

Keynote speech delivered by
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INNOVATION IN PRODUCT DESIGN, CREDIT DELIVERY AND TECHNOLOGY TO REACH SMALL FARMERS

[A] INTRODUCTION

I am extremely pleased to have been invited to speak today. I would like to thank the UCO Bank and the IBA for having afforded me this opportunity. Over the years, the Bank Economists' Conference has evolved as an important forum for discussing issues pertinent to the Banking Industry and the theme for this Conference, namely "Opportunities at the bottom of the pyramid" and the themes of the Technical Sessions - follow in that tradition.

However, the specific subject assigned to me itself reads like a 'mini speech' and may I therefore, Sir, with your permission redefine it as "Innovations in Product Design, Credit Delivery and Technology to reach SF/MF/TF etc." If during my presentation some aspects are excluded, we could deal with them in the questions and answers session.

In the main I propose to deal with the products and delivery methodologies for reaching credit to small, marginal and sub-marginal farmers, who are located at the base of the pyramid of the farming community. By the yardstick of numbers, Indian agriculture has increasingly become 'small farmer agriculture'. Small and marginal farmers together constitute nearly 80% of the total cultivators cultivating fragmented land holdings averaging around 1.41 hectares. For these groups of farmers agriculture is not merely an economic activity but a livelihood issue. For the growth initiatives on the anvil – particularly in agriculture - we have to consider empowering this category of farmers and finding solutions and innovations which enable them to be mainstreamed in the overall credit delivery system.

In this context – and to begin with – the results of the recently published NSSO Survey 2003 are relevant. Equally relevant is the enormous effort made by the banking system since 2004 under the GoI's initiative for doubling the flow of credit to the agricultural sector.

[B] LEVEL OF FINANCIAL ACCESS

[i] NSSO 2003 RESULTS

Let me begin with the results of the NSSO 2003. The survey points out that of the 147.90 million rural households in the country, around 89.35 million households (60.41%) are cultivator households. Of the cultivator households, roughly 49% are indebted to either formal sources or non-formal sources or to both. By implication, nearly 51% of cultivator households are not indebted at all. It is pertinent to note that in the non-indebted category, 88% of the households are headed by SF/MFs with farm holdings of less than 2 hectares. This is an extremely significant finding and the

action point here is for the banking system to recognise this exclusion and find ways and means to reach out to this category of households. If this is done as a business opportunity it will go a long way in improving both volumes and outreach at the branch levels.

The second point is that as a proportion of total cultivator households, only 27% or 24.31 million households are indebted to formal sources. Of course, as a percentage of indebted households, the figure is higher at 55% but in either case the question is whether this level of outreach adequate? We also need to enquire as to whether the households covered, are being provided with credit on time, without hassles and in adequate measure?

The third point is that the outreach of the banking system at a 24.31 million cultivator households shows a distinct bias towards households with larger farm holdings. NSSO data show that in regard to very small land holdings of say around 25 cents, the system's outreach is hardly 23%, while in regard to farm holdings between 5 and 10 acres it is around 65%. The issues here are as to how this bias can be corrected? What kind of measures are required? How can we further simplify the credit delivery process and design products which are easily accessible by those with small land holdings. We also need to ask as to whether sub-marginal farmers are fundamentally risky and unviable credit propositions – or whether there is hope. Can such farmers be made viable merely by providing them credit or is financing of sub-marginal farmers a credit plus issue? What measures can we take to build the capability and capacity of such farmers? And is the banking system capable of meeting this challenge through its present mode of distribution of credit?

The fourth point is that of the indebted households at 24.31 million, if the five states of Andhra Pradesh, Tamil Nadu, Punjab, Kerala and Karnataka which show high levels of indebtedness to the formal and informal system are netted out, the overall level of indebtedness falls by nearly 6 percentage points from 48.6 to 42.7. What is more significant is that the level of indebtedness to only formal sources by cultivator households in the remaining states drops to barely 20%.

(ii) WORLD BANK – NCAER SURVEY 2003

The findings of the NSSO 2003 are broadly corroborated by the Rural Financial Access Survey which was conducted by the World Bank and NCAER in the states of Andhra Pradesh and Uttar Pradesh in the same year. This survey showed that in the states covered

- Only 21% rural households had access to formal credit.
- Small and marginal farmers were at a relative disadvantage and only 11.8% of marginal farmers in Andhra Pradesh and 13.5% in Uttar Pradesh obtained loans from banks.
- The time taken for final clearance of a loan proposal ranged from 24 to 33 weeks and was generally collateralised.
- Only 42% rural households had access to savings deposits.

(iii) SUMMARY

Before going on let me summarise the main points :-

- First, that non-cultivator households are sizeable, but that this category includes landless agricultural labourers who are dependent on the farm economy.
- Second, amongst cultivator households, there is a large segment which is not indebted either to the formal or non-formal sources and that the non indebted category comprises a large number of SF/MF.
- Third, among the cultivator households, the households indebted to the banking system is around only 27%.
- Fourth, among the households indebted to the banking system, there is a significant bias in favour of large farmers.

The one line conclusion is that within the agricultural matrix, a large section of SF/MF and TF are presently excluded and need to be brought within the banking fold.

[C] DOUBLING OF CREDIT 2004-05

Having tabled the NSSO results, let me hasten to add that both the NSSO and the World Bank-NCAER Surveys relate to the year 2003. We are today nearly at the end of 2005 and during this interregnum, there has been a development of significance by the banking system under the GoI's scheme for doubling the flow of credit to the rural sector and increasing its outreach. In this the banking system has shown an outstanding quantitative performance. Data on this initiative have been reported directly by commercial Banks and gathered by NABARD in regard to RRBs and cooperative banks. These data show, *interalia*, that during 2004-05.

- ❖ Overall there was a 32% growth in the flow of agriculture credit by all RFIs from Rs.86981 crore to around Rs.115243 crore.
- ❖ 7.88 million new farmers were financed by commercial banks, RRBs and cooperatives taken together.
- ❖ 1/3rd of the total disbursement at Rs.21875 crore by public sector banks had gone to new farmers, of which around Rs.360 crore or 1.65% was purveyed to tenant farmers. This is important, because the flow of credit to tenant farmers in the past has virtually been 'Nil'.

The NSSO data therefore need to be seen in context of the performance of the banking system under the doubling of credit. However, even after the corrections have been factored in, it is clear that exclusion at the level of small and marginal farmers is an uncomfortable fact and that it has to be faced upfront. It is equally clear that significant scope exists for the banking system to expand its outreach to these clients through appropriate methodologies.

(D) FACTORS ACTING AS BARRIERS TO CREDIT ACCESS

The factors, which act as barrier to credit access by small, marginal and tenant farmers have been well documented in literature. It is not my intention to go through them in an exhaustive way but merely to recount that from the borrowers side, the main factors relate to hassles that go with loan sanctions, including frequency of visits to the branch, coupled with procedural and documentational complexities. I recollect that while assisting the Gupta Committee in 1996, many of the issues had been flagged. Subsequent feedback indicated that a large number of the recommendations had been acted upon. Nevertheless, while recently travelling through the backward regions in some States as part of the Expert Group on Investment Credit set up by the RBI, it was consistently represented to us by small cultivators that hassles and complexities continued to characterise the credit delivery process. The feedback that came across was that in such regions even the instructions issued by controlling offices take a long time to reach. In the sub-marginal category of farmers particularly oral-lessees, share croppers and tenant farmers, the main factors relate to the absence of enabling legal framework at the State level to facilitate credit access to these categories of borrowers. West Bengal is a notable exception where rights of tenant farmers are formally recorded for facilitating the flow of credit.

From the bank's side, the transaction costs inherent in servicing small loans to a large number of borrowers and the perceived risk cost in the absence of appropriate risk management system, continues to act as a barrier.

From the institutional side, poor health of the cooperatives which have the penetrative reach and which could cater effectively to small and marginal farmers has been a inhibiting factor. Hopefully this situation will improve once the corrective measures suggested by the Vaidyanathan Committee kick in. At the RRB, commercial bank level, particularly amongst branch managers located in backward regions and resource poor areas, inappropriate attitudinal orientation has been reported. This has hindered access and we need to find ways and means around it.

[E] INNOVATIONS IN ACCESS TO CREDIT

Having dealt with the broad scenario relating to indebtedness, I now turn to innovations in access to credit. The question is what kind of innovations are taking place within the laboratory of rural lending? The original blue print for product design and process of course, is 'production-oriented system of lending'. This was drilled into us when we joined as probationers, and despite the vicissitudes of time, this framework has dominated bank lending for agriculture. This is not to say that the banking system has not innovated over time. Far from it, most of the major innovations by the banking system in regard to product design and processes, documentational simplification and application of technology to rural lending have come about in the post-reform period, starting with the SHG-Bank Linkage initiated by NABARD in 1992. I now turn to some of these innovations, which are interesting and have potential for further innovation and for being upscaled.

(I) INNOVATIONS IN PRODUCTS

(a) SHG-Bank Linkage

The SHG-Bank Linkage Programme is in a sense a child of the reform process. Financial sector reforms motivated policy planners to search for products and services for delivering credit to the poor in a sustainable manner, consistent with high repayment rates. It was observed that the poor tend to come together - or can be induced to come together - in a variety of informal ways for pooling their savings and dispensing small loans. The contribution of NABARD in this regard was to recognise this initiative catalysed by NGOs and to create formal interface of these arrangements of the poor with the banking system.

From a modest beginning of 500 SHGs across the country, the product now extends to 1.6 million SHGs, linked with 35294 bank branches across the Indian union. Cumulatively, a sum of Rs.6.86 billion has been channelled through this product to the poor and around 24.5 million poor households have gained access to the formal banking system through this programme.

SHGs and SF/MF

In the context of the theme of this session focused on SF/MFs, it is pertinent to make a mention of two major studies, one internally done by NABARD and the other by APMAS in Andhra Pradesh, NABARD study show that 56% of SHG members are SF & MF and 31% agricultural labourers. The APMAS study corroborates this finding by reporting that 76% of SHG members in Andhra Pradesh are farmers and agricultural labourers with very small holdings. There is a lesson in this which seems to indicate that if small and marginal farmers indeed, even tenant farmers and share croppers, can be organised under appropriate group mechanisms such as a joint liability groups or as in Raitu Mitra Groups in Andhra Pradesh and linked to banks, the possibility of extending finance to these excluded groups may well be on the cards.

SHGs as Members of Cooperatives

Another innovation on the same theme is the one being tried out in Uttaranchal, where the Cooperative Societies Act has been amended to admit SHGs as members of cooperative banks. The Apex Bank and DCCBs in Uttaranchal are finding this innovation useful for extending outreach. Some of the State Governments have followed suit while others are considering the initiative for replication.

OBC Grameen Project

Oriental Bank of Commerce was one of the first Commercial Banks to pioneer micro finance under their "Grameen Project". A unique feature of this initiative is that unlike the SHG Bank Linkage model where the SHG or its representatives come to the bank branch to transact business, in the OBC model, bank officials go out to the groups on pre-determined dates for transacting business. This was a revolutionary step and one which needs to be emulated.

(b) Credit Cards for farmers**Kisan Credit Card**

Having dealt with the SHGs, I now turn to Kisan Credit Cards (KCC Scheme), which was introduced in 1998-99, through NABARD. The KCC product was aimed at simplifying the procedures for providing timely and adequate short term institutional credit to farmers while concurrently reducing transaction cost for bankers. The number of KCC issued in successive years has increased steadily and as at the end of March 2005 stood at 51 million cards.

Grameen Credit Card

An innovation which could possibly be tried in regard to KCCs is to design a simpler card for households with credit requirements upto Rs.50,000 called, let us say, the 'ØãÆã½ããè¥ã Credit Card'. This card could be structured on the basis of cash inflows and outflows at the farm household level and customised for small and marginal farmers. Depending upon the response of the borrowers and their repayment records, the card could even be extended over time to tenant farmers and oral-essees.

Bhumiheen Credit Card

In this context, the Bank of India has introduced an innovative card called the 'Bhumiheen Credit Card'. This card aims at providing credit facilities to landless farmers/ tenant farmers, share croppers etc. for a maximum limit upto Rs.25,000 per head including Rs.1000 as consumption loan. The scheme is open to all eligible farmers sponsored by SHGs, banks or reputed NGOs. I am given to understand that some of the Public Sector Banks have evinced general interest in this product and are working out their own variations.

Composite/e-enabled cards

For larger loan amounts, banks are already experimenting with composite credit cards, some of them e-enabled. This is a step in the right direction.

(c) Grain Banks

A few state/region specific products deserve mention. The first are the grain banks of the Eastern Region. The grain banks in the Kalahandi district of Orissa and other tribal tracts are village level mechanisms which enable farmers to pool their produce at the time of harvest and draw up it in time of need. This mechanism also enables banks to finance farmers in multiples of the value of grain deposited.

(d) Homestead Finance Model

The homestead finance model of Kerala looks at the farm activities of small farm holdings in a composite way. Under this model, the peak level credit requirements of farmers are determined through the cash inflows/outflows methodology and a limit given. This product is gaining acceptance by banks in Kerala particularly those operating in traditional/plantation in dominated areas.

(II) INNOVATIONS IN DELIVERY CHANNELS

(a) MFIs

MFIs have emerged as an important innovative channel lending to the poor. Basically, MFIs are an extremely heterogeneous group, divisible into two broad categories one set comprising a basket of institutions incorporated under various legislations such as the Indian Trust Act, Cooperative Societies Acts, MACS Act, Sec. 25 of the Companies Act. These entities operate on a limited scale. The other set comprises a few MFIs registered as NBFCs and regulated by RBI, but having significant outreach and purveying substantial credit.

The MFI innovation has potential, provided it can overcome certain limitations regarding rate of interest, high transaction cost, paucity of owned funds and improvement in its governance structures.

(b) Financial deepening through Post Offices

As you are aware there are over a 150 thousand post office outlets in the country with relatively good accounting systems and cash transfer facilities. The system is in need of 'renovation' as a number of its extant services are being phased out or replaced with latest technologies. Seizing this opportunity, a pilot project has been started by NABARD in Tamil Nadu for linking SHGs with post offices for increasing outreach in underbanked/unbanked areas. Basically this involves leveraging the postal network. The pilot project is under observation, but if it works, then perhaps micro finance as a product could be outsourced on increasing scale through this network.

(c) Farmers' Clubs

In the line of innovations, the Farmers' Club represents a grass root organization built through peoples' participation and aimed at disseminating farmer related information and facilitating the adoption of financial products of the banking system by the farmers. The linkage between the rural branches of banks and Farmer Clubs and the concomitant beneficial impact is being increasingly recognized and adopted by commercial banks on a larger scale.

(d) Village Development Boards

In view of the fact that existing institutional structures have not been successful in penetrating the NER characterized, among others, by tribal dominated communities, NABARD, in association with State Bank of India and Government of Nagaland, has launched an innovative pilot project for financing 25 Village Development Boards for onlending to the individual members of local community groups. Under this project, a corpus fund of Rs.1 lakh per VDB has been created with contributions of NABARD, State and Central Government and the VDB. A corpus fund account is opened and loans are extended to the VDB. All the 25 VDBs in Nagaland have opened their Corpus Fund Account and 5 of them have been already been financed. The innovation is still in its early stage and its performance is being tracked.

(III) INNOVATIONS IN SUPPORT SERVICES – ENABLING ENVIRONMENT

(a) Agricultural Extension Services

Technological progress and technical efficiency are two important factors, which influence investment decisions of farmers. Both factors to a large extent, depend upon the stock of information available and its effective dissemination at the grassroots level. While R & D in agriculture increases the stock of scientific knowledge, extension service providers facilitate its dissemination. Historically, public research and extension has played a major role. In the post 'green revolution' period however, state driven efforts in extension appear to be inadequate in terms of coverage and outreach. While there is no doubt that public extension service should continue to play a lead role in the dissemination of technology, this could – indeed, should – be supplemented by farmers organisations, NGOs, cooperatives, corporate private sector, input suppliers and MNCs. These entities are fast assuming the mantle of quasi extension agencies and can effectively provide information about the inputs and value addition through post harvest technologies particularly in well endowed regions.

(b) Market Linkages

Contract Farming and credit bundling

Banks and financial institutions have been partners in contract farming schemes, set up to enhance credit. Basically, this is a doable model. Under such an arrangement, crop loans can be extended under tie-up arrangements with corporates for production of high quality produce with stable marketing arrangements provided – and only, provided – the price setting mechanism for the farmer is appropriate and fair.

Agri Service Centres – Rabo India

Rabo India Finance Pvt Ltd. has established agri-service centres in rural areas in cooperation with a number of agri-input and farm services companies. The services provided are similar to those in contract farming, but with additional flexibility and a wider range of products including inventory finance. Besides providing storage facilities, each centre rents out farm machinery, provides agricultural inputs and information to farmers, arranges credit, sells other services and provides a forum for farmers to market their products. This is a useful innovation.

Non-traditional markets

Similarly, Mother Dairy Foods Processing, a wholly owned subsidiary of National Dairy Development Board (NDDB) has established auction markets for horticulture producers in Bangalore. The operations and maintenance of the market is done by NDDB. The project, with an outlay of Rs.15 lakh, covers 200 horticultural farmers associations with 50,000 grower members for wholesale marketing. Their produce is planned with production and supply assurance and provides both growers and buyers a common platform to negotiate better rates. I understand that the Canara Bank is closely associated with the project and has extended credit facilities to small farmers and traders of small means.

Apni Mandi

Another innovation is that of The Punjab Mandi Board, which has experimented with a 'farmers' market' to provide small farmers located in proximity to urban areas, direct access to consumers by elimination of middlemen. This experiment known as "Apni Mandi" belongs to both farmers and consumers, who mutually help each other. Under this arrangement a sum of Rs. 5.2 lakh is spent for providing plastic crates to 1000 farmers. Each farmer gets 5 crates at a subsidised rate. At the mandi site, the Board provides basic infrastructure facilities. At the farm level, extension services of different agencies are pooled in. These include inputs subsidies, better quality seeds and loans from Banks. Apni Mandi scheme provides self-employment to producers and has eliminated social inhibitions among them regarding the retail sale of their produce.

Financing the value chain

Innovations facilitating marketing linkage for farmers highlights the need for banks not only to focus on financing infrastructure like warehouses, cold chains but also to identify commodity value chains and enter into corporate alliances. Banks should increasingly move towards financing the 'value chain' and put in position suitable loan policies keeping in view local practices and conditions.

(c) Credit Risk Mitigation

Crop Loan Insurance

Credit risk mitigation is an area of interest both to banks and farmers. The Government of India has experimented with crop loan insurance though the results have not been very satisfactory. The scheme has also not found wide acceptance among farmers because claim assessments are based on crop failure on an area basis rather than on an individual basis. Farmers have represented to us that where compulsory insurance is resorted to, it increases the burden of borrowing from institutional sources and once the transaction costs are added, the overall costs exceed the Prime Lending Rates significantly. This calls for innovation in the existing crop loan insurance schemes.

Weather Insurance Product

ICICI Lombard General Insurance has launched an index based rainfall insurance with the clients of Krishna Bhima Samruddhi Local Area Bank in Andhra Pradesh. Under this arrangement an index is created based on an analysis of historical correlation between rainfall and crop (groundnut) yield by assigning weightages to critical time periods. The historical weather data is then mapped on to this index to arrive at a normal threshold index. The actual weather data is superimposed on the index to arrive at the actual index level. In the event of a deviation in either direction (excess or deficient), between the normal index and the actual index, compensation is paid out to the insured on the basis of a pre-agreed formula. For the purposes of the contract, measurements are tracked at a reference weather station. The farmers purchase the insurance contract directly and in the event of a payout, the bank receives the amount involved as an agent of its clients. Similar products have been

launched in states like UP, Rajashtan, MP, etc for various crops like oranges, coriander, soyabean and groundnut. The critical success factors of such products *would however be* fast processing of claims enabling farmers to recover/ mitigate risk immediately and the presence of reliable weather stations in the near vicinity.

(III) WAY FORWARD

I finally turn to some of the areas where innovations can be tried. As already mentioned, the outreach of the formal system needs upscaling. Further, the delivery of financial services in the rural sector is characterised by high cost, paucity of adequate banking infrastructure and poor communication facilities. Medium to high illiteracy levels and the lack of financial awareness compounds the operational challenges inherent in validating the customer. Technology, while having transformed banking for the urban educated, has not yet impacted the rural customer in the same way. The branch banking structure which has served India's urban centers well, has in its extension to the rural sector been characterised by inadequate outreach and high cost. Notwithstanding this there is an all round recognition of an untapped market in the rural sector and the need for providing financial services in a sustainable way.

If this is to be done we would need to innovate and perhaps even think of whether we can move out of the traditional branch led model for servicing farmers and rural consumers. If such an innovation is envisaged, different channels could be considered for catering to different customer segments such as farmers, agri-traders, aggregators and rural non-agricultural customers. Some of the channel innovation which could be considered are :

(a) Internet kiosk

Internet kiosks have already been promoted in some parts of the country by Internet Service Providers, agri-business corporates etc. These kiosks use technologies such as wireless in local loop and v-sat terminals. The suggestion is that banks could partner these organisations and set up large networks of such kiosk in the rural sector. This kiosk would be owned and manned by individual entrepreneurs in partnership with the kiosk promoters. Such a partnership would provide an element of comfort to banks in extending finance. The kiosk would be structured to deliver a variety of services including insurance, loans and other financial services at the doorstep of the borrowers.

(b) Credit Franchisee

While the Internet Kiosk Channel could be experimented with at the village or cluster level, the credit franchisee model can be experimented with at the block level. Under this arrangement, the credit franchisee is envisaged to provide asset backed loans (auto, gold etc.) and other financial services. The credit franchisee would be an entrepreneur, contribute equity, have a good understanding of the local market and be willing to enter into risk sharing arrangement with banks.

(c) Financing of Marketing & Producer Cooperatives

The third channel relates to cooperatives.

In the early 70's, a scheme had been designed by the RBI for financing of Primary Agriculture Credit Societies by Commercial Banks. This idea, with a slight change is still relevant. Commercial Banks could partner with agricultural marketing and producers cooperatives to reach out to farmers where branch networks are not available. Banks could either finance the cooperative for onward lending to members or finance the members through the cooperative structure. Lending to or through cooperative could forge a good synergy between the local knowledge of the cooperatives and the large funds available with the banking system for agricultural lending.

(d) IT Sectoral resource

The last suggestion relates to an IT sectoral resource for local level financial institutions. If banks find it difficult to expand their network in the rural areas due to low density of the population or low business potential, it becomes necessary to explore other channels. The fact is that the primary transaction at the branch level is one of cash deposit and withdrawal. This involves validation of the customer and transfer of money to the rightful account. With the use of a wide range of devices now available in the market, using pin or a biometric based technology, these transactions can be authenticated at dispersed locations at a cost, which could be a fraction of the cost under a branch based arrangement. Under this channel, branches could be used as hubs to separate these transaction and load value by adding discretionary products and services.

The introduction of new delivery channels would have to measure upto regulatory scrutiny and satisfaction.

(e) ATM

It is well known that the rural sector continues to depend on the use of cash for transactions. Hence, the primary need for a financial institution, while servicing rural customers is cash disbursement and cash acceptance. In order to meet this requirement, banks might have to work out low cost ATMs with innovative features, keeping the demand profile of the rural customer in mind. Rural ATMs could have unique features. They could be enabled to accept old notes and offer a variety of services including cash deposits, cash withdrawals, bill payments, third party transfers etc. The authentication of transactions would be undertaken at the back end and ATM instructed to complete the transaction at the front end by disbursing cash or displaying information, as the case may be.

(f) Smart Card

It is widely accepted that the present loan appraisal and delivery processes of banks are cumbersome and time consuming. This could be addressed through an innovative product design, using the Smart Card technology for delivery of financial services in a cost effective manner. A one time limit could be set for the farmer by the bank and

loaded on to the Smart Card through a secured mechanism. This methodology would lower the cost of operation and ensure timely delivery of the loans.

(g) Credit Information Bureau

Banks often cite the absence of credit information as the major hurdle in scaling up their client base in rural areas. Credit information tracking and sharing through a Credit Information Bureau enables lenders to provide incentives to those with good credit history and a strong deterrent to wilful default. It also facilitates the transition from group lending to individual lending over time. The Ministry of Rural Development has undertaken an initiative to collecting information on a census basis of all the households in the rural areas. Information generated from these surveys could be used for supplementing information on the credit profile of borrowers. It seems to me that NABARD should seriously examine the idea of leveraging IT for setting up a Rural Credit Bureau as a subsidiary of NABARD.

CONCLUSION

The innovations that are taking place in the rural hinterland are many. I must say that each of these innovations offers potential to replicate with a view to reach the unreached. However, what I have mentioned is merely the tip of the iceberg. Personally, I find the pace, depth, and universality of these changes exciting. The fact is that innovation is occurring everywhere. As competition among banks intensifies we should see a broadening and deepening of the innovation process.