Chapter-IV

Working profile of select banks
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WORKING PROFILE OF SELECT BANKS

4.1. Introduction

This chapter discusses about the Indian banking industry and working profile of select banks to highlight about Indian banking today witnessing drastic changes. The liberalization of the financial sector and banking sector reforms have exposed the Indian banks to a new economic environment that is characterized by increased competition and new regulatory requirements. As a result, there is a transformation in every sphere of activities of the banks in India, especially in Governance, nature of business, style of functioning and delivery mechanisms. The new generation banks brought the necessary competition into the industry and spearheaded changes towards higher utilization of technology, improved customer service and innovative products. In spite of their strong and larger network, commercial banks proved to be surprisingly quick and flexible to meet the emerging needs of customers. Change is the order of the day.

4.2. Indian banking industry

Banking in India originated in the last decades of the 18th century. The first banks were The General Bank of India, which, started in 1786, and Bank of Hindustan, which was started in 1790; both are now defunct. The oldest bank in existence in India is the State Bank of India, which originated in the Bank of Calcutta in June 1806, which almost immediately became the Bank of Bengal. This was one of the three presidency banks, the other two being the Bank of Bombay and the Bank of Madras, all three of which were established under charters from the British East India Company. For many years the Presidency banks acted as quasi-central banks, as did their successors. The three banks merged in 1921 to form the Imperial Bank of India, which, upon India's independence, became the State Bank of India.

4.3. History of banking in India

Indian merchants in Calcutta established the Union Bank in 1839, but it failed in 1848 as a consequence of the economic crisis of 1848-49. The Allahabad Bank, established in 1865 and still functioning today, is the oldest Joint Stock bank in India. (Joint Stock Bank: A company that issues stock and requires shareholders to be held liable for the company's debt) Through it was not the first though. That honor belongs to the Bank of Upper India, which was established in 1863, and
which survived until 1913, when it failed, with some of its assets and liabilities being transferred to
the Alliance Bank of Simla.

When the American Civil War stopped the supply of cotton to Lancashire from the
Confederated States, promoters opened banks to finance trading in Indian cotton. With large
exposure to speculative ventures, most of the banks opened in India during that period failed. The
depositors lost money and lost interest in keeping deposits with banks. Subsequently, banking in
India remained the exclusive domain of Europeans for next several decades until the beginning of
the 20th century.

Foreign banks too started to arrive, particularly in Calcutta, in the 1860s. The Comptoire
d'Escompte de Paris opened a branch in Calcutta in 1860, and another in Bombay in 1862; branches
in Madras and Puducherry, then a French colony, followed. HSBC established itself in Bengal in
1869. Calcutta was the most active trading port in India, mainly due to the trade of the British
Empire, and so became a banking center.

The first entirely Indian joint stock bank was the Oudh Commercial Bank, established in
1881 in Faizabad. It failed in 1958. The next was the Punjab National Bank, established in Lahore
in 1895, which has survived to the present and is now one of the largest banks in India.

Around the turn of the 20th Century, the Indian economy was passing through a relative
period of stability. Around five decades had elapsed since the Indian Mutiny, and the social,
industrial and other infrastructure had improved. Indians had established small banks, most of
which served particular ethnic and religious communities.

The presidency banks dominated banking in India but there were also some exchange banks
and a number of Indian joint stock banks. All these banks operated in different segments of the
economy. The exchange banks, mostly owned by Europeans, concentrated on financing foreign
trade. Indian joint stock banks were generally undercapitalized and lacked the experience and
maturity to compete with the presidency and exchange banks. This segmentation let Lord Curzon to
observe, "In respect of banking it seems we are behind the times. We are like some old fashioned
sailing ship, divided by solid wooden bulkheads into separate and cumbersome compartments."

The period between 1906 and 1911, saw the establishment of banks inspired by the
Swadeshi movement. The Swadeshi movement inspired local businessmen and political figures to
found banks of and for the Indian community. A number of banks established then have survived to
the present such as Bank of India, Corporation Bank, Indian Bank, Bank of Baroda, Canara Bank and Central Bank of India.

The fervour of Swadeshi movement lead to establishing of many private banks in Dakshina Kannada and Udupi district which were unified earlier and known by the name South Canara (South Kanara) district. Four nationalised banks started in this district and also a leading private sector bank. Hence undivided Dakshina Kannada district is known as "Cradle of Indian Banking".

During the First World War (1914-1918) through the end of the Second World War (1939-1945), and two years thereafter until the independence of India were challenging for Indian banking. The years of the First World War were turbulent, and it took its toll with banks simply collapsing despite the Indian economy gaining indirect boost due to war-related economic activities.

4.3.1 Post-Independence era of banking evolution

The partition of India in 1947 adversely impacted the economies of Punjab and West Bengal, paralyzing banking activities for months. India's independence marked the end of a regime of the Laissez-faire for the Indian banking. The Government of India initiated measures to play an active role in the economic life of the nation, and the Industrial Policy Resolution adopted by the government in 1948 envisaged a mixed economy. This resulted into greater involvement of the state in different segments of the economy including banking and finance. The major steps to regulate banking included:

> The Reserve Bank of India's central banking authority, was nationalized on January 1, 1949 under the terms of the Reserve Bank of India (Transfer to Public Ownership) Act, 1948 (RBI, 2005b).[Reference www.rbi.org.in]
> In 1949, the Banking Regulation Act was enacted which empowered the Reserve Bank of India (RBI) "to regulate, control, and inspect the banks in India."
> The Banking Regulation Act also provided that no new bank or branch of an existing bank could be opened without a license from the RBI, and no two banks could have common directors.
4.3.2 Nationalization era of banking evolution

Despite the provisions, control and regulations of Reserve Bank of India, banks in India except the State Bank of India or SBI, continued to be owned and operated by private persons. By the 1960s, the Indian banking industry had become an important tool to facilitate the development of the Indian economy. At the same time, it had emerged as a large employer, and a debate had ensued about the nationalization of the banking industry. Indira Gandhi, then Prime Minister of India, expressed the intention of the Government of India in the annual conference of the All India Congress Meeting in a paper entitled "Stray thoughts on Bank Nationalisation." The meeting received the paper with enthusiasm.

Thereafter, her move was swift and sudden. The Government of India issued an ordinance and nationalised the 14 largest commercial banks with effect from the midnight of July 19, 1969. Jayaprakash Narayan, a national leader of India, described the step as a "masterstroke of political sagacity." Within two weeks of the issue of the ordinance, the Parliament passed the Banking Companies (Acquisition and Transfer of Undertaking) Bill, and it received the presidential approval on 9 August 1969.

A second dose of nationalization of 6 more commercial banks followed in 1980. The stated reason for the nationalization was to give the government more control of credit delivery. With the second dose of nationalization, the Government of India controlled around 91 per cent of the banking business of India. Later on, in the year 1993, the government merged New Bank of India with Punjab National Bank. It was the only merger between nationalized banks and resulted in the reduction of the number of nationalized banks from 20 to 19. After this, until the 1990s, the nationalized banks grew at a pace of around 4 per cent, closer to the average growth rate of the Indian economy.

4.3.3 Liberalization era of banking evolution

In the early 1990s, the then Narasimha Rao government embarked on a policy of liberalization, licensing a small number of private banks. These came to be known as New Generation tech-savvy banks, and included Global Trust Bank (the first of such new generation banks to be set up), which later amalgamated with Oriental Bank of Commerce, Axis Bank(earlier as UTI Bank), ICICI Bank and HDFC Bank. This move, along with the rapid growth in the economy of India, revitalized the banking sector in India, which has seen
rapid growth with strong contribution from all the three sectors of banks, namely, government banks, private banks and foreign banks.

The next stage for the Indian banking has been set up with the proposed relaxation in the norms for Foreign Direct Investment, where all Foreign Investors in banks may be given voting rights which could exceed the present cap of 10 Per cent, at present it has gone up to 74% with some restrictions.

The new policy shook the Banking sector in India completely. Bankers, till this time, were used to the 4-6-4 method (Borrow at 4%; Lend at 6 Per cent Go home at 4) of functioning. The new wave ushered in a modem outlook and tech-savvy methods of working for traditional banks. All this led to the retail boom in India. People not just demanded more from their banks but also received more.

In present days, banking in India is generally fairly mature in terms of supply, product range and reach—even though reach in rural India still remains a challenge for the private sector and foreign banks. In terms of quality of assets and capital adequacy, Indian banks are considered to have clean, strong and transparent balance sheets relative to other banks in comparable economies in its region. The Reserve Bank of India is an autonomous body, with minimal pressure from the government. The stated policy of the Bank on the Indian Rupee is to manage volatility but without any fixed exchange rate—and this has mostly been true.

With the growth in the Indian economy expected to be strong for quite some time—especially in its services sector—the demand for banking services, especially retail banking, mortgages and investment services are expected to be strong. One may also expect mergers and acquisitions, takeovers, and asset sales.

4.3.4 Global Challenges in Banking Industry

The banking sector is undergoing a rapid transformation, with more and more global banks setting up offices in India or expanding their operations to cash in on India’s growth story. The global aspirations of Indian banks are also rising with increasing globalization of Indian corporate. The first and foremost reason is the booming Indian economy. With a persistent challenge of maintaining a double-digit growth figure the banking backbone needs to be strong enough and this is making the banking sector an interesting playground even for the private sector too. Banks are today facing a tough challenge being associated with the
management of human resources. The fact that the way an organization should manage its manpower should be in tandem with their organization strategy is equally obvious and universal. However, the obviousness of this fact is in no way certainly attainable in a dynamic and turbulent industry like banking.

Today banks are becoming increasingly inclined towards their technology upgradation. Information Technology solutions are mushrooming in number in order to support the banking operation, especially the back end. There are Enterprise Resource Planning (ERP) solutions, web-based and web-enabled solutions and there are highly efficient dashboard systems in order to monitor the effectiveness of each and every process that is being carried on in the banks.

4.3.5 Nature of Change in the Banking Industry

The changes in the political, economical, social, cultural and environmental perspective can be seen in business environment too. Above all, the business scenario is highly influenced by the changes in the needs and aspirations of the people. The human factors such as, the mindset of the people, ethics and values, social system, lifestyle, work culture etc. are greatly induce the different sections of the people for changing their day-to-day requirements. But today, the degree of such changes is so fast and more frequently experienced by them. Therefore, the consumer status is changed from; isolated to connected, unaware to well-informed, passive to active.

Consumers now seek to exercise their influence in every walk of the business system, interact with firms and co-create value. As the outreach is enlarged in the industry with the increased number of banks and wider network, the customer demands convenience, comfort, speed, cost-effective and quality services in the banking operations. In the recent years the Indian banking industry saw a host of new faces called new generation banks entering with their innovative strategies. All these bankers are generally slim in structure but heavily using the technology and multi-channel facilities to reach out to a large section of the customers.
(Source: http://en.wikipedia.org/wiki/Bankim in India)
4.4. Company Profile- State Bank of India (SBI)

State Bank of India (SBI) is the leading commercial bank in India, offering services such as retail banking, commercial banking, international banking and treasury operations. The bank is an integral part of State Bank Group, which includes seven other banks and offers additional services such as mutual funds and insurance. The bank primarily operates in India. It is headquartered in Mumbai, India and employs about 200,299 people.

The company recorded revenues of INR386,395.9 million (approximately $8,585.7 million) in the financial year ended March 2010 (FY2010), an increase of 15.1% over FY2009. Operating profit was INR183,209.1 million (approximately $4,070.9 million) in FY2010, an increase of 2.3% over FY2009. Its net profit was INR91,660.5 million (approximately $2,036.7 million) in FY2010, an increase of 0.5% over FY2009.

4.4.1. Business Description of State Bank of India (SBI)

State Bank of India (SBI) is the largest commercial bank in India, offering services such as traditional banking, trading services, international banking and treasury operations. The company is the main banking arm of State Bank Group, which includes seven other banks and offers additional services such as mutual funds, gilts and insurance. The Reserve Bank of India (central bank of India) holds more than half of SBI's equity capital.

The company primarily operates through three business units, retail banking, wholesale banking, and treasury. The retail banking comprises the bank's national banking group (NBG), which consists of business groups, personal banking, small and medium enterprise (SME), government banking. Through the personal banking division, SBI offers savings deposits, current deposits, term deposits, recurring deposits, home loans, auto loans and education loans. SME unit serves the financial needs of small and medium enterprises across the country. Government banking unit introduced schemes such as electronic accounting system in excise and service tax (EASIEST) for indirect taxes, E payment of central excise, service tax, customs duty, rail freight and centralized pension processing centres were established to serve the needs of various public offices.

The bank's wholesale banking group consists of strategic business units, corporate accounts group (CAG), project finance and leasing SBU, stressed assets management group and mid corporate group. CAG offers commercial and institutional non food credit, cash management facilities and other services such as auto sweep facility, customized MIS and
reconciliation support, automated bulk NEFT, ECS and RTGS payments with reconciliation support etc.

Project finance and leasing SBU focuses on funding core projects like power, telecom, roads, ports, airports, SEZ and others. It also handles non-infrastructure projects with certain ceilings on minimum project costs. Stressed assets management group (SAMG) was initially set up to take over all non performing assets (NPAs) to resolve NPAs. Hundred stressed assets resolution centres (SARCs) have been opened across the country without standings up to INR 1 crore in small and medium(SME) and personal segments.

The mid corporate group (MCG) has been serving the needs of mid corporate units through relationship management and quicker credit processing. 695 new mid corporate clients were added to the MCG during the year 2007. Substantial business in the form of initial public offerings, private equity, debt syndication, foreign currency loans, overseas acquisitions, external commercial borrowings has been arranged for MCG clients through SBICAPS and foreign offices. A separate department, precious metals department, has been created at the bank’s corporate centre for the purpose of boosting the gold banking business. The bank launched retail sale of gold coins which are now available at 250 branches across the country.

Treasury segment is a part of global markets. In keeping with its integrated approach to all treasury activities in various markets in different time zones i.e., forex, interest rates, bullion, equity and alternative assets, the bank re-designated its treasury operations into ‘global markets’. The bank diversified its trading activity to equity and mutual fund portfolio to en cash the opportunities available through the buoyant capital markets during the year 2007. International banking has a network of 84 overseas offices spread over 32 countries. The international banking services include corporate lending, loan syndications, merchant banking, handling letters of credit and guarantees, short-term financing, collection of clean and documentary credits and remittances.

The bank caters to non-resident Indians through facilities such as NRI accounts, deposit accounts, India millennium deposits, remittances to India, home loans and miscellaneous. The bank offers a range of services such as SBI foreign travel cards, broking services, ATM services, internet banking, bill payments, gift cheques, safe deposit lockers and foreign inward remittances. The bank has a factoring services arm under the name SBI Factors and Commercial Services and Global Trade Finance. Through its subsidiary, SBI
Capital Markets, it offers merchant banking services throughout the country. SBI offers life insurance association with BNP Paribas through its subsidiary, SBI Life Insurance Company. The company follows a multi-distribution model comprising bank assurance, retail agency and institutional alliances and group corporate channels for distribution of insurance products.

4.4.2. History of State Bank of India-The State Bank of India was established in 1955. Its predecessor, the Imperial Bank of India, was established in 1921, as a result of the amalgamation of the three banks including Bank of Bengal, Bank of Bombay and Bank of Madras. Since 1973, the bank has been involved in a non-profit activity called community services banking. All the branches and administrative offices throughout the country sponsor and participate in a large number of welfare activities and social causes. State Bank of India opened its first offshore banking unit (OBU) in 2003. The bank entered into an agreement with Western Union's Kouni Travels to offer inward remittance facilities in 2005. During 2006, the bank faced huge disruptions in its services on account of a weeklong strike by over 200,000 employees, demanding upward revision of their pension benefits.

Later the same year, the bank announced that it would securitize 25-30 per cent of its loan assets over the next few years as an alternative source of funds. The bank also announced that it would increase its overseas presence and would set up 60 new overseas offices in two years. In 2007, State Bank of India entered a merger agreement with its seven associate banks, such as the State Bank of Bikaner and Jaipur, the State Bank of Indore, the State Bank of Patiala, the State Bank of Saurashtra, the State Bank of Travancore, the State Bank of Mysore and the State Bank of Hyderabad.

In 2008, State Bank of India floated a 100 per cent owned subsidiary, SBI Pension Funds Pvt Ltd, to manage pension funds. Towards the end of 2008, SBI signed an agreement with Insurance Australia Group (IAG) to set up a 74:26 joint venture for general insurance business. SBI also received Reserve Bank of India’s approval for the proposed joint venture company with Societe Generale Securities Services (SGSS), for offering custodial and related services in India. State Bank of India was adjudged the Best Bank of the Year 2008 by London based ‘The Banker’ magazine of Financial Times Group. SBI entered into wealth management and financial planning services to clients who have INR0.5 million or more in their accounts. SBI announced plan to roll out banking services in 50,000 unbanked villages by March 2010. In 2009, the bank announced that got a full banking licence from the regulator, the Dubai Financial Services Authority.
In March 2010, SBI entered the custodial services space with SBI Custodial Services, a joint venture with Societe Generale of France. SBI holds 65% stake in the venture and Societe Generale Securities. Services hold the remaining 35%. In May 2010, SBI announced that it is planning to foray into Latin America. This will be the first time any Indian bank will establish presence in that continent. This will be in addition to the bank’s plans in Africa, where it will convert its licences into banking branches. The bank is also planning to convert its Washington DC office into a running branch. Also in the same month, SBI launched its mobile banking service, ‘State Bank freedom’. In July 2010, the bank opened its first specialized microfinance branch in Mumbai, Maharashtra and Goa circle. Also in the same month, Cabinet approved the merger of State Bank of Indore with SBI. The move is expected to enable SBI cut costs and scale its operations.

4.4.3 Major Products and Services of State Bank of India

**Personal banking:** Deposit schemes and Personal finance Services.

**NRI services:** India millennium deposits, NRI account, NRI home loan, and Remittances to India.

**International banking:** Categorization of branches, Correspondent banking, Exporter gold card, Merchant banking, Project export finance, Trade finance, Treasury and USA patriot act certification

**Agriculture:** Agricultural banking, Micro credit and Regional rural banks.

**Corporate banking:** Open term loan and Project up tech.

**SSI (Small Scale Industries) /SME (small and medium enterprise):**

**Major Products and Services:** Artisan credit card, Auto loan, Small business credit card, SME loans, SME petro credit, SSI loans, Merchant banking and Factoring services

**Treasury:** Asset liability management, Call money market instruments, Commercial papers, Cross currency swaps, Floating rate products, Interest rate risk management, Interest rate swaps, Non-convertible products, Portfolio management and Rupee swaps.

**Services:** Automated Teller Machines (ATM) services, Broking services, E-pay, E-rail, Foreign inward remittance, Foreign travel card, Gift cheques, Internet banking and Safe deposit locker.

90
4.5. Company Profile -Industrial Credit Investment Corporation Bank of India-ICICI

Bank

ICICI Bank (ICICI) is a diversified financial services company that provides a range of banking and financial services to customers, including retail banking, life and general insurance, asset management, securities brokering and private equity. The company operates in India, the UK, Canada and Russia. It is headquartered in Mumbai, India and it employs 41,068 people. The company recorded revenues of INR388,705.9 million ($8,205.6 million) during the financial year ended March 2010 (FY2010), an increase of 3.2% over FY2009. The net profit was INR52,074.7 million ($1,099.3 million) in FY2010, an increase of 26.2% over FY2009.

4.5.1. Business Description of ICICI Bank

ICICI is diversified financial services company that provides a range of banking and financial services to corporate and retail customers through a variety of delivery channels. Apart from banking products and services, it offers life and general insurance, asset management, securities brokering and private equity through specialized subsidiaries. It also offers agricultural and rural banking products. ICICI deliver its products and services through a variety of channels, including bank branches, ATMs, call centers, the internet and mobile phones.

Its international banking operations are primarily focused on persons of Indian origin and Indian businesses. ICICI’s international branches and banking subsidiaries take deposits, raise borrowings and make loans primarily to Indian companies for their overseas operations as well as for their foreign currency requirements in India. They also engage in advisory and syndication activities for fund-raising by Indian companies and their overseas operations. It currently have banking subsidiaries in the UK, Canada and Russia, branches in Singapore, Dubai, Sri Lanka, Hong Kong, Qatar, the US and Bahrain and representative offices in China, the United Arab Emirates, Bangladesh, South Africa, Malaysia, Thailand and Indonesia. ICICI conducts its operations through eight segments: treasury, wholesale banking, life insurance, retail banking, other banking business, general insurance, venture fund management and others.
Treasury includes the entire investment portfolio of the bank, ICICI eco-net internet aid technology fund, ICICI equity fund, ICICI emerging sectors fund, ICICI strategic investments fund and ICICI venture value fund. Additionally, treasury operations include the maintenance and management of regulatory reserves, proprietary trading in equity and fixed income and a range of foreign exchange and derivatives products and services for corporate customers, such as forward contracts and interest rate and currency swaps.

Wholesale banking includes all advances to trusts, partnership firms, companies and statutory bodies which are not included under the retail banking. Life insurance is provided through subsidiary, ICICI Prudential Life Insurance Company. Life insurance business primarily comprises unit-linked life insurance and pension products. ICICI Prudential Life Insurance Company was the largest private sector life insurance company in India during FY2010, with a market share of 9.3 per cent in new business written (on a retail weighted received premium basis).

Retail banking comprises the retail liabilities, retail assets and small enterprises businesses. Consumer banking provides deposit and loan products to retail customers, credit cards, private banking, distribution of third party investment products and other fee-based products and services, as well as issuance of unsecured redeemable bonds. ICICI offers different types of loans including home loans, automobile loans, commercial business loans (including primarily commercial vehicle loans), and personal loans, loans against time c cposits and loans against securities to its retail customers.

ICICI had a network of 2,501 branches and 5,665 ATMs in India (August 2010). The other banking business includes hire purchase and leasing operations, and other items not attributable to any particular business segment. Further it also includes the bank's banking subsidiaries i.e. ICICI Bank UK PLC, ICICI Bank Canada, and ICICI Bank Eurasia LLC. (general insurance is provided through ICICI Lombard General Insurance Company range of non-life insurance products, including health, overseas travel, and student medical, motor, and home insurance. ICICI Lombard General Insurance Company was the largest private sector general insurance company in India during FY2010, with a market share of 9.5 per cent in gross written premium. The venture fund management segment represents results of ICICI Venture Funds Management Company Limited (ICICI Venture). ICICI Venture is one of the largest private equity firms in India with funds under management to the tune of $2 billion.

ICICI Prudential Asset Management Company manages the ICICI Prudential Mutual Fund, which was among the top three mutual funds in India in terms of average funds under management in March 2010, with a market share of 10.8 per cent. ICICI Securities Limited and ICICI Securities Primary Dealership Limited, are engaged in equity underwriting and brokerage and primary dealership in government securities respectively. ICICI Securities owns icicidirect.com, a leading online brokerage platform. ICICI Securities Limited has a subsidiary in the US, ICICI Securities Holdings Inc. which intum has an operating subsidiary in the US, ICICI Securities Inc., engaged in brokerage services.

4.5.2. History of ICICI Bank

The Industrial Credit and Investment Corporation of India Limited (ICICI) was established, at the initiative of the World Bank, the government of India and representatives of Indian industry in 1955. The principal objective was to create a development financial institution for providing medium-term and long-term project financing to Indian businesses. In 1994, ICIC set up ICICI Bank and transformed its business from a development financial institution offering project finance to a diversified financial services company with a wide range of products and services, both directly and through a number of subsidiaries and affiliates.

In 1977, ICICI sponsored the formation of Housing Development Finance Corporation (HDFC) and managed its first equity public issue. ICICI became the first borrower to raise capital through European currency units in 1982 and in the same year, started leasing business. Four years later, ICICI, along with UTI started Credit Rating Information Services of India Limited (CRISIL), India's first professional credit rating
agency, promoted Shipping Credit and Investment Company of India Limited and became the first Indian institution to receive Asian Development Bank (ADB) loans.

In 1988, ICICI promoted India's first venture capital company, TDICI. ICICI Securities and Finance Company Limited established as a joint venture with J. P. Morgan and started Asset Management Company in 1993. The following year, ICICI bank was established and The Industrial Credit and Investment Corporation of India Ltd was changed to ICICI Ltd in 1997. In 1999, ICICI became the first Indian company and the first bank or financial institution from non-Japan Asia to be listed on the NYSE. Bank of Madura was merged with ICICI in 2000.

The Board of Directors of ICICI Bank approved the merger of ICICI with ICICI Bank in 2001, to become India's second largest bank in terms of assets. In 2003, ICICI expanded internationally by setting up its first ever offshore branch in Singapore, started representative office in Dubai and China and established subsidiaries in Canada and the UK.

In early 2004, ICICIBank.com, the online banking channel of ICICI Bank, became the first online air booking service in India. Teaming up with India mobile, ICICI launched mobile banking in India in mid-2004. Later in the year, offshore banking unit was opened in Bahrain. The company launched a new remittance service in 2005 in partnership with the US bank Wells Fargo. Following that Lloyds TSB inaugurated an Indian banking service with ICICI.

The company acquired Investitsionno-Kreditny Bank (IKB), a Russian bank in 2005. The board of directors of the company approved the raising of additional equity capital of around INR70 billion (approximately $1.6 billion) through a public issue of shares in India and an issue of American Depositary Shares (ADSs) in the US. In late 2005, ICICI Bank UK (a subsidiary of ICICI Bank) opened a branch in the London suburb of Wembley taking its total number of branches in the UK to five.

Following this, the bank received license to set up a wealth management branch in the Dubai International Financial Centre. In 2006, the company opened its first branch in Sri Lanka, establishing a branch presence for the first time outside India in the SAARC region. In the same year, the company and Munich-based Bayern signed a cooperation agreement across areas including treasury, capital markets, syndicated loans, trade finance and cash management services. During 2006, ICICI expanded by opening a branch in Russia, entered
mainland Europe by opening a branch in Antwerp, Belgium. ICICI opened up representative offices in Thailand, Indonesia and Malaysia in late 2006.

ICICI signed cooperation agreement with BMW India for offering finance through BMW Financial Services and Raiffeisenlandes bank Oberosterreich for intensifying cooperation between India and Austria in financial sector in 2007. It also entered into an agreement with Sarovar Hotels, to launch the ICICI Bank Sarovar Hotels co-branded credit card.

The Reserve Bank of India approved the amalgamation of Sangli Bank with ICICI Bank in 2007. In the same year, ICICI Bank received a license to set up a branch in the Qatar Financial Centre, Doha, Qatar. In 2008, ICICI bank launched iMobile, a mobile banking platform, where practically all internet banking transactions can now be done on mobile phones. The application covers savings bank, demat, credit card and loan accounts and customers can also pay their utility bills and insurance premium through this facility.

The bank entered the US market by opening a branch in New York in 2008 to channel investment activities of Indian companies in the US and vice versa of US companies in India. During the same year, ICICI bank launched 'b2- Branch- free Banking', to offer seamless information through a single interface to facilitate banking transactions, over the internet.

ICICI in association with Dish tv launched interactive banking service, 'ICICIACTIVE' to enable Dish tv viewers to access information on ICICI products and services in 2008. During the same time, ICICI bank appointed K.V. Kamath as non executive chairman and Chanda Kochhar as managing director and chief executive officer, effective from May 2009. In January 2009, ICICI tied with BSNL Cell One to facilitate bill payment for the users through ICICIBank.com across all the 27 circles of BSNL, which will allow further ease and convenience to the customers.

ICICI Bank was awarded best transaction bank, best trade finance bank, best cash management bank and best domestic custodian in India for the third consecutive time under The Asset Triple A country awards for 2009 in March 2009. During the same month, The Export-Import Bank of China (China Exim) and ICICI Bank Limited acting through its Hong Kong Branch (ICICI Bank) signed a loan agreement for $98 million under the Two-step Buyer Credit (Export Credit) arrangement. This agreement will enable ICICI to provide suitable financing facilities to Indian corporate importing capital goods from China.
In May 2009, ICICI announced an association with mChek, India’s leading mobile payment solutions provider, to facilitate mChek services to all ICICI Debit and Credit Card customers. These are electronic cards issued to the customers with mChek application on their mobile phone. The bank’s customer can use the mChek Visa Credit/Debit card to perform variety of transactions such as bill payments (postpaid, other utilities), prepaid recharge, money transfers, pay insurance premiums, buy air tickets, movie tickets or perform any other merchant transactions using their ICICI debit card or credit card account. The card data is stored in an encrypted format in the phone for a safe transaction. In November 2009, ICICI, acting through its Bahrain branch priced a 5.33 year fixed rate note of $750 million. The 5.33 year fixed rate notes carry a coupon of 5.5%, which translates to 292.6 bps spread over equivalent LIBOR.

In May 2010, ICICI opened its 2000th branch at Veera Desai Road, Mumbai (India). ICICI is the first private sector bank to reach this milestone, giving the bank a wide distribution reach in the country. The Bank of Rajasthan, a listed Indian private sector bank, merged with ICICI, in August 2010. In FY2010, the Bank of Rajasthan had 463 branches and 127 ATMs. It had total assets of INR173.0 billion ($3.6 billion), total deposits of INR150.6 billion ($3.2 billion) and total advances of INR83.3 billion ($1.8 billion). The Bank of Rajasthan was also a sponsoring entity of a regional rural bank called the Mewar Anchalik Gramin Bank, with a holding of 35 per cent. In September 2010, ICICI launched its first retail branch in Singapore, after getting ‘full banking license with qualified full banking privileges’ from the Monetary Authority of Singapore (MAS), in April 2010. In December 2010, ICICI Securities announced the launch of the National Pension System (NFS) facility on its online broking site, ICICIdirect.com for its customers. Through ICICIdirect.com, customers can subscribe to NFS, select a fund manager, view and access registration details, and place contributions.

4.5.3. Major Products and Services of ICICI Bank

ICICI is India's largest private sector bank and the second largest bank in the country. The Company’s key products and services include the following:

**Banking:** Personal banking, Global private clients, corporate banking, Business banking and NRI banking.
4.6. Company Profile-Hongkong and Shanghai banking corporation- HSBC Bank

4.6.1 Introduction of HSBC Group

The HSBC Group is one of the largest banking organizations in the world. With a network of approximately 10,000 offices in 90 countries in Europe, Asia, the Americas, the Middle East and Africa, it positions itself as ‘the world’s local bank’. Its regional businesses give customers locally tailored products and services wherever they are in the world. HSBC is listed on the London, Hong Kong, New York, Paris and Bermuda stock exchanges, and has almost 200,000 shareholders in 100 countries and territories. Through an international network linked by advanced technology, HSBC provides a comprehensive range of financial services; commercial banking; corporate, investments and markets private banking and other activities.

4.6.2 The Group History

The Hong Kong and Shanghai Banking Corporation opened in 1865 to finance the growing trade between China and the West. Throughout the late 19th and early 20th centuries the Bank established a network across China, Southeast Asia, the Indian subcontinent, Japan, Europe and North America. Trade Finance was a key business, along with bullion, exchange, merchant banking and the issuing of banknotes.

HSBC grew rapidly from 1960-1990, with subsidiaries in the Middle East, UK, Canada, US, Germany, Egypt and Australia. Throughout the 1990’s, HSBC acquired banks in Brazil, Argentina, Malta and Luxembourg, and began trading on the NYSE.

During 2001-2003 acquisitions were done in Greece, Spain, Brunei, Taiwan, Turkey, France and Mexico. At the end of 2003, HSBC acquired the US firm Household International Inc for a consideration of US$ 14.2 billion. In 2004, HSBC acquired a 19.9% stake in China’s Bank of Communications for US$ 1.75billion, representing the largest foreign bank equity investment in a mainland China bank.
4.6.3 HSBC Bank in India

The Group’s links with India dates back to 1853 when The Mercantile Bank (subsequently acquired by HSBC) opened its first branch. In 1867, the Group opened its first bank staffed agency in Kolkata. In India, the Commercial Banking has a presence in 50 branches covering numerous key cities.

4.6.4 Products and Services of HSBC

Priority Payments, Smart Cheques, Investment Management, Personal banking, Global wealth management, corporate banking, Business banking and NRI banking and Life insurance, Investment banking, Internet banking, mobile banking, Home Loans and other loan products, private equities, Mortgages and Credit cards.