

# ESSENTIALS OF KNOWLEDGE MANAGEMENT IN BANKING SECTOR

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## ABSTRACT :

For any country economic development is very important and which is highly depends on banking sector. It is very important to meet customers' need to gain success. So major functions of banks are to collect, convert, evaluate and implement information in order to meet the customers need. The objective of this research paper is to know how knowledge management applications can help the success of banking sector.

## KEYWORDS :

Knowledge Management, Banking Sector, Customers

## INTRODUCTION:

Knowledge Management is an Intellectual Capital and is a valuable instrument for improving the performance of any banking sector or any organisation. Theoretically knowledge management has potential to influence many spheres of any organisation. It can be defined as the process of creating, storing, transferring and applying organizational knowledge. The banking sector modifies their activities due to the modern information and technologies and their application. And if the banks adopt knowledge management practices banks can achieve their objectives easily. Banks always try to provide more and more better services to the customers. Indian banks can mainly divided into two types public sector and private sector. For both the sectors knowledge management can be utilised at its best.

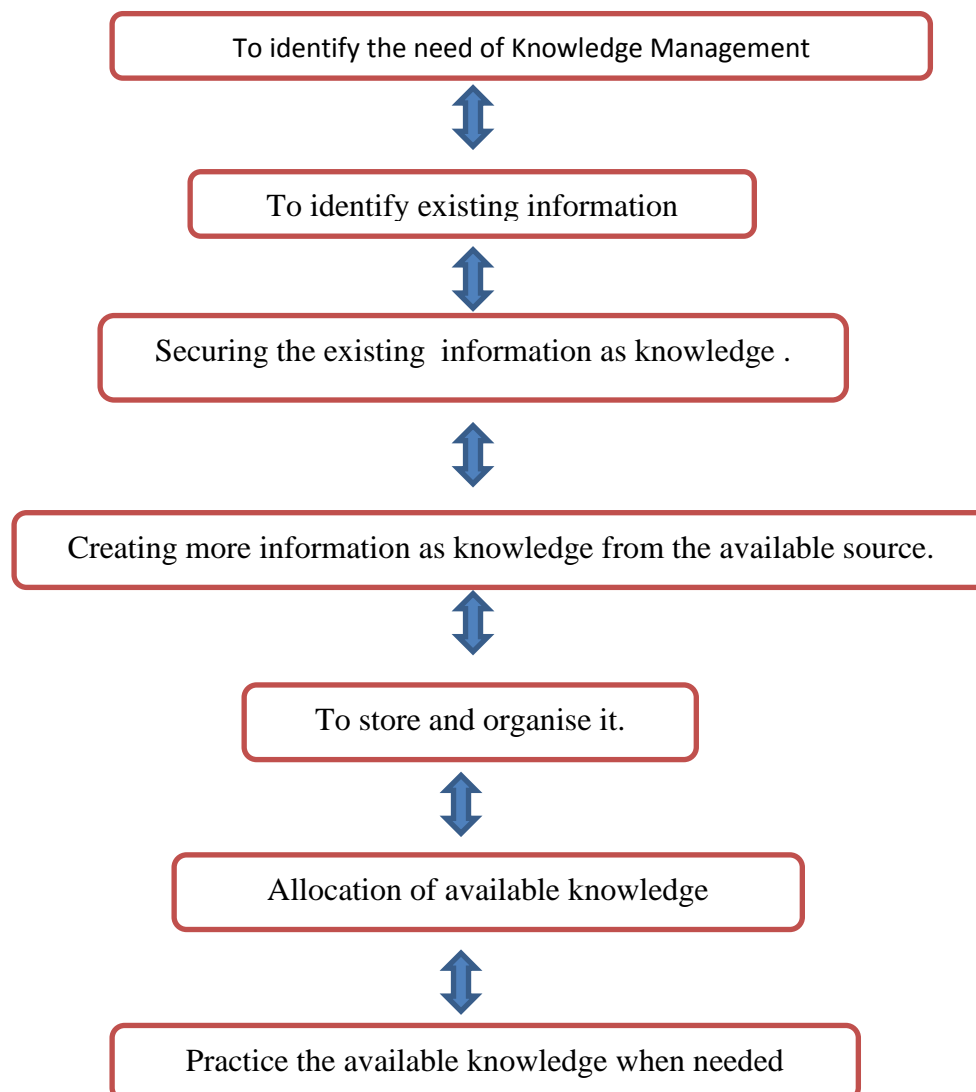
## OBJECTIVES:

- To study the knowledge Management Practices in different types of Banks in India.
- To study the components of different knowledge management.
- To study the performance of both public and private sector in development of technology in knowledge management.

## NEED FOR THE STUDY:

In current highly unpredictable period of business environment the Banks are facing emerging challenges Inner growth means problem solving capability, effectiveness, productivity, quality and revolution in the performance of the employees and external growth includes increased financial value of the Bank in the market by giving best qualitative service to the customers. So knowledge is the main information that can help in adapting the drastic changes and take corrective measures accordance with the past problem. Knowledge alone can accelerate innovation and high revenue. This study examines the productivity of public, private and co-operative banks. Productivity is a very important parameter to measure the performance of a bank. Productivity can be improved by knowledge management, on job training, etc. I decided to study knowledge management practices in banking sector

A Conceptual Framework of Knowledge Management Process in Banks



To identify the need of Knowledge Management : There is always need to identify the need of Knowledge Management, accordingly the problem could be solved.

To identify existing information: It is very important to identify the gap between the available & existing information.

Securing the existing information as knowledge: The organisation has to retain the available knowledge to prevent the upcoming threats. And to avoid delays in the services.

Creating more information as knowledge from the available source: It is very obvious that the organisation should share the gained and stored data with the employees and try to create more and more information at each level.

Practice the available knowledge when needed: It is now very easy to access over the available knowledge whenever needed.

## **KNOWLEDGE MANAGEMENT IN PRIVATE BANKS :**

The speedily changing business environment and the constant challenges they drive the businesses to continuously enhance knowledge and skill sets across the organization to sustain in the business world. Private banks believe that building a learning organization is critical for being economical in products and services and meeting customer expectations. The first initiative of the bank towards the knowledge management is floating the idea of knowledge management as a simple routine activity but not as a project. There are so many private and co-operative banks. Axis Bank, HDFC Bank, ICICI Bank, Bandhan Bank, City Union Bank, DCB Bank, Dhanlaxmi Bank, federal Bank, Apna Sahakari Co-Op Bank Ltd, Ahmedabad Mercantile Co-Op Bank, Kalupur Commercial Coop. Bank, Mehsana Urban Co-Op Bank, Nutan Nagarik Sahakari Bank, Rajkot Nagrik Sahakari Bank, Sardar Bhiladwala Pardi Peoples Coop Bank, Surat Peoples Coop Bank, Rajdhani Nagar Sahkari Bank, Adhyapaka Urban Co-operative Bank, Andhra Pradesh Mahesh Co-Op Urban Bank, Indian Mercantile Co-operative Bank, etc.

The bank linking with the technology through corporate intranet, Private banks provide training to the employees for acquainted with the web based technology. It is also creates interest among the employees they can participate in these activities and share the knowledge amongst them. The starting points the knowledge management team in private bank were interaction with employees, sharing of information, effective communication, addressing the problems of knowledge pools, training and skill development of employees towards the knowledge management it creates interest among the employees for acquiring, sharing and dissemination of knowledge. Its create a management culture made the employees to think positively and professionally towards meet the challenges of the business.

Another initiative of knowledge management in the bank is creation of interest towards learning across the groups. The employees in the corporate offices are invited to bring a presentation on a particular subject along with their lunch to the web conferences and live web casts. The users of knowledge management can participate from any location and share

their ideas, with these notable individuals. This has encouraged the staff to get self-motivation towards knowledge creation and sharing. Another important initiative of knowledge management introduced in the bank is corporate learning. In this strategy the ability of the employee to learn from teammates across the groups is encouraged.

This has created a learning environment in the bank through push mechanism and collaboration. This initiative is known as the daily dose which present the summary of items which are new in the banking business and the portal. This daily dose includes opinions, feature headlines, poles, customer appreciations, happenings, newsletters and other updates of the events. By delivering this information directly to the mail box the knowledge management team is able to disseminate and distribute knowledge to the bank employees in the morning itself. This became an important part of their work for all the employees associated with the private banks.

## **KNOWLEDGE MANAGEMENT IN PUBLIC BANKS:**

There are so many public banks in India. Like Allahabad Bank, Andhra Bank, Bank of Baroda, Bank of India, Bank of Maharashtra, Canara Bank, Central bank of India, Corporation Bank, Dena Bank, Idbi Bank ltd., Ind Bank housing ltd., Ind Bank merchant banking services ltd., Indian Bank, Indian overseas Bank, Jammu & kashmir Bank ltd., Oriental Bank of commerce, Pnb gilts ltd., Punjab & sind Bank, Punjab national Bank, State Bank of India, Syndicate Bank, Uco Bank, Union Bank of India, United bank of India, Vijaya Bank.etc.

These Banks also try to provide better service to the customers. By using latest technology to the banking services which can make the tasks easier than the previous system. Customers can easily assess the facility 24x7. Banks provide the online banking, NEFT, ATM, RTGS, EFT, EDI and any other more services provides for the customer satisfactions.

The Public Banks with critical edge technology and innovative practices and motivated for achieving total customer experience. The bank is looking to grow globally. They have gone beyond the usual domains of technology. The Bank is involved not only in the business development but also with care for the community and supports a range of socio-economic, educational and health advantages. Enhance the risk management capabilities of banks. The State Bank of India has adapted Information and Communication Technology (ICT) for achieving the growth of the banks. The bank amenities has become more valuable after introduction of technology for knowledge management in banks. The wonder of knowledge management request in banks are measurement of performance of the employees and the organisation as a whole. To manage the relationship with the customer, to minimize and manage risk, marketing management, etc. It assistances create, acquire, share and utilization of knowledge in banks. Knowledge management motivates the employees for more contribution to the organization.

## **FINDINGS :**

- The future role of knowledge management in the banking industry, like every other management concept, depends upon its ability to contribute to stakeholder value.

- Knowledge, in practice, is most often defined as tacit knowledge in spite of the conceptual problems mentioned above. Explicit knowledge was included only in those initiatives where the focus was converting tacit knowledge into explicit knowledge.
- There are slight modifications in the practices between private and public sector Banks. Private sector banks use KM for internal knowledge sharing, targeting the exact ranges and it is mostly concerned with managing business knowledge. Public sector organizations use KM for both internal and external knowledge sharing throughout the organization and the KM initiatives are most often concerned with managing product-related knowledge.
- The Knowledge management initiatives in private banks made a great impact on the performance of the bank in various operational parameters like deposits, current deposits, savings bank deposits, CASA deposits, share of CASA percentage, advances, investments, working funds, total expenses, interest expenses, staff expenses, other expenses, total income, interest income, other income, gross profit, provisions and contingences, net profit, gross NPA, net NPA, staff strength, number of branches, the ratio of non – interest of income to total income, the ratio of spread to average working fund, the ratio of establishment expenses to average working fund, the ratio of other expenses to average working fund, the ratio of gross profit to average working fund, return on assets, return on average assets, total business, business per employee, business per branch, net profit per employee, gross profit per employee, gross profit per branch, net profit per branch.

### **SUGGESTIONS:**

- Proper arrangement of Information & Technology and banking operations, structure are important for the benefits of KM implementation in banking.
- Banks must make the employees aware of benefits of reducing the costs from technology based services to their customers.
- Customers feedback is an essential element for the banks so, the feedback from the customers on regular basis on various services may help bank to make possible alteration.
- Regular training program should be conducted. So the employees can be updated and they can share their knowledge as well for the better services to the needs of the customers.

### **CONCLUSION:**

This study shows that effective Knowledge Management application depends on learning, knowledge creation, knowledge sharing, using and re-use of knowledge. Knowledge management plays key role in the banking sector. Proper training the employees of banks so that the knowledge management can help the organization to achieve the goals.

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