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Summary of Conclusions, Findings, Recommendations and Direction for Future Research

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6.1 Introduction

In the previous chapter, the hypotheses of this study have been tested by using suitable statistical tools like t-test. The results after testing the hypotheses have also been summarized in the form of a table showing whether a particular hypothesis is accepted or rejected. This chapter deals with the Summary of major findings of the study, recommendations of this study. This chapter also includes the areas, which have been emanated or explored for further research.

6.2 Summary of conclusions

The banking industry in India has a huge canvas of history, which covers the traditional banking practices from the time of Britishers to the reforms period, nationalization to privatization of banks and now increasing numbers of foreign banks in India. Therefore, Banking in India has been through a long journey. Banking industry in India has also achieved a new height with the changing times. The use of technology has brought a revolution in the working style of the banks. Nevertheless, the fundamental aspects of banking i.e. trust and the confidence of the people on the institution remain the same. The some of the banks are still successful in keeping with the confidence of the shareholders as well as other stakeholder, and SBI and ICICI bank are two of them. However, with the changing dynamics of banking business brings new kind of risk exposure.

In this study, an attempt has been made to identify the financial performance evaluation of SBI and ICICI Bank. This research study is divided in six parts. First part includes the introduction and general scenario of Indian
banking industry. The second part discusses the regulatory framework of faced by Indian banking industry. Third part concludes the financial performance of SBI. The Fourth part deals with the financial performance of ICICI Bank. Fifth part deals with the comparative analysis and interpretation of SBI and ICICI Bank. Sixth, the present chapter deals with the Summary of major findings of the study, recommendations of this study. The Indian banking industry is passing through a phase of customers market. The customers have more choices in choosing their bank. The competition has been established within the bank operating in India.

State Bank of India is also concentrating at the top end of the market, on wholesale banking capabilities to provide India is growing mid / large Corporate with a complete array of products and services. It is consolidating its global treasury operations and entering into structured products and derivative instruments. State Bank of India is the only Bank of India that has been included in the list of fortune 500. It is the largest provider of infrastructure debt and the largest arranger of external commercial borrowings in the country. ICICI Bank is India’s second-largest bank with total assets of Rs. 4,736.47 billion at March 31, 2012 and profit after tax Rs. 64.65 billion for the year ended March 31, 2012. The Bank has a network of 2,791 branches and 10,021 ATMs in India, and has a presence in 19 countries, including India. SBI earns a slow and steady profit till 1999-00, but in the year 2000 the profit goes down which gives negative rate in percentage(-21.84) because of change in the accounting pattern regarding income recognition and assets classification and recover its declined profit in next year 2001-02. With increase profit to Rs 2432 crore from Rs 1604 crore which resulted 51.67 percent profit as holding command over changed pattern of accounting policies and it was 19.59 percent in 2010. ICICI bank stood with the profit Rs 172 crore in 2000-01 with 63.83 percent profit over 1999-00 and continued its trend up to 2010-11 at Rs 5151 crore with 27.97 percent of growth over last year. The Credit-Deposit Ratio in the year 2002-03 of ICICI bank is 109.85 in the same year it was 45.66 of SBI. In the year 2000-01, ICICI Bank
was 48.15 and SBI it was 36.18. While in the year 2011-12 is 83.12 of SBI and 99.30 of ICICI Bank which is a part of management efficiency. The SBI has been showing outstanding performance in the area of deposit mobilization. The deposit of the SBI was Rs 226 crore at the end of its year of inception 1955. It crossed the Rs 100000 crore marks in the year 1997. From 1997 onwards, within a period of four years; deposit crossed Rs 2 lakhs crore with a high growth rate. The deposit of the ICICI Bank was Rs 9,866.02 crore at the end of its year of 2000 after the 5 years of infancy. It crossed the Rs 100000 crore marks in the year 2006. From 2006 onwards, within a period of one year; deposit crossed Rs 2 lakhs crore with a high growth rate. In the end of March 2003 the deposit of ICICI Bank were Rs 48,169.31 crore. By the end of March 2011 the deposits of ICICI Bank were Rs 225,602.11 crore and recently in March 2012 are Rs 255,499.96 crore. In the post reform era ICICI Bank has mobilized deposits rapidly through new product innovations and introducing e-commerce, Internet banking, ATMs etc. If loans of bank are not channeled in the proper directions, they will not only adversely affect the economic activities in the country but would also endanger the safety of deposit and existence of the banks themselves. SBI is the biggest commercial bank in India. It recorded a tremendous growth in its advance since its inception. It advance were just Rs 106 crore in December 1955, which reached a level of Rs 867,579 Crore the year ending March 2012 recording a growth of 8184 times in a period of 57 years. It advances account for holding good percent of all schedule commercial banks advances in the country. As both the banks plays a tremendous position in their respective sectors, there is a need to take a comparative view of the banking sector in terms of SBI and ICICI Bank. Hence, the researcher has attempted this study entitled "A Comparative Financial Performance Evaluation of ICICI Bank and SBI".

The researcher has carried out the present study with the objective of (1) To find out some glaring reasons of lower efficiency in SBI and ICICI banks and suggest ways and means to improve the efficiency of these banks. (2) To make comparative analysis of the financial performance of SBI and ICICI Bank. (3) To
suggest future prospect for these two banks. (4) To analyze the business model of State Bank of India. (5) To analyze the business model of ICICI bank. (6) To analyze the financial performance of State Bank of India. (7) To analyses the financial performance of ICICI bank. (8) To compare State Bank of India and ICICI Bank on the basis of their business model and financial performance (9) To evaluating the performance of these two banks, various statistical tools have been used with the help of statistical package SPSS. The statistical tools been used as per the nature of the data and kind of hypothesis. measures of portfolio evaluation. For taking a decision regarding the performance of each bank, the evaluation plays a greater role. The significance of each parameter given is to judge the performance of each bank. It is hoped that the significance of each parameter provided for the banks in this research will explains financial performance evaluation of the these two banks.

6.3 Findings of the Study

After a comprehensive study of SBI and ICICI Bank with the help of data obtained from the respective websites, articles, annual reports, projects related to the performance of SBI and ICICI Bank and results obtained by using various statistical tools, the followings are the findings of research work undertaken:

6.3.1 The study analysis that average of total assets of SBI is higher than that of ICICI bank. It shows that analysis regarding total assets of SBI and ICICI Bank revealed significant difference between the SBI and ICICI Bank. As in the beginning, the ICICI Bank got tremendous response as they were new but with the reputation of managing the fund in better way. The total assets under management increased significantly and returns offered by them were significantly different.

6.3.2 Return on Assets of both the banks was same, as study reveals no statistically significant difference in Return on Assets ratio of SBI and ICICI Bank. It shows that both the banks are much efficient in utilizing their funds.
6.3.3 The study reveals that there is statistically significant difference in C-D Ratio. C-D Ratio one of the parameter to assess the performance of a bank. It shows that management efficiency of ICICI Bank is better than that of SBI. The difference if any exist may attributable to the quality of the management of the banks.

6.3.4 Investment pattern of both the banks were same, as study reveals no statistically significant difference in investment-deposit ratio of SBI and ICICI Bank. It shows that both the banks are much efficient in utilizing their funds.

6.3.5 It is observe under the study that there is no significant difference between two banks in terms of spread ratio. This shows the sound profitability of both the banks.

6.3.6 The analysis regarding Net Interest Margin of SBI and ICICI Bank reveals that there is no significant difference between the SBI and ICICI Bank in respect of profit Net Interest Margin.

6.3.7 The analysis regarding Operating Income Margin of Public SBI and ICICI Bank reveals no significant difference between the SBI and ICICI Bank in respect of Operating Income Margin.

6.3.8 The analysis regarding Spread Ratio of SBI and ICICI Bank reveals no significant difference between the SBI and ICICI Bank.

6.3.9 Non-interest margin ratio of SBI and ICICI Bank has significant difference. As both the banks have different pattern of utilizing their fund other than interest.

6.3.10 Analysis reveals that study could not find out any evidences to suggest statistically significant difference between the cash deposit ratio of SBI and ICICI Bank. Therefore, there is significance difference between SBI and ICICI Bank in terms of cash deposit ratio.
6.3.11 The analysis regarding investment to total assets of SBI and ICICI Bank reveals no significant difference between the SBI and ICICI Bank in respect of investment to total assets.

6.3.12 The study could not find out any evidences to suggest statistically significant difference between the categories of advances to total assets ratio of two banks. However, significant difference is found for the advances to total assets.

6.3.13 However, the analysis regarding Debt to total assets of SBI and ICICI Bank revealed no significant difference between the SBI and ICICI Bank.

6.3.14 Again same, it is reveals under the study that there is no statistically significant difference in the debt service ratio, hence, both the banks have same pattern and processor for facing debt service expenditure.

6.3.15 The study found Management of Non Performing Assets reveals no statistically significant difference in Non Performing Assets of SBI and ICICI Bank.

6.4 Recommendations:

After analyzing the results, for the better future of the Indian banking Industry the following recommendations are given by the researcher:

It is absolutely necessary to harness the savings of the nation especially from rural, urban and semi-urban areas into financial assets and the banking should certainly become one such asset that can attract these savings through a wide spread and efficient network of operations.

Banks should build base in the existing economy as well as the public so far. Banks proved as an ideal investment vehicle for retail investors by way of assuring better returns in relation to the no risk involved and by way of better customer services.
Banks financial performance ensures contribution of banks in an economy, minimizing of risk and optimizing of return. Various recommendation based on study as:

1. It is seen that the Return on Assets of both the banks were same with no significance difference, whereas mean of SBI is higher than that of ICICI Bank. It is recommended to ICICI Bank to improve its return on assets by employing their funds in more effectively and efficiently manner.

2. In this competitive world, the efficiency of banks is evaluated through credit deposit ratio. ICICI Bank have higher ratio than that of SBI which means deposits of ICICI Bank is higher than of SBI it means that ICICI Bank deposits were deployed effectively and efficiently, hence SBI is suggested to utilize their deposits in progressive way as to increase this ratio.

3. In a bank, every amount received as deposit invested properly, that prospects banks. Investment –deposit ratio of SBI is higher than ICICI Bank. Hence, it suggested ICICI Bank to give emphasis for improving this ratio.

4. The main source of every commercial bank is interest and similarly main expense is interest paid on deposit and the difference between two utilized for other prospective purpose. SBI shows higher ratio than that ICICI Bank. SBI advice to give more concentration on investment decision to attain more funds for prosperous.

5. SBI have higher ratios regarding spread ratio, non-interest margin to total assets than that of ICICI Bank. It clear view of grey areas of ICICI Bank, which needs proper consideration and attention.

6. Liquidity position of both the banks shown through various ratio. Among investment to total assets, debt to total assets, debt service ratio of SBI were higher than that of ICICI Bank. ICICI Bank advised to work on these parameters.
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7 NPA is a virus affecting banking sector. It affects liquidity and profitability, in addition posing threat on quality of asset and survival of banks. Clarified on implications of NPA accounts that Banks cannot credit income to their profit and loss account to the debit of loan account unless recovery thereof takes place. Interest or other charges already debited but not recovered have provided for and provision on the amount of gross also made. SBI has higher NPA over ICICI Bank and SBI already emphasized the straddling impact of NPA and stressed its impact on loan growth it is advised to investment in risk free investment, which is directly affects the flow of funds for productive purpose.

6.4.1 General recommendation for both the banks

- Both the banks needed to develop their understanding about the customer perceptions and expectations of the service quality. In today’s dynamic environment and cutthroat competition, the banks cannot survive unless they know their customer needs and requirements clearly.
- The banks should equip themselves with modern infrastructure and should create a pleasant atmosphere in their branches. This will make the customer feel important, relaxed and will enhance their trust in the organization.
- Both the banks should work towards the objective of being perceived as empathetic service organizations. An average score for empathy for both the banks suggest that the banks need to understand and develop the characteristic of empathy in their customer contact staff.
- Employees of both the banks should understand the specific needs of the customers and give personal attention to different customers.
- SBI and ICICI Bank should conduct research to understand why the perception of the employee and service quality of the two organizations differs.
- Both the banks should improve up on their retention strategies as the results suggest a very poor rating of perceived retention efforts by the organization.
• Top management should communicate any change in policy and practice down to the lowest level in the organization as implementation of any will not be possible without the cooperation from the front line employees.

• It is important for both the banks to develop effective communication between different elements of the organization. Not only has the top down communication but also bottom up communication needed to be revisited and redesigned by both the organizations.

6.4.2 General recommendation for SBI

• State Bank of India should work more on making its services more reliable. It is very important for any service organization, particularly for a bank, to be seen as a reliable service provider.

• SBI should take steps to ensure that the employees deliver the services at promised time, as time is very important factor in the purchase of services. In fact time

• SBI should work on its complaint handling process so that complaints were handled efficiently and effectively. Service failures are inevitable and this needs to be understood and managed by the bank to ensure greater customer satisfaction. Service failures should be backed by strong recovery techniques to offset the negative impact of the failures.

• The bank needs to assess the effectiveness of its training programs as the result shows that the managerial and non-managerial staff rank the training programs differently. While the managerial staff perceives the trainings to be highly effective, the non-managerial staff seemed to be less convenience about this fact. Therefore, a comprehensive training programme needs to be designed taking the inputs from both the managerial and non-managerial staff.
6.4.3 General recommendation for ICICI Bank

- ICICI Bank should upgrade work at designing the counters in such a manner that the customer can easily follow the sequence of activities required in the service delivery process. This will not only save the time and effort of customers but also of the employee.

- The processing of customer requests should be made very quick to increase the perceived responsiveness of the bank by the customers.

- The employees of ICICI Bank should be prompt and properly skilled in responding to customer questions and should be always willing to help customers. Responsiveness is an important determinant of customer satisfaction and any service organization cannot afford an average score by the customers for this dimension.

6.4 Scope for further Research

In this study, ICICI Bank and SBI were evaluated in financial terms. This study based on four parameter as bank size, profitability, and NPA, taking some ratios to analyses.

In this study, only four parameters were analysis to evaluate the financial performance of ICICI bank and SBI. The other parameter like short-term solvency, long-term solvency, turnover etc can be taken for future research using suitable sampling techniques.