

A STUDY ON MANAGEMENT INFORMATION SYSTEM IN REFERENCE OF PUBLIC SECTOR BANKS IN INDIA

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Introduction

The banking system in India is significantly different from that of other Asian Nations because of the country's unique geographic, social and economic characteristics. India has a large population and land size, a diverse culture and extreme disparities in income, which are marked among its regions. There are high levels of illiteracy among a large percentage of its population, but at the same time, the country has a large reservoir of managerial and technologically advanced talents. Between about 30-35% of the population resides in metro and urban cities and the rest is spread in several semi-urban and rural centers. The country's economic policy framework combines socialistic and capitalistic feature with a heavy bias towards Public Sector Investments. India has followed the path of "growth led exports" rather than the "export led growth" of other Asian Economies, with emphasis on self reliance through import substitution.

These features are reflected in the structure, size and diversity of the country's banking and financial sector, until now, banking is generally understood as a place where financial services are offered viz. checking, savings and providing credit to the customers.

But now the banking scenario has drastically changed. Moving from the scenario that was dominated by Nationalized Banks, Indian Commercial Banks have witnessed the rapid spread of new Private Banks, conversion of development Banks and increasing number of Foreign Banks. Substantial liberalization of financial services sector have taken place which has led to increasingly competitive environment in which the market share of Nationalized Banks has been reduced to a great extent.

The future of the banking sector, at least the near one, seems to be very complicated fragile and challenging. Prime factors necessitating these changes relate to the:-

- Forces of competition.
- Productivity and efficiency of operations.
- Reduced operating margins
- Better asset/liability management.
- Anytime and anywhere banking etc.

Further due to exposure of global trends after "Information explosion" led by the interned, customers – both individuals and corporate – are now demanding better services with more products from their banks. The market focus is shifting from mass banking products to class banking with the introduction of value added and customized products.

The issue of efficiency, quality of service, competitiveness, social obligations, growth adoption etc has now become equally important to all kinds of banks, public and private, Indian and Foreign. Service has already emerged as a key differentiator. It is the quality of service provided by their front-ends, call centers, ATM's etc. that will help them attract and retain customers.

The banks deal with a number of transactions which also very widely in terms of length and complexity. The bank customer, like any other service industry is interested in getting the terminal results quickly. The MIS (Management Information System) in banking industry revolves around this aspect.

MIS is the most talked and most misunderstood term in corporate circles. Since information is inevitable for corporate decisions, MIS is indispensable in business management, whether the corporate identifies it or not.

The evolution of MIS in Indian Banks have undergone through three distinct phases. These are:-

In the **first phase**, data transmission to centralized or intermediary decision levels was conventional and compilation of data was done manually in specified format in defined intervals for decision making and planning.

The **second phase**, in fact, occurred with the advancement in technology, where in the data format and storage were made electronic and hence first generation electronic compilation technique was employed to generate reports facilitating management decisions. Phase II was the technology translation of phase I. Innovation in this phase of MIS was boosted up with new versions of data capture software and new decision support systems (DSS) tools. Currently, majority of Indian Banks is in this electronic phase of MIS. However, technology adaptation by MIS in the second phase

could not compete with the advancements made by other sectors through technology. Further, the entire system slipped down to report generation to comply with statutory and other conventional practices.

The **final phase is**, adapted technology in full swing resulting in processes viz. data warehousing and data mining, where in a large pool of data acts as a resource of enterprise, for mining out essentials enabling decision making. Technology advancements and popularity of Enterprise Resource Planning and Customer Integration Systems led fortune 1000 companies towards a “knowledge pull”. Unfortunately for the corporate user, a disproportionate investment has occurred in the adoption of this phase in MIS for business intelligence solutions. The end result is being vast amounts of inaccessible information needed by key decision makers within the corporation. The information interchange between data sources and decision centers has become quite expensive on account of geographical spread of organization and technology costs involved in the networking process. The cost threshold of this phase repelled Indian public sector banks from the field of “knowledge pull” generated out of the popularity and applicability of third generation data warehousing solutions. Consequently, Indian Banks chose to adhere to the traditional phases of MIS, compromising on the disadvantages and high CTI and time lag in data flow. However, it is to be observed that the adaptation inertia shown by Indian Banks has to be eliminated for better corporate consolidation and for imbibing a ‘knowledge culture’.

Review of Literature

To build the conceptual framework for this study, data have been drawn from various literary sources. Though not precisely identical in nature, several studies on the subject have already been conducted by the researchers and these are summarized below:-

Bhattacharya et al (1997) has conducted a study to find the impact of privatization on the performance of banks and found the performance of public sector banks as sound as compared to the private sector banks.

In the case of Indian Banking System, the impact of liberalization on public sector profitability is analyzed in Chaudhari (2002) and Mohan (2002).

Das (2002) has studied the interrelationship among capital, nonperforming loans and productivity of public sector banks (PSBs).

Shirai (2002) concludes that the performance of Foreign banks is better than that of public sector banks.

NOTEWORTHY CONTRIBUTIONS IN THE FIELD OF PROPOSED WORK

Sathye (2005) has conducted a study to evaluate the performance and efficiency of Indian Banks and finds that “financial performance of partially privatized banks and their efficiency were significantly higher than that of the fully public banks”.

Productivity and profitability analysis of Indian banking was conducted by Maji and Dey (2006) and they the process of globalization and liberalization has exerted huge influence on the Indian banking sector.

Above review of literature indicates that various researchers have tried to study the banking industry performance from various angles. At present Indian banking industry passes through competitive environment. Many organizations have started using MIS as a tool for staying ahead of competitors, while many more at the threshold of acquiring and adopting this. It is indeed a healthy and positive trend but before the organization decides to invest huge amount on adopting MIS, there is a need to evaluate the effectiveness of MIS on their performance.

Considering this, in this study an attempt will be made to study the effectiveness of MIS on the performance of PSBs.

Objectives of The Study

The changed scenario of globalization, liberation and privatization has forced the organization to pay due attention on the concept and organization to pay due attention on the concept and absorption of MIS. Today many organizations have started using MIS as a tool for staying ahead of competitors, while many more are at the threshold of acquiring and adopting this.

The objectives of the research reported here are thus:-

- To analyze the implementing MIS on the performance of PSBs.
- To identify those attributes most closely related to MIS effectiveness in the PSBs in the context of profitability.
- To suggest an overall strategy for future development of PSBs for profitability.

Methodology

Studies shall be empirical in nature. Different tables shall be prepared to ascertain the trend and impact of MIS on the performance of public sector

banks in context of profitability. Various statistical tools shall be applied such as:-

- Ratios
- Average
- Coefficient of correlation
- Chi² test etc.

Sources of Data

Data would be collected through different primary and secondary sources like:

PRIMARY SOURCES:-

1. Questionnaire
2. Interviews

SECONDARY SOURCES:-

1. Publications
2. Internet
3. Annual reports
4. RBI bulletins
5. Journals etc.

Expected Outcome of The Proposed Work

The following hypotheses will be formulated for present study:-

1. There is significant difference in measuring of profitability of PSBs after applying MIS in terms of financial perspective.
2. There is significant difference in measuring of profitability of PSBs after applying MIS in terms of internal business process.
3. There is significant difference in measuring of profitability of PSBs after applying MIS in terms of learning and growth of employees of the organization.
4. There is significant difference in measuring of profitability of PSBs after applying MIS in terms of customer satisfaction.

DELIMITATIONS OF THE STUDY

No empirical study for the present type can be made if its scope in terms of its variables and sample of subjects is unlimited. Exigencies of time, practicability and resources make it all the more necessary that the study be limited in its scope.

In this context the present study has been confined to:-

1. The method is delimited to normative survey method.
2. A detailed study has been made for only PSBs of India.
3. This study is confined to only PSBs of India's branches in Delhi & NCR only.

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