



SURVIVAL AND SUSTAINABILITY IN BANKING, INSURANCE AND FINANCE- AN OVERVIEW

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Abstract

We all know about banking, insurance and finance to some extent i.e. banking is an activity where it accepts deposits and grants loans. In other words, banks provide financial services. Insurance is an activity where insurance company accepts premiums from the policy holders and discharges maturity amount during the time of maturity and about finance, finance plays vital role in the activities of banking and insurance. It also has a significant role individually. As we all know that finance is the life blood of business, without finance banking, insurance and other activities are not going to carry on their business. Banks involves the activities of accepting deposits and granting loans in the form of money. Insurance is also the activity which deals with money. From this we are clear that banking and insurance are the activities which deal with money i.e. financial activities. So here it is clear that banking and insurance are dependent on finance. We can invest in these activities and we can gain return on investment. We can create wealth with the help of banking and insurance activities.

Keywords: *Banking, Insurance, Finance, Information is Money, Life Blood.*

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Introduction:

Management is an art of making the things done by others. Management is the process of planning, controlling and decision making. It is also a process of empowering workers to participate in the management process. Research is answering to the questions: What, How and Why do we know about the fact? In other words Research is the search of knowledge and finding the solution to the problem.

Today here it is an organization of National Conference on Management Research i.e., Research on management and its contemporary perspectives, they are:

- Marketing strategies
- Human Resources and Organizational behavior
- Banking, insurance and Finance
- Entrepreneurship development
- Technology Management



Objectives of the Study:

The main objective of this paper is:

- To create awareness about banking and insurance activities are dependent upon the finance.
- To create awareness about the investment in the banking, insurance and finance activities will gives rise to gain return on investment.
- To convey that information is money.
- To enhance wealth.
- Investing in these activities leads to increase in the value of money.

The method of collection of data in order to prove above objectives we collected data according to primary and secondary methods. Primary data is in the form of observations i.e. How, Why and what did they gain by investing in banking, insurance and finance activities. Secondary data is from the websites, books and newspapers.

This Study is conducted for the purpose of exchanging the knowledge on various contemporary perspectives. The main objective of this paper is to create awareness about banking, insurance and finance among the customers.

Survival and Sustainability in Banking:

Generally, we all know that the primary function of banking is to accept deposits and grants loans. We also know the fact that banking is one of the types of business. Banks also provide finance in the form of loans to the people who are in different financial needs. To fulfill the various needs of the people, classification of banks has been happened. Classification of banks like Commercial banks, Industrial banks, Development banks, Agricultural banks and Central bank etc. Here commercial banks accepts deposits and grants loans, it also provides short term loans to the people. The importance of

industrial banks is that they provide finance to industries. The significance of development banks is to extend short term loans which are provided by commercial banks. The main function of Agricultural banks is to provide short term and long term credit to agriculturists. Exchange banks are specialized in providing finance to foreign trade. Central bank is the bank which has control over all the banking institutions. Besides this, Hi-tech banking is in existence i.e. internet banking and mobile banking etc. Banking provides investment options to the people i.e. people can invest in the banks in the form of fixed deposits, savings deposits and in various options available in the banks.

“Therefore banking creates the habit of savings among the people”.

Survival and Sustainability in Insurance:

Insurance helps the people in converting savings into investments. Insurance is one of the financial services which is offered by banks and other financial institutions. Insurance is the contract between insurer and insured. We remember the word “premium” when we hear the word insurance. We want security in our life with regard to various matters like education, business etc. We may not eliminate the risk but we can mitigate the risk in our life with the help of insurance. In simple words insurance provides security to us that may be to our life or some valuable things, so it is called as insurance. Insurance provides long term benefit to the people. It also helps us in enhancing the wealth as our savings become investments and through that wealth will be enhancing. In our country there are two public sector organizations i.e. Life Insurance Corporation of India and General Insurance Corporation of India prior to the year 1999 are



rendering financial services to the people in the form of Life Insurance and General Insurance. Life insurance is for the life of the people and General insurance is for non-living things. With the setup of IRDA in 1999 there are new private organizations like HDFC Standard Life Insurance Company and ICICI prudential Life insurance company etc have come into existence. As this Act is passing, other banks have also entered into the field of insurance business. With regard to this Government of India issued the notification under section 6(1) of Banking Regulation Act 1949 permitted scheduled banks to undertake the business of insurance in India.

“Therefore Insurance helps us in Conversion of Savings into Investments”.

Survival and Sustainability in Finance:

“Finance is the life blood of business”. In our daily life we know the importance of finance. Before discussing about finance, we must know the meaning of finance. The meaning of finance is different for different people. For instance, money is finance from the point of view of a common man as he requires money for purchasing the needy things. From the perspective of business, finance is which is required for operating expenses i.e. working capital. From the perspective of banks, finance is what it accepts as deposits and what it grants as loans.

Every modern economy is based on sound financial system which helps in production, capital and economic growth by encouraging saving habits and mobilizing those savings into investments and other productive uses such as commerce, trade and industry from households. Financial system may be defined as a set of financial institutions, instruments and markets which mobilizes savings and

channelizes them into investments or any other productive usage. Regulation of currency, banking functions, credit control and maintaining liquidity are some of the important functions of financial system in order to run successful business concern. The structure of financial system consists of some components; they are financial markets, products and market participants. Financial markets provide channels for allocation of savings to investment. Products are the securities which will drive us into savings and convert savings into investments and market participants are the people involve in the process of exchange of securities.

“Therefore finance paves the way for savings and mobilizes them into investments”.

We commence our day with an objective; an auditor starts the day with the objective of identifying and preventing of errors and frauds in financial reports, a lawyer begins his day with the objective of winning the argument, a doctor starts a day with the objective of serving the people, a teacher starts the day with an objective of distribution of knowledge to the students. Here every one will perform their duties and responsibilities subjected to their objectives. Objective is what we prove with the help of research and analysis. We all know that research is the search of knowledge and analysis is the process involved in search of knowledge. The objectives of this paper are as follows:

- Creation of awareness among the customers that banking, insurance and finance sectors are interrelated
- Creation of awareness among the customers that investment in banking, insurance and finance sectors leads to gain the “Return on Investment”.
- Information is money



- Investment in banking, insurance and finance sectors leads to increase in the value of money.
- Investment in these sectors also leads to enhance wealth.

Data Analysis:

As per the Study conducted, we observe the following observations about Survival, Sustainably and opportunities in Banking, Insurance and Finance

***An Awareness among the customers that banking, insurance and finance sectors are interrelated:** We have to know “How banks operate?” Will the banks operate whether with the help of finance? We have to know the answers for these questions to know that banks are interrelated with finance. Banks accepts deposits and grants loans in the form of money i.e. banks will operate with the help of finance.

So after interacting with respondents the study stated that the primary function of banks are accepting the deposits and granting the loans. Banks also helps the people who are in need of money by providing the loans such as short term loans and long term loans, with the help of loans people can start the business or fulfill the purpose for which they have opted. Here banks are operating by providing the loans to the people. It is granting the loan in the form of money i.e. finance. People are accepting the loans in the form of money i.e. finance. “Here people are aware of about how banks are interrelated with finance”.

We can understand with the help of an example:

Example: Assume that ‘X’ is a person wants to commence the business, so for the purpose of commencing the business he requires money in the

form of capital. He has minimum amount of capital but it is deficient to start the business so he has approached bank for the purpose of obtaining the loan. Here ‘X’ is the person among the people. He has the knowledge about the banks financial activities and therefore he accepted the loan for the purpose of commencing the business. Here ‘X’ requires finance and ‘Banks’ provide finance. From the example we have ascertained that people are aware that banks are interrelated with finance.

The people who have the knowledge about the banks financial activities directly approach the banks for financial help. The people who are not aware about the banks financial activities they can obtain information from various sources such as contacting help line numbers, through newspapers, through neighbors, from the people who are already in business.

“In order to commence any financial activity it is essential to be aware about **banks and finance sectors are interrelated**”.

***An Awareness among the people about insurance sector is interrelated with finance sector:**

Here Study aims to know about “How insurance companies operate?” Will the insurance companies operate whether with the help of finance? Here we have to know the answers for these questions in order to know that insurance companies are interrelated with finance sector. Insurance companies will operate by accepting the premiums and pays the money to the policy holders if the maturity period of the policy holder arrives. The insurance company accepts the premiums from the policy holders i.e. in the form of money. The



companies pay the huge amount to the policy holders at the time of maturity period i.e. in the form of money.

The primary function of insurance companies is to provide the insurance services to the policy holders. Policy holders can make the insurance policy with the help of middle men or insurance agent. Insurance companies accept premiums from the policy holders and policy holders can mature the claim amount at the time or expiry of the maturity date. Policy holders are the part of public; they can take the help of insurance services when needed as insurance companies provide long term benefits to the policy holders. Therefore insurance business is the exchange of money i.e. finance between the policy holders and the insurance company. Here we understood that insurance sector is interrelated with finance sector. If people are aware about that insurance sector is interrelated with finance sector then people can use the insurance sector for their benefits. For instance using insurance sector we can also obtain the tax benefits from the income tax department.

We can understand better with the help of an example:

Example: Assume that 'X' is a person who does import and export business. If the order placed by any customers from any state or any country then in that case he will export the goods to the particular place. In the case if it is insufficient of any goods then he can imports the goods from other states or other countries. Here we should observe the fact that the business man will pay the money if he imports i.e. finance and he receives the money if he export the goods i.e. again finance. During the time of import or export if the goods were lost in transit then

the business man can take the help of insurance sector. Insurance companies will claim the amount to the extent of loss suffered by the insured. So if the goods are insured then we can obtain the benefit of claim if the goods are lost in transit. The claim is again in the form of money i.e. finance. Here we understood that insurance company provides the benefit in the form of finance to the insured. With the help of this we understood that insurance and finance sectors are interdependent.

***Creation of awareness among the customers that investment in banking, insurance and finance sectors leads to gain the "Return on Investment":**

Customers know very well about the banking, insurance and finance sectors. We have proved that banking, insurance and finance sectors are independent. This awareness about interrelation of banks, insurance and finance sectors leads the customers to know the benefits served by the the banking, insurance and finance sectors. After obtaining the knowledge about the services provided by the banks, insurance companies and finance sectors, customers can invest in banks, insurance companies and finance sectors.

Ascertainment of knowledge relating to banking services leads the customers to invest in banking activities and gain the return on investment. Banks activities like fixed deposits, saving deposits and recurring deposits etc. Investment in these activities of banks provides interest on investment in fixed deposits and saving deposits etc. Here the interest on investment is "Return on Investment".

Ascertainment of knowledge relating to insurance services leads the customers to invest in insurance activities and gain long term benefit to the investors;



we will be paying the premiums for instance but investors gain long term benefit i.e. claim the amount at the time of maturity.

We all know about banking, insurance and finance sectors are interrelated, so we can invest in other financing activities like mutual funds, shares, debentures and others like we have studied that investment in banks. The trading in shares, debentures and mutual funds is possible with the help of banks as we have to open De-mat account in banks. Here again we are clear that bank and finance are interrelated.

Conclusion:

After Study all major aspects of Banking, Insurance and Finance We can Conclude that Finance is interrelated with banks and insurance sector “Finance is the life blood of business”. Banks, insurance companies and any other kind of business need finance to commence their business either in the form of capital or in the form of operating expenses. Banks requires finance in order to operate the business successfully. Insurance sector also requires finance to operate it successfully. People aware that banks operate financially and they also aware about the fact that insurance also depend upon the finance.

With the help of above import and export business we can be aware about the fact banks, insurance and finance sectors are interrelated. From the example of import and export business the involvement of banks and insurance business is mandatory. In the import and export business, the insurance of goods

are necessary as the insurance company can claim the amount to the extent of loss suffered by the insured. In this instance the insurance company will claim the amount to the insured by the way of depositing the amount into the bank accounts as we all know that banks operate all the financial activities. Here import and export business involves insurance sector, banks and financial sector. With the help of this instance we come to know that insurance companies take the help of banks for claiming the amount to the policy holders which are the part of public. With this instance we are clear that banks, insurance and finance sectors are interrelated.

“Therefore it is essential to know that awareness about the banks, insurance and finance sectors are interrelated to make our daily transactions flexible”.

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