

CHALLENGES & ADVANTAGES POS MACHINE WITH REFERENCE TO KOTAK MAHINDRA BANK,AJMER

A PROJECT REPORT

Submitted in partial fulfilment of the
Requirements for the award of the Degree

**BACHELOR OF BUSINESS
ADMINISTRATION**

Submitted by

NAMAN MEHRA

ROLL NO:2016BBA012



Under the guidance of

DR. KIRTI JAINANI

(Assistant Professor)

JK LAKSHMIPAT UNIVERSITY

JAIPUR

Not Satisfactory
Kirti



Kotak Mahindra Bank

August 02, 2018

To Whomsoever It May Concern

This is to certify that **Naman Mehra** has completed his internship with Kotak Mahindra Bank Ltd., for the period May 15, 2018 to June 15, 2018.

He has completed the project title "A Study Of Operating Process With Speciaial Reference To Point Of Sale Machine" and has submitted the report.

We wish him all the best in his future endeavors.

For Kotak Mahindra Bank Ltd.

Minoo Mullins
Associate Vice President-Human Resources

Kotak Mahindra Bank Ltd.

CIN: L65110MH1985PLC038137

Kotak Infiniti, Building No. 21,
Zone 4, 2nd Floor, Infinity Park,
Off Western Express Highway,
General A K Vaidya Marg, Malad (East),
Mumbai. Maharashtra 400097. India.

T +91 22 66056825
F +91 22 67259071
www.kotak.com

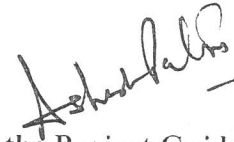
Registered Office:
27 BKC, C 27, G Block,
Bandra Kurla Complex,
Bandra (E), Mumbai 400051,
Maharashtra India



To Whomsoever it may concern

This is to certify that Mr / Ms Namam Mehra student of MBA 1st Year, BBA/B.Com 2nd (Hons.) Year JK Lakshmipat University, Jaipur has undertaken summer training in our organization from 13/05/18 to 15/06/18 on the Project titled Study of POS Machine under my guidance. To the best of my knowledge, the study undertaken by him/her is original and is not replicated in any research paper, report or literature.

I wish him/her all success in life.



Signature of the Project Guide

Name of the Project Guide Mr. Ashish Patni

Designation Branch Manager, Kotak Mahindra Bank, Ajmer

Date:

Address of the Company

Kotak Mahindra Bank,
Ganesh Bhawan, Kutchery
Road, Ajmer (305001)

CERTIFICATE

This is to certify that Naman Mehra student of BBA - V semester, Institute of Management, JK Lakshmipat University has undertaken his summer internship at Kotak Mahindra Bank , Ajmer on the topic titled "Challenges and Advantages of POS Machine with reference to Kotak Mahindra Bank". His summer internship report is original piece of work out by the candidate under my guidance.

DR. KIRTI JAINANI

(Faculty Guide)

DECLARATION

I, **NAMAN MEHRA ROLL NO:2016BBA012** final year student of B.B.A Department of business Administration of J K LAKSHMIPAT UNIVERSITY, JAIPUR would like to declare that the project entitled **“A STUDY ON OPERATING PROCESS WITH SPECIAL REFERENCE TO POS MACHINE” OF KOTAK MAHINDRA BANK AJMER** is a bonafide work done by the researcher in partial fulfilment of B.B.A Degree course affiliated to JK LAKSHMIPAT UNIVERSITY. The research submitted is my original work and true to the best of my knowledge and belief.

(Naman Mehra)

ACKNOWLEDGEMENT

I feel pleasure in acknowledging my indebtedness to my learned supervisor Dr. Kirti Jainani, Professor, Institute of Management, JK Lakshmipat University, Jaipur under whose able guidance and supervision, I had the privilege of carrying out my Internship work.

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The role of parents in values of education can never be overemphasized. The living examples of my parents will leave everlasting impressions to my work.

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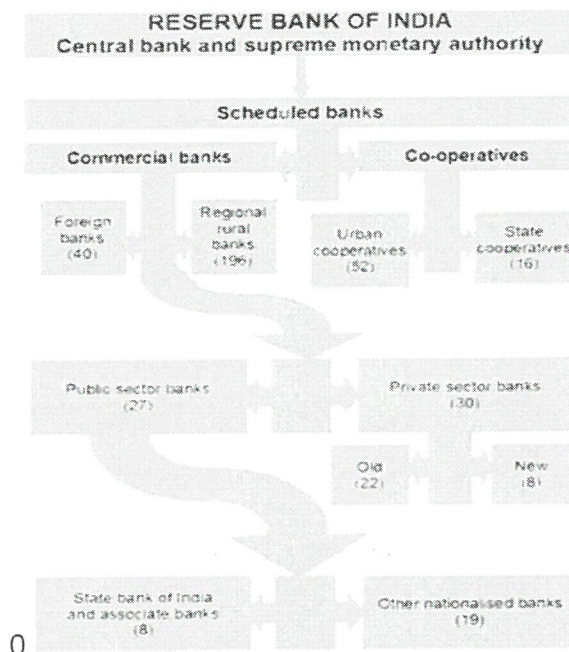
PROJECT SUMMARY

During the period of my internship I have learnt about the mechanism behind working of a bank. I gained knowledge regarding the various saving and current account plans and other services offered by the bank specially the Point of Sale Machine.

I also had an on field exposure when I visited the customers of the bank in the city, through which I learnt the tactics of approaching the customers and some ways to frame appropriate marketing strategies in order to achieve higher sales.

In this period, I also learnt about the software used by majority of the banks to store customer related information and got update on various factors that have an influence on banks.

INDUSTRY AND COMPANY OVERVIEW



Structure of the organised banking sector in India. Number of banks are in brackets.

Banking in India, in the modern sense, originated in the last decades of the 18th century. Among the first banks were the *Bank of Hindustan*, which was established in 1770 and liquidated in 1829–32; and the General Bank of India, established in 1786 but failed in 1791.

The Indian banking sector is broadly classified into scheduled and non-scheduled banks. The scheduled banks are those included under the 2nd Schedule of the Reserve Bank of India Act, 1934. The scheduled banks are further classified into: nationalised banks; State Bank of India and its associates; Regional Rural Banks (RRBs); foreign banks; and other Indian private sector banks. The term commercial banks refers to both scheduled and non-scheduled commercial banks regulated under the Banking Regulation Act, 1949.

The Indian banking sector is broadly classified into scheduled banks and non-scheduled banks. All banks included in the Second Schedule to the Reserve Bank of India Act, 1934 are Scheduled Banks. These banks comprise Scheduled Commercial Banks and Scheduled Co-operative Banks. Scheduled Co-operative Banks consist of Scheduled

State Co-operative Banks and Scheduled Urban Cooperative Banks. Scheduled Commercial Banks in India are categorised into five different groups according to their ownership and/or nature of operation:

- State Bank of India and its Associates
- Nationalised Banks
- Private Sector Banks
- Foreign Banks
- Regional Rural Banks
- Small Finance Banks
- Payments Bank

Payments bank is a new model of banks conceptualised by the Reserve Bank of India (RBI). These banks can accept a restricted deposit, which is currently limited to ₹1 lakh per customer. These banks may not issue loans or credit cards, but may offer current and savings accounts.

Payments banks may issue ATM and debit cards, and offer net-banking and mobile-banking. The banks will be licensed as payments banks under Section 22 of the Banking Regulation Act, 1949, and will be registered as public limited company under the Companies Act, 2013.

- **Small finance banks**

To further the objective of financial inclusion, the RBI granted approval in 2016 to ten entities to set up small finance banks. Since then, all ten have received the necessary licenses. A small finance bank is a niche type of bank to cater to the needs of people who traditionally have not used scheduled banks. Each of these banks is to open at least 25% of its branches in areas that do not have any other bank branches (unbanked regions). A small finance bank should hold 75% of its net credits in loans to firms in priority sector lending, and 50% of the loans in its portfolio must be less than ₹25 lakh (US\$38,000).

By 2013 the Indian Banking Industry employed 1,175,149 employees and had a total of 109,811 branches in India and 171 branches abroad and manages an aggregate deposit of ₹67,504.54 billion (US\$1.0 trillion or €860 billion) and bank credit of ₹52,604.59 billion (US\$780 billion or €670 billion). The net profit of the banks operating in India was ₹1,027.51 billion (US\$15 billion or €13 billion) against a turnover of ₹9,148.59 billion (US\$140 billion or €120 billion) for the financial year 2012–13.

Pradhan Mantri Jan Dhan Yojana (Hindi: प्रधानमंत्री जन धन

योजना, English: Prime Minister's People Money Scheme) is a scheme for comprehensive financial inclusion launched by the Prime Minister of India, Narendra Modi, in 2014. Run by Department of Financial Services, Ministry of Finance, on

the inauguration day, 1.5 Crore (15 million) bank accounts were opened under this scheme By 15 July 2015, 16.92 crore accounts were opened, with around ₹20,288.37 crore (US\$3.0 billion) were deposited under the scheme-which also has an option for opening new bank accounts with zero balance.

KOTAK MAHINDRA BANK

Kotak Mahindra Bank is an Indian private sector bank headquartered in Mumbai, Maharashtra, India. In February 2003, Reserve Bank of India (RBI) gave the licence to Kotak Mahindra Finance Ltd., the group's flagship company, to carry on banking business.

It offers a wide range of banking products and financial services for corporate and retail customers through a variety of delivery channels and specialized subsidiaries in the areas of personal finance, investment banking, general insurance, life insurance, and wealth management.

Kotak Mahindra Bank has a network of 1,369 branches across 689 locations and 2,163 ATMs in the country (as of 31 March 2017) In 2018, it is the second largest private bank in India by market capitalization after HDFC Bank.

HISTORY

In 1985 Uday Kotak established what became an Indian financial services conglomerate. In February 2003, Kotak Mahindra Finance Ltd. (KMFL), the Group's flagship company, received a banking licence from the Reserve Bank of India (RBI). With this, KMFL became the first non-banking finance company in India to be converted into a bank – Kotak Mahindra Bank Limited (KMB) Ltd.

In a study by Brand Finance Banking 500, published in February 2014 by *Banker* magazine (from *The Financial Times* stable), KMBL was ranked 245th among the world's top 500 banks with brand valuation of around half a billion dollars (\$481 million) and brand rating of AA+.

D. Objectives

- To study advantages of POS machine with reference to banks.
- To do the comparison of Kotak Mahindra Bank POS services with other competitors.

1. Introduction

A **POS** or point of sale purchase is the “point” where a **transaction** is finalized or the moment where a customer tender’s payment in exchange for goods and services. Any form of payment can be used, such as cash, debit cards, credit cards, mobile payments and even Bitcoin.

A **receipt printer** – used to print receipts to hand to customers. A barcode reader – typically used in retail environments with many different products. A **card machine** – used to process payments made by debit or credit card.

2. Evolution

A point of sale (POS) system is the tool retailers use when collecting payment from a customer at the time of purchase. Think of it as the location where a consumer transaction takes place. The history of POS systems spans multiple centuries and a variety of technologies. They existed before automobiles, telephones, or antibiotics. Wherever money was exchanged for goods or services, there was a POS system of some sort. It began, simply enough, with the bartering of goods and progressed to the exchange of hand counted cash. In more recent history, point of sales system features help retailers track customer metrics, manage inventory, and

3. POS ADVANTAGES

- **Improved Efficiency**

Whilst the POS system offers a variety of positives to the business manager or director, let's first explore the advantages it offers to the main system's user (i.e. the employees) who would be having direct contact with both the system and customer each day.

Indeed, it's fairly safe to say, a POS system can improve the user's confidence in a number of ways. For instance, they would not have to spend as much time memorizing product prices, or else manually inputting vast amounts of data as they would on a traditional cash register.

This would allow them to offer better customer service, which may ultimately grant your company a more loyal customer base, simply owing to the fact the people they serve have spoken to a friendly, calm, face.

- **Stock Management**

Traditional approaches to stock management require merchants to physically review their current level of stock on a regular basis. Naturally, this can be a laborious and time consuming process, especially for large scale businesses.

Modern point of sale systems enables all stock to be scanned upon delivery and entered into a digital database. Merchants can therefore review their overall stock levels at a glance and make accurate purchasing decisions accordingly.

- **Accurate Reports**

Most modern POS systems also offer merchants access to a variety of customizable reports. These reports can include critical information such as daily takings and outgoings, providing merchants with an understanding of the overall success of their business.

- **Price Consistency**

For merchants operating a large scale business across multiple locations, maintaining the consistency of prices across all outlets can be problematic.

However, by implementing a POS system, merchants can have access to a digital product database. Through this database, merchants can amend product prices, special one-off deals and so forth, and these amendments can be automatically applied across all business locations.

Maintaining such consistency is beneficial for several reasons, specifically with regards to customer service.

Consistent pricing helps to ensure customers receive the same level of service, regardless of which business location they use. As a consequence, customers are more likely to utilize a company's services in the future.

- **Employee Tracking**

The ability to track employee activity can be another reason to utilize a POS system. Through the use of unique identification codes (sometimes referred to as clerk codes), individual employees can be linked to specific transactions, regardless of how many members of staff use the same machine.

By tracking staff behaviour, merchants can identify individuals with particularly strong or weak sales figures, fostering a spirit of healthy competition in a business and allowing appropriate action to be taken with regard to weaker employees.

Moreover, the knowledge that their transactions are being tracked discourages instances of employee theft.

4. POS MACHINE BY KMB

Kotak Mahindra Bank majorly offers two types of POS machines i.e.

- PSTN: Public Switched Telephone Network(Landline)
- GPRS: General Packet Radio Service

A POS terminal can communicate with Data Centre using PSTN line or GPRS. PSTM POS terminal requires a telephone line for communication whereas the GPRS POS terminals uses mobile SIM card for communication. When a card is swipec (in case the card is mag-stripe) or inserted (in case the card is EMV) the POS terminal dial to a set number and get connected with the modem pool of Data Centre (called NAC – Network Access Controller). After connection, the exchange of information happens.

GPRS POS terminal has advantages over a PSTN POS terminal. A GPRS POS terminal can be moved anywhere as it has SIM and built-in battery.

- **POS Specifications:**

Brand: Three popular brands of POS terminals are: Hypercom, VeriFone and Angelico. The available models are: Hypercom – T7, T7 Plus, Optimum T2100 (PSTN), Optimum M4230 (GPRS); Verifone – Omni 3750, Vx 510; Ingenico – i5100 (PSTN) and i7910 (GPRS).

RAM: 2 MB – 8 MB Flash

Processor: ARM 32 bits / 32 bits RISC

Magnetic Card Reader: ISO 1/2/3

Smart Card Reader: EMV level 1 & 2 and ISO 1/2/3

Encryption: Triple DES

Printer: Thermal,

Display: Graphic, 128x64 pixels; Backlight

Communication: GPRS / PSTN

Rates/Charges

- Rental Basis: Rs 750/ month to 550/ month
- Installation Charges: Rs 500-1000
- PSTN: 250/month + GST
- GPRS: 550- 750/month+GST
- Digi Pos: 499+GST
- Credit Card: 0.85/Rs1
- Debit card: 0.90/Rs1
- No charges on swipe up to Rs2000
- Additional Information

1 Maintenance charges:

GPRS: Rs1000

PSTN: Rs 2000

2 Statement Charges: 25/month
(e-mail)

F. COMPARISON

Banks	Charges/Rates	Amt.
Kotak Mahindra Bank	PSTN	Rs 250/Month
	GPRS	Rs 550/ Month
	Installation	
	Charges	1000/ Month
State Bank of India	Charges/ Rates	Amt.
	PSTN/GPRS :	600/Month
	Installation	
	charges :	Nil
HDFC	extra benefits	free up to 2000
	Charges/ Rates	Amt.
	Per transaction	
	fee	50/transaction
		free up to 4
	Extra benefits:	transaction

G. ANALYSIS

From my reports and findings, I conclude that I made visits to around 30 customers during my internship programme and 12 out of them positively towards using the bank's POS machine. The reason for the remaining customers were generally similar and the reasons were:

- **Expensive rates/ Charges:** one of the primary reasons for not choosing KMB for the POS machine was found to be the expensive rates charged to the customer as well as to the proprietor.
- **Small Scale Business:** Another reason being that majority of the customers weren't having their business on a large scale which impacts their affordability of the machine and their ability to cope up with the rates of the bank.
- **Not used to the digitalisation:** Another reason that came out was that people in Ajmer are not much aware about the digitalisation process and still depends upon the traditional forms of transaction. They are not much used to the digital forms of transaction and hence hesitate to adopt them.
- **Other alternatives available:** Another reason that came out was that there are other banks offering the machines at cheaper rates in comparison to KMB. Also there are other alternatives such as e-wallets which are easier and convenient to use.

NEED OF STUDY

- Finance and Banking are the lifeline of any business in the modern era. It acts as the backbone of the business. Development of any country mainly depends on the banking system. The success of the banks mainly depends upon the implementation of its customer related services and the use of latest technological inventions (e.g. POS Machine) are proved to be beneficial for the employees of the bank as well as to its customers. They provide faster and more accurate results than the conventional sources of transaction. The following functions of a POS Machine can illustrate about its need and importance:

- 1) Calculate cash due for every order entered.
- 2) Record the method of payment.
- 3) Creating hourly and daily sales report.
- 4) Calculate labour and payroll data.
- 5) Keep track of item sold,

RESEARCH METHODOLOGY

I understood the working of a bank and worked in accordance. First I prepared a list of current account holders of the bank spread across the city of Ajmer.

Then I took the appointment from the customers to make a visit and explain them the working of a POS machine and the various rates offered by the bank.

Priority Scheduling: Priority was given to the customers at far distance (generally over 5km) so that in case any query arose it could be solved prior to the closing of the bank.

- whether the methodology of work done is sound or not. The procedure adopted for conducting the research requires a lot of attention as it has direct bearing on accuracy, reliability and adequacy of result obtained. It is due to reason that research methodology, which researcher used at the time of conducting the research, needs to be elaborate upon. It may be understood as a science of studying how research is done scientifically. So, the research methodology not only talks about the research methods but also consider the logic behind the method used in the context of the research study. Research methodology is a way to systematically study and solve the research problems. If a researcher wants to claim his study as a good study, he must clearly state the methodology adapted in conducting the research the research so that it may be judged by the reader

DATA COLLECTION METHOD

There are two types of data used, they are:

- **Primary data:** The data is generally first hand and is collected by the researcher itself. It is collected by various sources so as to get a precise, accurate, realistic and relevant data. The main tool for gathering information is either through questionnaires or through personal interview. In case of present study, it was achieved by a personal interview where the customers raised a requirement for the POS machine and the type of machine and the rates that suits their needs the best. The customers were either the ones who visited the bank for their own personal reasons or were the potential customers of the bank.
- **Secondary data:** It is the data that is already collected by someone else. The data needed here was the bank account details and the respective business addresses of the customers.
- **Note:** As I was not authorised to approach the customers directly the major source of my data was from a secondary source, i.e. list of current account holders of the bank.

FINDINGS AND CONCLUSIONS

- From my report I concluded that majority of the customers were satisfied with the facilities provided by the bank as KMB provides the highest rate of interest (6%) on savings account and their customers were satisfied with the service of the bank.
- Most of the current account holders (12 out of 25) have installed the POS machine offered by the bank and were satisfied with the rates and scheme .
- The rest of the customers either were using machines by other banks or found the rates comparatively higher than other banks.

SUGGESTIONS AND RECOMMENDATIONS

- I would like to suggest that in order to attract more customers the bank should lower the extra charges which makes their overall rates expensive
- Secondly the branch of Ajmer has less staff resulting in operational glitches and delays .So necessary actions are need to be taken regarding this.
- A new branch can be opened with more staff and sufficient working space to avoid any kind of operational hindrances.