



banking & insurance

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Classification of Commercial Banks on the basis of their Organisational Structure



BANK

A hand holding a white tablet over a pyramid of white blocks. The background is a bright, slightly blurred indoor setting with a window on the right.

Organisation Structure:--

1. Organisation structure is a system used to define a hierarchy within an organisation.
2. It identifies each job, its functions and where it reports to within the organisation.
3. The structure is developed to establish how an organisation operates and how it obtains its goals.

Types

- Unit Banking
- Correspondent Banking
- Branch Banking
- Chain Banking
- Group Banking



Axis Bank



HDFC Bank



ICICI Bank



Dhanlaxmi bank



DCB Bank



RBL Bank



South Indian Bank



IndusInd Bank



YES Bank

UNIT BANKING

✓ This banking system is popular in USA.

✓ It is a system of banking where a bank operates in a limited area and does not open any branches and is more responsive to local needs.



Merits of UNIT BANKING

- **Efficiency in management of operations.**
- **Based on local needs.**
- **Abolition of inefficient banks.**
- **Initiatives.**
- **No delay.**



Demerits of UNIT BANKING

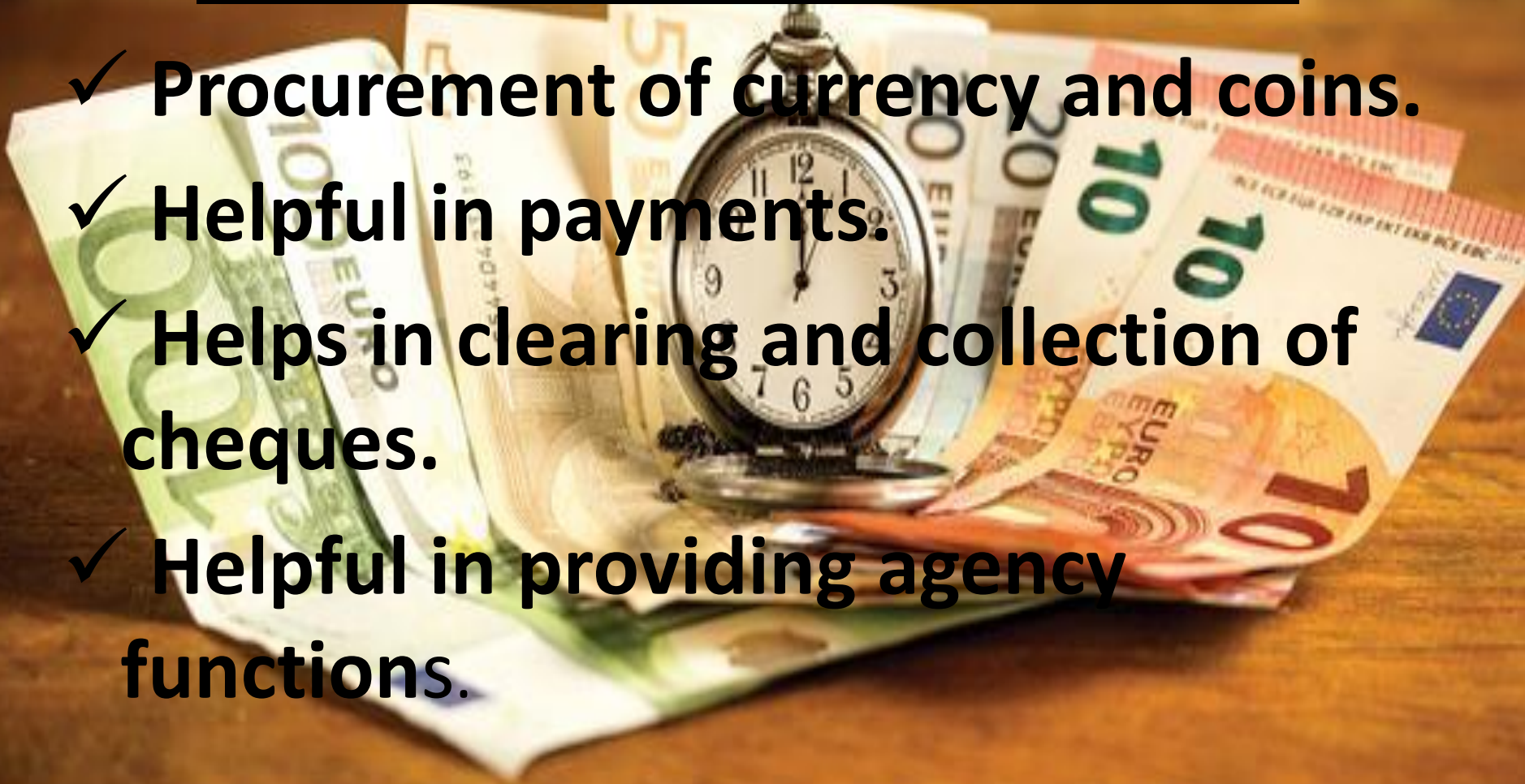
- **Limited scope.**
- **Higher remittance cost .**
- **Inconvenience in government control.**
- **Lack of modernization of banks.**
- **Lack of banking facilities in small cities.**

CORRESPONDENT BANKING

- A correspondent bank is a financial institution that provides services on behalf another financial institution.
- Correspondent banks are most likely to be used by domestic banks to service transactions that either originate or are completed in foreign countries, acting as a domestic bank's agent abroad.



FUNCTIONS OF CORRESPONDENT BANKING

- ✓ Procurement of currency and coins.
 - ✓ Helpful in payments.
 - ✓ Helps in clearing and collection of cheques.
 - ✓ Helpful in providing agency functions.
- 
- A pocket watch with a white face and black numbers is centered on a stack of Euro banknotes. The banknotes include a 10 Euro note (orange) and a 20 Euro note (green). The watch is silver and has a chain. The background is a wooden surface.

PROCESS

Correspondent Banking



HSBC NY



HSBC India



Chase NY

Merits of CORRESPONDENT BANKING

- Provides expert services.
- Resources are properly used.
- Helpful in retaining independent identity.
- Helps in making better relations.

Demerits of CORRESPONDENT BANKING

- ✓ Limited resources.
- ✓ Dependency.



BRANCH BANKING

- It refers to that system in which a bank establishes its head office in some big city and operates the various branches all over the country.
- Branch banking is popular in INDIA,CANADA,FRANCE AND GERMANY.

EVOLUTION

- ✓ Started in 3rd Century.
- ✓ Start expanding in the period from 1100-1300.
- ✓ In 1327, opening of 43 branches.



CONT....

Branch banking was popularized in the early 20th century by Amadeo Gianninithen head of the Bank of America.



Merits of Branch Banking

- Advantages of large scale business
- Expansion of banking services
- Facility of remittance of money
- Link with whole country
- Geographical division of risk

AXIS BANK

Demerits of Branch Banking

- **Expensive**
- **Difficult to manage**
- **Neglect of backward areas**
- **Lack of initiative**
- **Unnecessary competition**

Punjab
National
Bank

CHAIN BANKING

- It is a system where the same individual or groups of individuals control two or more banks.
- In this system group of individuals purchase the bulk of shares of two or more banks to control and manage them.

EXAMPLE

An example in India is KarurVysya Bank and Lakshmi Vilas Bank having their head offices located in the same place, viz., Karur and sharing common directors by which they may have common management policy.

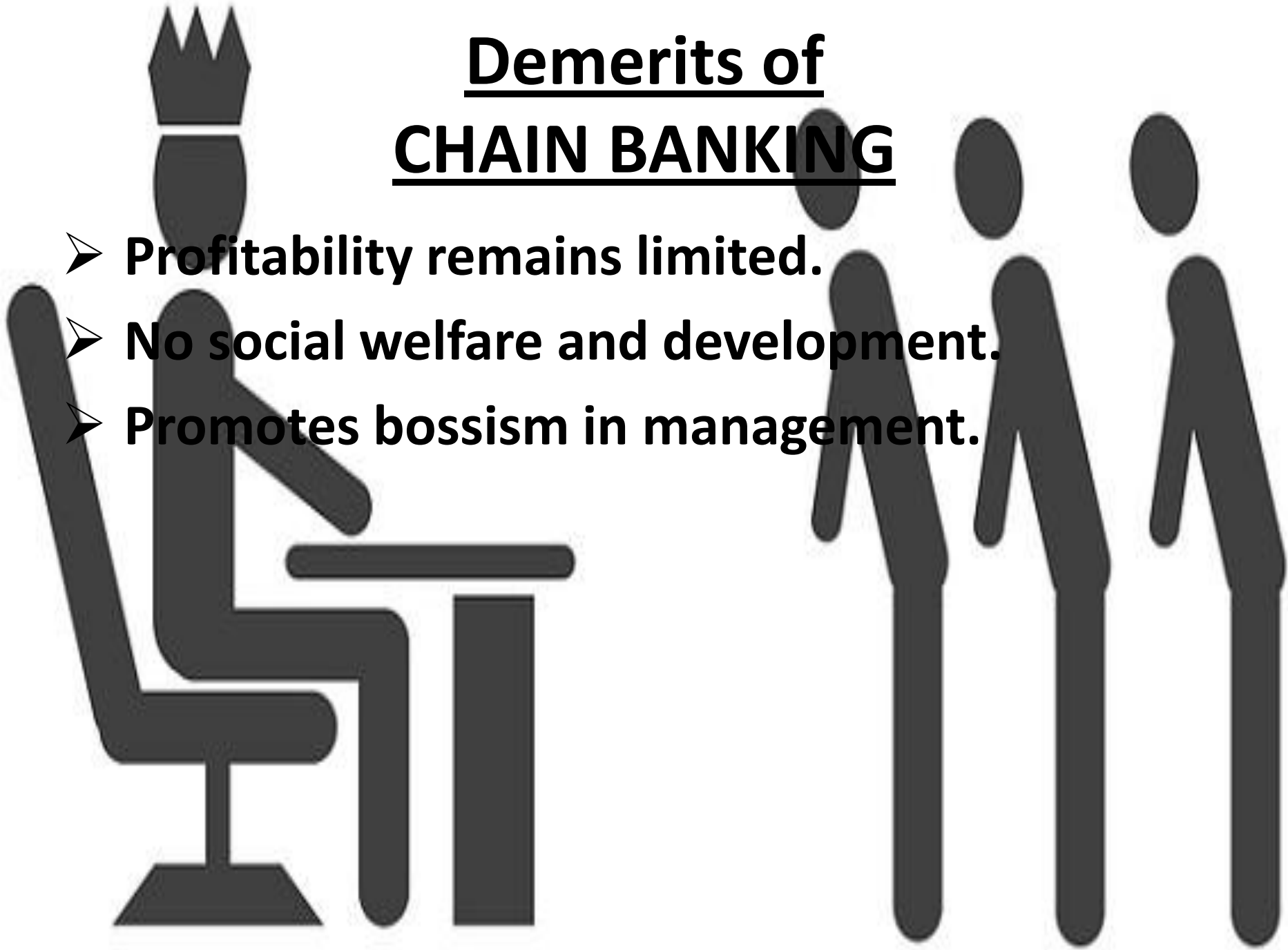


Merits of CHAIN BANKING

- ✓ **Suitable to meet local needs.**
- ✓ **Optimum use of resources.**
- ✓ **Economical.**
- ✓ **Efficient system of management.**

Demerits of CHAIN BANKING

- Profitability remains limited.
- No social welfare and development.
- Promotes bossism in management.



GROUP BANKING


- **Group banking is offered by some banks to incentivize a whole group of people, like employees of a company, to have a relationship with the banking institution.**

EXAMPLE

HDFC bank offering insurance and loans to all employees of a single company by way of promotion vs. an employee of the same company going to HDFC bank and asking for a loan or insurance product.



Merits of GROUP BANKING

- **Efficient management.**
 - **Adequate liquidity.**
 - **Economical.**
 - **Specialisation.**
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- A group of four business professionals (three men and one woman) are gathered around a whiteboard in a meeting. One man in the foreground is pointing at the whiteboard with a white marker. The woman in the background is looking towards the whiteboard with a slight smile. The other two men are also looking at the whiteboard. The background is slightly blurred, showing a modern office environment with large windows.

Demerits of GROUP BANKING

- *Lack of mobility of funds.*
- *Rigid control.*
- *Less branches.*



Thank You