

# **Outsourcing in Banking Sector in India**

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*and*

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# **Preface**

Outsourcing enables the banks to widespread their business activities. Outsourcing helps the banks to concentrate more on core activities. Presently, banks outsource many of their activities like ATM maintenance, account opening related paper works, card printing, software development, mobile banking, internet banking, loan verification etc. Outsourcing enables the bank to get involved in additional activities like insurance business, Aadhaar enrolment and update etc. which would otherwise be very difficult for the banks to do it on its own. It is because if the banks attempt to conduct these activities inhouse then it would require recruitment of a large number of permanent employees in the bank which will eventually increase the cost in the form of monthly salary, pension, gratuity etc. and further, reduce the profit. Hence, outsourcing enables the banks to get involved in additional fund-raising services at a minimum cost. In addition to this, outsourcing enables the banks to improve service quality, reduce burden of day-to-day activities, provides better access to specialised work and latest technology etc. Due to these many benefits of outsourcing, it is practiced by all the private and public sector banks in India. RBI does not impose any kind of restrictions on outsourcing. However, RBI has mentioned in its guidelines that the banks should not outsource its core activities that are risk management and internal audit, compliance and decision-making functions such as determining compliance with KYC norms. The management of banks is very particular in assuring the quality of various activities offered with the help of outsourcing agencies. Hence, in this background an investigation on outsourcing in the banking sector is quite relevant and useful. The present book attempts to accomplish this.

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Before concluding, we doubt whether we would ever have been able to complete this work, without the grace of the ALMIGHTY GOD.

**Anjana K.  
B. Vijayachandran Pillai**

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