

“Reserve bank of India” look for new performance measurement methods or invite parish

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Abstract:

Traditional matrices of indicators are taken into consideration to measure the performance of banking organizations in a country with second largest population in the world called India. With the financial reforms in full swing, and influx of private sector and multinational banks into the economy, it has become absolutely necessary for the Reserve Bank of India (RBI) to lay down regulatory norms for banks. Though with the increase in competition within the sector, and increasing demands of the economy for a wide array of financial services, it is often difficult to lay down very strict rules and regulations. Nevertheless, these are inevitable if financial stability is to be maintained in the economy. These developments in the Indian banking sector call for a shift in the focus of the banks. Thus, what is needed is changing the banking operations from a centralized service provider into a decentralized customer oriented organization. This shift in the strategy also asks for provision of detailed information to the employees regarding the demand of the customers, probable changes in this demand and anticipation regarding the competitors' strategic planning. According to Kaplan and Norton (2000), a strategy should be an integral and continual part of every employee's tasks as integrated with the organizational objectives. To reach this aim, it is necessary to achieve workers' acceptance. This is where the authors show that the BSC can be used for individual performance measurement on the part of the employees, by combining individual incentive schemes with performance measures. Though the significance of non-financial performance indicators is being recognized, the latest technique of performance management through the BSC is not yet very widely used

The traditional matrix of indicators is considered to measure the performance of the banking organization. With full-fledged financial reform, and the influx of Private sector and multinational banks to the economy, it has become absolutely necessary for the Reserve Bank of India (RBI) to put regulatory norms for banks. But with the increase in competition within the sector, and Increasing demand in the economy for a wide array of financial services, it is often difficult to put very strict rules And regulation. But to maintain financial stability, these are inevitable. These

Trends in the banking sector in India are calling for a shift in the focus of banks. So what you need is to change Banking from centralized service providers to decentralized, customer-oriented organizations.in this shift

The strategy also calls for the provision of detailed information to employees about customer demand,

Possible changes in this demand and expectations regarding the strategic plans of competitors. according to Kaplan

And Norton (2000), a strategy should be an essential and continual part of every employee's work as integrated with

Purpose of the organization. To achieve this goal, it is necessary to achieve the acceptance of workers.¹

This is where the author is

Indicates that the BSC can be used for individual performance measurements of some of the employees, by combining

Individual incentive schemes with performance measures. the importance of non-financial performance

While indicators are recognized, the latest methods of performance management through BSC are not yet very broad

be used.

RESERVE BANK OF INDIA'S EFFORTS FOR MEASURING PERFORMANCE:

Even in the changing circumstances of recent decades, RBI has awakened, and it has realized that existing systems have

Many disadvantages can lead to inefficient and ineffective performance measurement systems. Some studies have realized that even in the changing circumstances of the past few decades, RBI has awakened, it has existing systems

Many disadvantages can lead to inefficient and ineffective performance measurement systems. Some studies have been

CAMEL AS A SYSTEM OF MEASURING EFFICIENCY:

Another important performance indicator included in the model is asset quality. The main purpose behind

Measuring asset quality is to assess asset quality, and the majority of the segments defined here are related to nonperforming assets. The ratios included in this indicator are net nonperforming assets (NPA) to total assets and NPA to total assets.

Total progress and total investment in total assets. Therefore, the quality of the loan is one of its most important aspects

Determine the financial health of the bank. The third performance indicator is a measure of management analysis, i.e.

Efficiency and effectiveness of bank management. Management is an important aspect of ensuring sound

Functions of the bank.

As the level of competition increases, banks are continually striving to improve the productivity of their employees.

Rich working hours, flexibility of time schedule, outsourcing of marketing, etc. is becoming more common.

Among private banks have a very positive impact on the client of the bank. Another development over time has been

BANKS NEEDS TO ADOPT TECHNOLOGY AS AN EFFECTIVE TOOL FOR IMPROVEMENT AND MEASUREMENT

Improving technology with an innovative approach is clearly a prerequisite for growth and scale. There are several reasons

It is pointed out to show the importance of technical up-gradation in the banking sector:

1. Mobilization of financing and savings, especially when there is not a sufficiently mature capital market
2. Lower transaction costs, which means more bank revenue
3. Rapid and extensive marketing of existing and new financial instruments
4. Distinguish good credit risk from bad credit risk to reduce adverse choice and moral hazard

Problems that lead to an increase in nonperforming assets and hinder their subsequent efficiency

Financial Markets 5

5. Speed up the financial reporting process and timeliness for banks to make public disclosures through

Regulatory Report

6. Greater management control through better management of risk and lower capital costs

This clearly shows that embarking on the latest technology can make banking more efficient,

Transparency and competitiveness, necessary for the long-term healthy survival of the banking organization. This is true

Especially for an ambitious, emerging and large economy like India. Such an economy is all the more vulnerable

Due to a full-fledged banking crisis on the part of the regulator there is a high possibility of supervision. (Gold Fine and Valdez,

1997; Chang and Velasco, 1998; Kaminsky and Reinhart, 1999) Careful use of technology can enhance the system

When disclosed in regulatory reports for administrative control, such as enabling better management of risk; and

Annual reports to investors can improve bank transparency and allow banks to reduce the cost of capital. (Basel

Commission, 1998; Healy and Palepu, 2001)

Initially it was strictly opposed by the union of bank employees, but modern technology is adopted by all citizens

Sector Bank of India (Psb). With the competitive pressures of the post-liberalization era and integration with global financial markets, both public and private banks have recognized that technology alone can reduce costs.,

Achieve efficiency and survive in a competitive environment. Narasim Committee (1991)

PSBs suggested that technology should be adopted to make it more competitive and strengthen the inside

Working. RBI needs to remove the constraints that arise in the application of new technologies. You also need to examine everything

Guidelines and directions to promote the independence and autonomy of the Psb in this context. it was planned.

Commercial banks are now given more freedom to open new branches and upgrade expansion counters after the meeting

Capital adequacy norms and prudential accounting standards. At the same time, they are allowed to close non-viable

Branches except rural areas. Such as prompt implementation of technology coupled with all the benefits

With extensive branch network, strict regulatory norms and many years of experience, PSBs can be at the forefront of

Technical changes. This can enable them to tap into an under-served market with a better, significant social return Road

INCORPORATING CUSTOMER MANAGEMENT DEPARTMENT AND USING IT AS A TOOL OF PERFORMANCE MEASUREMENT

In view of the need for a well-integrated banking organization, with customer management at the epicenter of

In the modern business world, the need for continuous technical up-gradation and financial data analysis cannot

It will be exaggerated. This should be further supported by human resources, that is, the proper training of employees.

Banks to efficiently use the valuable information they collect and improve customer relationships

Management.6

It's not whether the technology should be used, but rather whether the problem is what the right type is

Technology that the banking sector can use regularly and effectively. In addition, maintenance and up gradation are equal

It is important as the economy expands and the banking sector evolves. Indeed, strategic use of technology is essential

Part of the business intelligence that banks need to focus on for growth and viability to face competition.

This trust is bound to increase in the future to handle customer relationship management (CRM) issues more effectively. The use of camels and compliance with the new norms of the bank can be considered the first step in the building

A technically sound and comprehensive performance management system sufficient to incorporate this

The correlation between technology and CRM, as well as the correlation between technology and human resources.

Although progress in this direction is slow and the use of more modern performance management systems such as

BSCs are still at a very primitive stage - in fact, their existence is almost negligible.

CONCLUSION:

Traditional performance metrics are primarily based on current financial data that is comparable and common Accepted. However, such a traditional financial information paradigm does not fully reflect the performance of

Organization of the new economic era. Non-financial indicators are becoming increasingly important.

Internal and external needs are served by appropriate performance measures to capture value creation

Activities linked to long-term strategies. The banking sector in emerging economies like India can't afford it either

Ignore this development in performance management if it is to prove competitive in the global environment.

This clearly means that we need to evolve more comprehensive performance measurement and evaluation

Systems, such as BSC for Indian banks.

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