

various CRM based services to its customer like mobile ATMs, bulk deposits through ATMs, ATMs for the visually challenged and various bill payments through mobile banking. Mobile banking enables the customers to avail of many facilities by just sending SMS. These facilities, which are currently offered by this bank at a free of cost are locating ATM, locating branch, alert facilities like salary credit, account debit/credit, cheque related information and demat account service.

- (1) Explain the initiatives taken by the leading private sector bank to promote Customer Relationship Management (CRM). 4
- (2) Discuss the advantages of the customer relationship management pertaining to the above case. 5
- (3) What should be the core elements of CRM that the bank should follow, besides what they are already following to make themselves a distinct bank from their competitors ? 5

AP-263

**M.B.A. (Semester—III) Examination**

**BANKING SYSTEM**

**Paper—MBA/3102/F**

Time—Three Hours]

[Maximum Marks—70

**Note :—** (1) Attempt **ALL** questions.

(2) Figures to the right indicate marks to the question.

**SECTION—A**

1. (a) "The Indian commercial banks will emerge larger in size, technologically better equipped and stronger in capital base. The regulatory mechanism will ensure that the health of Indian commercial bank is the preserved and improved and that they continue to play an important role in the Indian economy." In the light of this statement discuss the banking system in India. 14

**OR**

- (b) "Regional rural banks form an integral part of the banking system with focus on serving the rural sector. Regional Rural Banks are important financial institutions in the rural credit structure." Discuss. 14

**SECTION—B**

2. (a) What are the general principles which should guide a banker in making loans and advances to a customer ? 7
- (b) Your branch has advanced Rs. 50,000 against the pledge of cloth bales valued at Rs. 90,000. The cloth bales are stored in a godown in the business locality. The key of the godown is with the bank. One fine morning it is reported to you by the borrower that the locks of the godown are broken and a substantial quantity of the goods is stolen. Since the possession of the godown is with the bank, the borrower makes a claim on the bank for the loss. What action should the bank take on hearing of the theft ? What is the position of the bank with regard to the claim of the borrower ? 7

**OR**

- (c) What is non-performing asset ? What are the prudential norms relating to non-performing assets ? 7
- (d) Suppose you are working as a credit manager in a leading nationalised bank. A customer approaches to you with the proposal for loan to start his business. As a credit manager what are the factors which you would examine in considering the proposal, so that loan will not become NPA ? Justify your answer. 7

diverse channels being used for the distribution of the products. The use of CRM in banking has been essentially done for the following purpose of identifying for getting customers along with their expectations and requirements, providing them sales reference material consist of complete product information, and having consistent interface with customers. A leading private sector bank in the country has over 550 branches, a network of 2025 ATM and having multiple call centres and provide efficient internet banking and mobile banking services. Its customers often use multiple channels and they are increasingly turning to electronic banking options.

In the process of making its business grow to this level, the bank has distinguished itself from other banks through its relationship with customers. There are many benefits of CRM like customer's usage pattern relating the transactions related to savings account, credit cards, fixed deposits etc. The second is new product development as per the need and desire of the customer. The object of CRM is to provide quality financial services to all customers. The bank provides

3. (a) "RBI is called lender of last resort." In support of this statement explain the role of RBI in economic development of the country. 7
- (b) 'Modern Bank Pvt. Ltd.' has newly started their banking operations in your city. The management of the bank want to design their banking policy and practices. As a finance consultant, how would you assist the management of the bank, by applying the banking regulations laid down by RBI regarding various credit facilities and services ? 7

**OR**

- (c) What is agricultural credit ? What are the objectives of agricultural credit ? 7
- (d) Suppose you are working as a branch manager of nationalised bank. A farmer approaches to you for a loan of Rs. 50,000 for the setting up of 'Shed Net' in his 5 acres of land. As a branch manager what factors would you like to consider while sanctioning the loan ? 7
4. (a) 'Risk Management' is the major function of a commercial bank. Discuss. 7

- (b) "The transactions between a banker and his customer are regarded as being of a private character and therefore he should not divulge to third party the state of his customer's account." Discuss what is implied in this statement. Under what circumstances is the banker released from this obligation ? 7

**OR**

- (c) Define bank credit culture. Explain the significance of sound credit culture. 7
- (d) "Fundamental principles on which credit is generally based are character, capacity and capital." Do you agree with this statement ? Justify your answer. 7.

**SECTION—C**

5. The use of customer relationship management in banking has gained importance with the aggressive strategies for customer acquisition and retention being employed by banks in today's competitive milieu. CRM has been deployed in retail banking. The challenges in managing customer relations in retail banking are due to the multiple products being offered and the