Conclusion and Recommendations

1.1 Conclusion

At present, universal banking system has become the boon to the banking sector. The banking scenario has changed drastically. The changes which have taken place in the last ten years are more than the changes took place in last fifty years because of the institutionalization, liberalization, globalization and automation in the banking industry.

Universal banking system is a banking system in which banks provide a wide variety of financial services, including both commercial and investment services. For the purpose of the study we have selected two banks i.e. State Bank of India (Public sector) and ICICI Bank (Private Sector). The objectives of the study are to identify the various factors which affect universal banking in India, to check the relationship of universalisation on efficiency and profitability of State Bank of India, to check the relationship of universalisation on efficiency and profitability of ICICI Bank and to compare the efficiency and profitability between State Bank of India and ICICI Bank. Data have been collected from secondary sources and this data have been collected from Annual Reports of the State Bank of India and ICICI Bank. For the purpose of the study we have applied one sample independent t-test to check the significance difference between two means, Correlation to check the relationship between two means and regression analysis to check the impact of one variable on another. We have also used bar diagrams and tables to interpret the financial data. From the extensive review of literature we found factors of universal banking i.e. diversified range of financial product
retail deposit, asset management fund, financial services & insurance, investment banking, trading, brokerage and portfolio management activities. From the regression analysis study revealed that there is effect of Net Profit Margin, Return on Long Term Funds, Return on Net Worth and Return on Assets on EPS of State Bank of India and ICICI bank, there is relationship between deposits and investments of State Bank of India and ICICI Bank. f-test results indicated that there is significant difference between Net Profit Margin and Return on Long Term Fund of State Bank of India and ICICI Bank, there is significant difference between Net Profit Margin and Return on Long Term Fund of State Bank of India but there is no significant difference between Net Profit Margin and Return on Long Term Fund of ICICI Bank. Therefore, we can conclude that both banks have universal banking system which is affecting the profitability and efficiency of the banks. Correlation between dividend per share and net operating profit, correlation between total assets and total deposits, correlation between total income and total investment is greater in SBI than ICICI Bank.

1.2 Recommendations

1. This study is a useful contribution towards banking sector for increasing the universal services and profit thereupon.

2. This study can be recommended to different researcher for further research.

3. Present study is a useful contribution to understand the relationship between profitability and efficiency of the banks which are having universal banking services.
4. It will help to other banks to understand the profit earned through providing universal banking.

5. This study can also be recommended to the banks which are using universal banking system in determining and improving the profitability and efficiency.

6. It is also recommended to the Central Govt. of India that it must reduce the NPA so that profitability can be increased by the banks.

7. Increasing percentage of FDI in banking sector is also recommended because in this way technology transfer will take place and banking culture will transform.

8. The idea of one stop shopping will save a lot of transaction costs and increase the speed of economic activities. It would be beneficial for the bank as well as customers.

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