a variety of consumer needs. Further classified into localized departments such as clothing, toys, home, groceries, etc. Departmental Stores are expected to take over the apparel business from exclusive brand showrooms

HYPER MARTS/SUPERMARKETS:

Large self-service outlets, catering to varied shopper needs are termed as Supermarkets. These are located in or near residential high streets. These stores today contribute to 30% of all food & grocery organized retail sales. Super Markets can further be classified in to mini supermarkets typically 1,000 sq ft to 2,000 sq ft and large supermarkets ranging from of 3,500 sq ft to 5,000 sq ft. having a strong focus on food & grocery and personal sales.
CONVENIENCE STORES:

These are relatively small stores 400-2,000 sq. feet located near residential areas. They stock a limited range of high-turnover convenience products and are usually open for extended periods during the day, seven days a week. Prices are slightly higher due to the convenience premium.

MBO’s:

Multi Brand outlets, also known as Category Killers, offer several brands across a single product category. These usually do well in busy market places and Metros.

RETAIL BANKING PRODUCTS / SERVICES

- Deposits
- Locker
- Personal loan
- Education loan
- Schemes for women
- Schemes for children
- Schemes for retired
- ATMs
- Credit/ Debit card
- Housing finance
- Guarantee
- Collecting bill/ cheque/ draft
- Payment of insurance premium
- Home banking
- Tele banking
- Mutual funds
- Stock investment
- Electronic fund transfer
- Mobile banking
- Institutional financing

CONCLUSION

The retail sector has played a phenomenal role throughout the world in increasing productivity of consumer goods and services. It is also the second largest industry in US in terms of numbers of employees and establishments. There is no denying the fact that most of the developed economies are very much relying on their retail sector as a locomotive of growth. The India Retail Industry is the largest among all the industries, accounting for over 10 per cent of the country’s GDP and around 8 per cent of the employment. The Retail Industry in India has come forth as one of the most dynamic and fast paced industries with several players entering the market. But all of them have not yet tasted success because of the heavy initial investments that are required to break even with other companies and compete with them. The India Retail Industry is gradually inching its way towards becoming the next boom industry.
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