

## Chapter – IV



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## Chapter – IV

### Profile of Selected Sample Banks

#### 4.1 Introduction

Karnataka has a rich cultural heritage. It speaks about trade activities, rate of interest that prevailed and the community living that existed in those days. Temples acted as banks and the socio – economic activities of the society revolved around temples. Karnataka has made a greater stride in modern banking in India during 20<sup>th</sup> century. The functioning of organized Banking sector was evidenced with the establishment of the branches of the then Presidency Banks, i.e. The Bank of Bombay (1840) and The Bank of Madras (1843) which opened their branch offices at Dharwad in 1863 and at Bangalore Cantonment in 1864 respectively. In the course of time, many more branches of Presidency Banks were opened at Belgaum, (1867) Mangalore, (1867) Hubli, (1870) and Kumta. Mangalore Branch of Madras Presidency Bank (1872 – 73) was started to meet the requirements of the port traders. Dharwad branch was opened mainly to facilitate the cotton traders of Bombay – Karnataka area. The unorganised banking sector was mainly dominated by the local money lenders viz. *Sahukars, Zamindars and Traders*. Money – lending was a profitable business. It was commonly practiced by all communities. The Marwadis, Gujarathis, Jains, Mahajans, Chettiyars and Multhani money lenders from the North came and settled in important trading centres of Karnataka. They are found engaged in money lending business even to – day. Bangalore Cantonment area was dominated by the European money lenders together with the natives.

In the absence of strict regulatory measures which came much later especially after independence, promoting of a banking company was much easier. Small banking companies with limited capital base and inexperienced management were the common features. There was a mushroom growth of banking. And in semi – urban and rural areas banks were promoted. Nearly half of the total number of banks born in the State was registered during 1930 – 1940. The Swadeshi Movement also contributed much for the growth of commercial banking activities in the state, promoted specially by the local traders. Most of these banks had a limited life span. In those days, the banks were started with impressive names to attract the customers,

especially on the basis of religion, caste and community. Many a time, local community spirit reflecting itself in commercial spirit contributed much for the faster growth of community banking. This tendency was very much evident especially in Dakshina Kannada, (South Canara) which is said to be the cradle of modern banking industry in Karnataka. The contributions of undivided Dakshina Kannada district to the modern banking industry are unique. Branch banking was started here as early as in 1923. During the last four decades, (1906 – 1945) the district became the cradle and creche in nursing as many as 22 banks.

In different parts of integrated areas of Karnataka, sporadic Commercial Banking activities were ushered in at different times based on local demand, expertise and economic potentialities. In princely Mysore, the period of Commissioner's rule (1831–1881) was of great significance. It ushered in an era of modernization by adopting the British system of administration in all spheres including banking. The establishment of Bangalore Cantonment in 1809 and shifting of the State Secretariat from Mysore to Bangalore in 1831 gave a fillip to commercial and industrial activity in Bangalore which was partly supported by the banking institutions. The joint stock banks that were promoted in princely Mysore were Bangalore based banks i.e., Bangalore Bank Limited and Mysore Bank Corporation Limited, both registered in 1868 with the share capital of seven lakh and two lakh rupees respectively. As stated earlier, Bangalore City including the then Cantonment area had a rich potentiality and infrastructure which boosted the growth of banking both in the organised and unorganised sectors.

During 1868 – 1876, there were nearly 24 banking companies operating in Bangalore City area. During the next few decades i.e., from 1890 to 1949 about 12 banking companies founded in Bangalore City, but all did not survive. Among the Bangalore based banks, the Bangalore Union Bank founded in 1890 had the longest service of fifty years before its liquidation in 1940. The Devanga Bank (1926) was amalgamated with Vijaya Bank in 1963. The Vysya Bank (1930) and Bank of Mysore (1913) survived and the later becoming State Bank of Mysore at a later stage.

The royal capital, Mysore did not lag behind in promoting joint stock banks. In 1874 (six years later than Bangalore) two banking companies, viz., the Rajadhani Bank and the Town Bank of Mysore were promoted and continued to function not beyond 1913. A decade thereafter, in 1885 Nanjanagudu Srikanteswara Swamy Bank was promoted. This is the only bank which served for nearly 80 years till its license was refused in 1965. During the period of two – and – a half decades (1884 – 1908) as many as 17 joint stock companies were promoted, combining banking and trading. Among the oldest banks of the princely Mysore which are no more now, mention may be made of Chitradurga Savings Bank founded in 1870 at Chitradurga which had a record service of nearly 96 years before its merger with Karnataka Bank Limited in 1966.

There have been remarkable changes in banking in the country, especially after the nationalization in 1969. Out of 20 nationalized banks in the country, four are from Karnataka viz., Canara Bank (1906) and Vijaya Bank (1930) both originating from Mangalore, and Corporation Bank (1906) and Syndicate Bank (1925) both originating from Udupi. Among the private sector banks the Vysya bank Limited, Bangalore (1930) and Karnataka Bank Ltd, Mangalore (1930) are the leading banks of the State, having branches outside the State also. Recognising the growing banking business in Karnataka, the RBI opened its branch at Bangalore in 1953.

Since nationalisation, the concept of *class banking* has been transformed into the concept of *mass banking*. Banks are playing vital role in the implementation of economic policies of the state and the Central Government according to plan priorities. There is a remarkable change in the lending policy of banking institutions. Now, the lending policy is target and priority sector oriented. Both public sector and private sector banks including co – operative banks in the state have actively responded continuously to the national policies of banking. In the popular loan mela programmes, (1985 – 1987) the banks of Karnataka did not lag behind; so also in the promotion of Grameena Banks. The innovative banking policies like Lead Bank Scheme, loans under DIR (*Differential Interest Rate Schemes*), IRDP – *Integrated Rural Development Program*, 20 Point Programmes, Anthyodaya, adoption of villages by commercial banks and co – operatives for their all round development and the service area approach to lending in rural area etc. have been fully implemented by

the banks working in the state. Many commercial banks in the state have diversified their activities towards merchant banking, leasing, housing and so on. Since 1976 – 77, after the establishment of Grameena Banks, better and intensive banking services are provided in rural areas. Now, rural area is better served than before in 1969. All the districts of the state are covered by the Grameena Banks which has reduced the imbalanced economic growth between the urban and rural areas to certain extent.

In 1990, in terms of ratio of number of banks serving per lakh population, Karnataka stood fourth in ranking of the country, having 9.5 bank offices per lakh population, as against 7.1 bank offices at all – India level. The other states within this regard other than Karnataka were Gujarat, Haryana, Maharashtra, Punjab and West Bengal. From among the list of developed states, the rank of Karnataka was second. The spread of banking services in rural areas was much better in Karnataka when compared to some other developed states. The spread of number of banks in rural segments per lakh population was eight in the state, being next only to Punjab where it was nine. The Credit Deposit Ratio (CDR) of rural banks in the State was the highest among the States i.e., 107.4 per cent in June 1990, as against all – India CDR of 65.2 per cent.

The CD Ratio of semi – urban branches also was the highest in Karnataka, (76.9 per cent) compared to the national ratio of 50.5 per cent. The geographical spread of rural branches in the State which was only 25 per cent in June 1969 had increased to 55 per cent in March 1989. This was mainly due to the rapid expansion of Grameena Banks all over the state. The lending of commercial banks to priority sector including weaker sections exceeded the stipulated target of 40 per cent fixed by RBI in Karnataka of the total lending; the share of priority sector was 45 per cent (3,487 crores) as in 1991. Karnataka was placed at 8<sup>th</sup> position among the major states in per capita deposit, which being 2,362, higher than the national average of 1,570. The deployment of credit was better in the state compared to all – India figures. The total investment made by the commercial banks in Karnataka in the State/Central Government loans floated during 1991 – 92 were Central 64 crores, State Development Loan 14.10 crores; other state Loans 4.50 crores (RBI Report).

**Table – 4.1**  
**District and Bank Group – Wise Distribution of the number of Reporting**  
**Offices, Aggregate Deposits and Gross Bank Credit of All Scheduled**  
**Commercial Banks, (June – 2013)**

(Amount in ₹ Million)

Districts	State Bank of India and Its Associates			Nationalised Banks			Foreign Banks		
	Offices	Deposits	Credit	Offices	Deposits	Credit	Offices	Deposits	Credit
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Ramanagara	14	1,221	1,231	14	2,404	2,119	13	10,920	3,339
Shimoga	29	3,837	3,331	25	11,288	3,887	8	1,608	1,244
Tumkur	50	4,984	7,412	27	6,690	4,161	5	1,464	429
Davangere	42	4,392	5,555	19	5,204	3,498	5	1,690	1,698
Kolar	35	5,005	4,744	8	3,925	1,055	3	455	210
Bangalore Rural	13	1,716	1,244	24	4,316	4,100	18	3,579	722
Bangalore Urban	21	8,971	2,812	210	253,651	170,781	224	516,321	237,499
Chikkaballapura	29	3,255	3,040	10	1,828	582	4	246	52
Chikmagalur	38	3,193	2,409	29	9,664	3,570	4	1,043	218
Chitradurga	66	6,850	8,027	14	2,445	2,163	6	583	392

Source: <http://www.rbi.org.in/scripts/QuarterlyPublications.aspx?head=Quarterly%20Statistics%20on%20Deposits%20and%20Credit%20of%20Scheduled%20Commercial%20Banks>

From the above Table – 4.1, it shows that the district wise number of offices locates and its deposits. It is very clear that the trend in opening the banks and its offices vary in each selected districts, where the leading banks are located in the Bangalore urban which is ranked one among the chosen group of banks in the study, second is Shimoga district and third is Ramanagara. The above statistics helped to decide which districts are having more bank branches and offices and to know the deposits.

### **Banking Network in Karnataka**

Karnataka has a better banking network system than any other state in the country. Apart from 19 nationalised banks, State Bank of India (SBI) and its seven associate banks are operating in Karnataka. There are also more than 25 private sector banks besides 13 Regional Rural Banks operating in the State. There were 4,704 commercial bank branches (including 1,103 branches of 13 Regional Rural Banks) in the State as on March – 2003 of which 3,180 were in rural areas. The share of rural branches was 46 per cent against 25 per cent at the time of nationalization. As in March–2003, the average per branch population for the state as a whole was 12,395.

The aggregate outstanding deposits of commercial banks (including Regional Rural Banks) stood at ₹ 63,840 crores and outstanding advances amounted to ₹ 41,592 crores at the end of March 2003. The credit deposit ratio of the state works out to 65 per cent against the RBI stipulation of 60 per cent. The priority sector advances amounted to ₹ 19,436 crores as in March – 2003, which works out to 46.73 per cent of total advances against the RBI stipulation of 40 per cent. The advances to agriculture and allied activities in the state stood at ₹ 8,177 crores. The weaker section advances in the state stood at ₹ 3,342 crores. While the per branch business for the state as a whole works out to ₹ 22.41 crores, that for rural branches it was significantly lower at around ₹ 7.05 crores. For the country as a whole it was ₹ 30.52 crores and for rural branches ₹ 7.75 crores. In 2002 – 03, as many as 9,284 individual families were assisted under Swarnajayanthi Gram Swarojgar Yojana (SGSY) that came into effect from 01.04.1999. Apart from this 2,016 Self Help Groups (SHGS) were assisted to the extent of ₹ 66.02 crores for the same period.

**Table – 4.2**  
**Selected Bank Group – Wise, and Population Group Wise Number of Branches of Scheduled Commercial Banks – 2011 and 2012**

Sl. No.	Bank/ Bank Groups	Number of branches as on March 31,2011				
		Rural	Semi - urban	Urban	Metro Politan	Grand Total
		(1)	(2)	(3)	(4)	(5)
<b>Public Sector Banks</b>						
01.	State Bank of India	5,046	3,881	2,357	2,151	13,435
02.	Bank of India	1,333	824	619	667	3,443
<b>TOTAL (a)</b>		<b>6,379</b>	<b>4,705</b>	<b>2,976</b>	<b>2,818</b>	<b>16,878</b>
<b>Private Sector Banks</b>						
03.	ICICI	258	801	686	781	2,526
04.	HDFC	123	616	534	694	1,967
<b>TOTAL (b)</b>		<b>381</b>	<b>1,417</b>	<b>1,220</b>	<b>1,475</b>	<b>4,493</b>
<b>GRAND TOTAL [ (a) + (b) ]</b>		<b>6,760</b>	<b>6,122</b>	<b>4,196</b>	<b>4,293</b>	<b>21,371</b>

Source: Master Office File (Latest updated) on Commercial Banks, Department of Statistics and Information Management, RBI.

**Note:**

01. Data as per information reported by banks
02. Population group classification based on 2001 census
03. Data on branches exclude administrative offices



The above Table – 4.2 clearly indicates that in India, based on the population for the year which ended on 31<sup>st</sup> March, 2011, the number of scheduled commercial banks, of which the leading public sector banks in the target bank is the only State Bank of India (SBI), where highest bank branches are located in all rural, semi – urban, urban and metro – politian cities. On the other side among the Private Sector Banks, the ICICI banks show the leading in opening their branches in different locations.

**Table – 4.3**  
**Selected Bank Group – Wise, and Population Group Wise Number of Branches of Scheduled Commercial Bank – 2011 and 2012**

Sl. No.	Bank/ Bank Groups	Number of branches as on March 31, 2012				
		Rural	Semi - urban	Urban	Metro politan	Grand Total
		(1)	(2)	(3)	(4)	(5)
<b>Public Sector Banks</b>						
01.	State Bank of India	5,250	3,656	2,442	2,214	13,862
02.	Bank of India	1,466	1,040	676	724	3,906
<b>TOTAL (a)</b>		<b>6,716</b>	<b>4,696</b>	<b>3,118</b>	<b>2,938</b>	<b>17,768</b>
<b>Private Sector Banks</b>						
03.	ICICI	285	913	721	827	2,746
04.	HDFC	177	913	654	768	2,512
<b>TOTAL (b)</b>		<b>462</b>	<b>1,826</b>	<b>1,375</b>	<b>1,595</b>	<b>5,258</b>
<b>GRAND TOTAL [ (a) + (b) ]</b>		<b>7,178</b>	<b>6,522</b>	<b>4,493</b>	<b>4,533</b>	<b>23,026</b>

Source: Master Office File (Latest updated) on Commercial Banks, Department of Statistics and Information Management, RBI.

**Note:**

01. Data is as per information reported by banks
02. Population group classification based on 2001 census
03. Data on branches exclude administrative offices

The above Table – 4.3 clearly indicates that in India, based on the population for the year which ended on 31<sup>st</sup> March, 2012, the trend is the same as it is increasing where the number of scheduled commercial banks, of which the leading public sector banks in the target bank is the State Bank of India only, whose highest bank branches are located in all rural, semi – urban, urban and metro – politian cities. On the other side, among the Private Sector Banks, the ICICI banks show the leading in opening their branches in different locations.

**Table – 4.4**  
**Selected Bank Group – Wise, and Population Group Wise number of**  
**Branches of Scheduled Commercial Bank, March – 2013**

Sl. No.	Bank/ Bank Groups	Number of branches as on March 31, 2013				
		Rural	Semi - Urban	Urban	Metropolitan	Grand Total
		(1)	(2)	(3)	(4)	(5)
<b>Public Sector Banks</b>						
01.	State Bank of India	5,589	4,153	2,601	2,356	14,699
02.	Bank of India	1,594	1,156	714	769	4,233
<b>TOTAL (a)</b>		<b>7,183</b>	<b>5,309</b>	<b>3,315</b>	<b>3,125</b>	<b>18,932</b>
<b>Private Sector Banks</b>						
03.	ICICI	436	989	786	884	3,095
04.	HDFC	428	1,106	705	793	3,032
<b>TOTAL (b)</b>		<b>864</b>	<b>2095</b>	<b>1491</b>	<b>1677</b>	<b>6127</b>
<b>GRAND TOTAL [(a) + (b)]</b>		<b>8,047</b>	<b>7,404</b>	<b>4,806</b>	<b>4,802</b>	<b>25,059</b>

Source: Master Office File (Latest updated) on Commercial Banks, Department of Statistics and Information Management, RBI

The above Table – 4.4 clearly indicates that, in India based on population for the year which ended on 31<sup>st</sup> March, 2013, the trends is the same as it is increasing where the number of scheduled commercial banks, of which the leading public sector banks in the target bank is the only State Bank of India (SBI), where highest bank branches are located in all rural, semi – urban, urban and metropolitan cities. On the other side, the among the Private Sector Banks, the ICICI banks show the leading in opening their branches in the different locations.

**Table – 4.5**  
**Selected Commercial Banks and their Offices in Karnataka**

Sl. No.	Banks	As on March 31		
		2011	2012	2013
<b>Public Sector Banks</b>				
01.	State Bank of India	546	597	646
02.	Bank of India	95	102	184
<b>TOTAL (a)</b>		<b>641</b>	<b>689</b>	<b>830</b>
<b>Private Sector Banks</b>				
03.	ICICI	136	144	160
04.	HDFC	111	145	157
<b>TOTAL (b)</b>		<b>247</b>	<b>289</b>	<b>317</b>
<b>GRAND TOTAL [(a) + (b)]</b>		<b>888</b>	<b>978</b>	<b>1147</b>

Source: Master Office File (Latest updated version on banks), DSIM, RBI

Note: 01. Data is as per information reported by banks

02. Data on number of offices include administrative offices

The above Table – 4.5 clearly indicates that in Karnataka, region wise the bank branches for the year which ended on 31<sup>st</sup> March, the trends for the year 2011, 2012 and 2013 is increasing where the number of scheduled commercial banks, of which the leading public sector banks in the target bank is the only State Bank of India. On the other side, among the Private Sector Banks, the ICICI banks show leading in opening their branches in different locations.

**Table – 4.6**

<b>Region – Wise Deployment of ATM for the Quarter ending, September – 2011</b>					
<b>Sl. No.</b>	<b>Bank Name</b>	<b>Metro Centers</b>	<b>Urban Centers</b>	<b>Semi - Urban</b>	<b>Rural Centers</b>
<b>Public Sector Banks</b>					
01.	State Bank of India	5571	7223	6184	2647
02.	Bank of India	564	505	365	168
<b>Total (a)</b>		<b>6135</b>	<b>7728</b>	<b>6549</b>	<b>2815</b>
<b>Private Sector Banks</b>					
03.	ICICI Bank Ltd.	3546	2201	1065	101
04.	HDFC Bank Ltd.	2776	2021	1307	416
<b>Total (b)</b>		<b>6322</b>	<b>4222</b>	<b>2372</b>	<b>517</b>
<b>Grand Total [(a) + (b)]</b>		<b>12457</b>	<b>11950</b>	<b>8921</b>	<b>3332</b>

Source: Report on Trend and Progress of Banking in India for the year ended June 30, 2012

The above Table – 4.6 clearly indicates that in Karnataka, region wise the ATMs for the year which ended on 31<sup>st</sup> September, the trends in the deployment of the ATM for the year – 2011 is increasing where the number of scheduled commercial banks, of which the leading public sector banks in the target bank is the State Bank of India (SBI), where highest bank branches are located in all rural, semi – urban, urban and metro – politian cities. On the other side, among the Private Sector Banks, the ICICI banks show leading in opening their branches in different locations.

Table – 4.7

Region – Wise Deployment of ATM for the Quarter ending, March – 2012					
Sl. No.	Bank Name	Metro Centers	Urban Centers	Semi - Urban	Rural Centers
<b>Public Sector Banks</b>					
01.	State Bank of India	5701	7402	6326	2712
02.	Bank of India	603	537	376	164
<b>Total (a)</b>		<b>6304</b>	<b>7939</b>	<b>6702</b>	<b>2876</b>
<b>Private Sector Bank</b>					
03.	ICICI Bank Ltd.	4634	2881	1384	107
04.	HDFC Bank Ltd.	3772	2816	1800	525
<b>Total (b)</b>		<b>8406</b>	<b>5697</b>	<b>3184</b>	<b>632</b>
<b>Grand Total [(a) + (b)]</b>		<b>14710</b>	<b>13636</b>	<b>9886</b>	<b>3508</b>

Source: Report on Trend and Progress of Banking in India for the year ended June 30, 2012

The above Table – 4.7 clearly indicates that in Karnataka, region wise the ATMs for the year which ended on 31<sup>st</sup> March, the trends in the deployment of ATM for the year – 2012 is increasing where the number of scheduled commercial banks, of which the leading public sector banks in the target bank is the State Bank of India (SBI), where highest bank branches are located in all rural, semi–urban, urban and metro – politian cities. On the other side, among the Private Sector Banks, the ICICI banks show leading in opening their branches in different locations.

Table – 4.8

Region – Wise Deployment of ATM for the Quarter ending, March – 2013					
Sl. No.	Bank Name	Metro Centers	Urban Centers	Semi - Urban	Rural Centers
<b>Public Sector Banks</b>					
01.	State Bank of India	6888	9087	7755	3445
02.	Bank of India	713	681	497	242
<b>Total (a)</b>		<b>7601</b>	<b>9768</b>	<b>8252</b>	<b>3687</b>
<b>Private Sector Banks</b>					
03.	ICICI Bank Ltd.	5488	3225	1424	344
04.	HDFC Bank Ltd.	4245	3373	2340	785
<b>Total (b)</b>		<b>9733</b>	<b>6598</b>	<b>3764</b>	<b>1129</b>
<b>Grand Total [(a) + (b)]</b>		<b>17334</b>	<b>16366</b>	<b>12016</b>	<b>4816</b>

Source: www.rbi.org.in

The above Table – 4.8 clearly indicates that in Karnataka, region – wise the ATMs for the year which ended on 31<sup>st</sup> March, the trends in the deployment of the ATM for the year – 2013 is increasing where the number of scheduled commercial banks, of which the leading public sector banks in the target bank is the State Bank of

India (SBI) only, where highest bank branches are located in all rural, semi – urban, urban and metro – politian cities. On the other side, among the Private Sector Banks, the ICICI banks show leading in opening their branches in different locations.

#### 4.2 Off – Site ATMs as substitute for brick – and mortar branches

Off – site ATMs play an important role by providing the basic banking services like cash withdrawal, transfer of funds even without the presence of full – fledged brick – and – 33 mortar branches. During 2011 – 12, there was an addition of 14,365 new off – site ATMs. However, metropolitan areas accounted for the maximum number of newly opened ATMs. Southern region had maximum number of newly opened ATMs, followed by northern region. However, the share of rural areas in the total number of ATMs continued to remain small.

**Table – 4.9**  
**Region – Wise Deployment of ATM for the quarter ending March – 2013**

Bank Name	Metro Centers	Urban Centres	Semi-Urban Centers	Rural Centers
State Bank of India	5701	7402	6326	2712
ICICI Bank Ltd.	4634	2881	1384	107
HDFC Bank Ltd.	3772	2816	1800	525
Bank of India	603	537	376	164

Source: www.rbi.org.in

From the table – 4.9 clearly indicates that the majority of the ATM deployment in India is SBI and ICICI bank respectively.

**Table – 4.10**  
**Karnataka State – Wise Deployment of ATMs in the Selected Banks for the Quarter Ending**

Bank Name	ATMs		
	September – 2011	March – 2012	March – 2013
State Bank of India (SBI)	1219	1227	1387
Bank of India (BOI)	73	77	80
ICICI Bank Ltd.	682	765	939
HDFC Bank Ltd.	585	935	1083

Sources: www.rbi.org.in

From the table – 4.10 clearly indicates that the majority of the ATM deployment in Karnataka region is SBI and ICICI banks respectively.

The Automated Teller Machine (ATM) has been hailed as one of the most innovative and revolutionary technological developments in the history of banking. The channel, which was initially a medium for disbursal of cash to customers at bank branches, has now developed into a touch – point for delivery of a wide variety of

banking services at branches and convenient off-site locations. Though banks initially owned and deployed their own ATMs, over time this has undergone a broad change, with banks now preferring outsourcing all or many of the activities associated with ATM operations – starting from deployment, maintenance, cash loading and technology upgrading. This has helped them reduce their operational costs and stay more focused on their core business. Internationally, in addition to bank – owned and deployed ATMs, Independent ATM Deployers (IADs) and Independent Service Organisations (ISOs) are engaged in the ATM business. Such ATMs are called White – label ATMs (WLAs). IADs and ISOs are almost similar in their operations, barring the following differences:

- (i) ISOs are usually larger operators that own and deploy ATMs and the entire related infrastructure. They have a sponsorship arrangement with the banks for cash loading and services. The relationships with sponsor banks are guided by local regulatory requirements. The ISO scheme works either through a single sponsor bank or the multi sponsor bank model.
- (ii) In the IAD model, the entities concentrate on investment in the assets (ATMs). They own the ATM and connect to any existing network provider for the payment infrastructure. The IADs can include entities ranging from individual business owners to large retail outlets / supermarkets. Such entities do not have a direct arrangement with any bank for any aspect related to the operation of such ATMs, including cash loading. Under both models, an additional important revenue source is through on-site advertisements. A large portion of the revenue for the IAD/ ISO is generated through such advertisements.

#### **4.3 ATMs and WLA Scheme in India**

The number of ATMs in the country stands at 98,074, of which 38 per cent are owned by private sector banks, 33 per cent by public sector banks, 27 per cent by the SBI and Associates, and 2 per cent by foreign banks. There has been a 30 per cent year – on – year growth in the number of ATMs deployed in the country since 2008, but the penetration of ATMs in Tier III to Tier VI centres remains below the desired level. In order to ensure deeper penetration of ATMs in unbanked/ under – banked areas, the Reserve Bank of India (RBI) has permitted White – Label ATMs in the country to supplement the existing ATM schemes operated by banks.

Under the policy guidelines, non – bank entities incorporated in India under the Companies Act, 1956 would be authorised to set up, own and operate ATMs in India, which will provide banking services to the customers of banks in India, based on the cards (debit / credit / pre – paid) issued by banks. Such non–bank entities should have a minimum net worth of ₹ one billion as per the latest financial year’s audited balance sheet, which is to be maintained at all times. The model envisages that cash management and customer redressal would continue to be the responsibility of the sponsor banks. The scheme offers scope for large volumes, especially in unbanked / under – banked areas. It is expected that WLA operators in India will use the features of the IAD and ISO models, as permitted under the guidelines, and collaborate closely with the sponsor banks. authorised, accessible, inclusive and compliant with international standards. The vision proactively aims to encourage electronic payment systems for ushering in a less – cash society in the country.

State Bank of India (SBI) is an India–based bank. As of March 31, 2012, the Bank had a network of 20,193 branches, including 5,096 branches of its five associate banks. In addition to banking, the Company, through its various subsidiaries, provides a range of financial services, which include life insurance, merchant banking, mutual funds, credit card, factoring, security trading, pension fund management, custodial services, general insurance (Non – Life Insurance) and primary dealership in the money market. Its segments include Treasury, which includes investment portfolio and trading in foreign exchange contracts and derivative contracts, Corporate / Wholesale Banking, which comprises lending activities of Corporate Accounts Group, Mid Corporate Accounts Group and Stressed Assets Management Group; Retail Banking, which comprises of branches in National Banking Group, which includes personal banking activities, including lending activities to corporate customers, and other Banking Business.

#### 4.4 State Bank of India (SBI)

State Bank of India is the largest state – owned banking and financial services company in India. The Bank provides banking services to the customer. And in addition, through its subsidiaries, provides a range of financial services, which include life insurance, merchant banking, mutual funds, credit card, factoring, security trading, pension fund management and primary dealership in the money market. The Bank operates in four business segments, namely Treasury, Corporate/ Wholesale Banking, Retail Banking and Other Banking Business. The Treasury segment includes the investment portfolio and trading in foreign exchange contracts and derivative contracts. The Corporate/ Wholesale Banking segment comprises the lending activities of Corporate Accounts Group, Mid Corporate Accounts Group and Stressed Assets Management Group. The Retail Banking segment consists of branches in National Banking Group, which primarily includes personal banking activities, including lending activities to corporate customers having banking relations with branches in the National Banking Group. SBI provides a range of banking products through their vast network of branches in India and overseas, including products aimed at NRIs. The State Bank Group with over 16,000 branches has the largest banking branch network in India. The State bank of India is the 10<sup>th</sup> most reputed company in the world according to Forbes. The bank has 156 overseas offices spread over 32 countries. They have branches of the parent in Colombo, Dhaka, Frankfurt, Hong Kong, Johannesburg, London and environs, Los Angeles, Male in the Maldives, Muscat, New York, Osaka, Sydney, and Tokyo. They have offshore banking units in the Bahamas, Bahrain, and Singapore as well as representative offices in Bhutan and Cape Town.

**Table – 4.11**

<b>State Bank of India (SBI)</b>								
<i>(Amount in ₹ million)</i>								
<b>Items</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>Group Aggregate 2012-13</b>	<b>All Banks' Aggregate 2012-13</b>
No. of Offices	10683	12070	13252	14350	14902	15564	21301	92114
No. of Employees	179205	205896	200299	222933	215481	228296	293965	1096984
Business per employee	45.60	55.60	63.60	70.47	79.84	94.39	101.97	121.33
Profit per employee	0.37	0.47	0.45	0.39	0.53	0.65	0.60	0.83

Source: Report on Trend and Progress of Banking in India for the year ended June 30, 2012



The above Table – 4.11, clearly shows the trend in the SBI and its associates, with number of branches increasing during the last five years and along with that the number of employees is also increased. The above statistical data helps to decide and to know to what extent the bank provides its services and to know its financial status in the market.

#### 4.5 Bank of India (BOI)

Bank of India, founded on September 7, 1906 by a group of eminent businessmen from Mumbai. In July 1969 Bank of India was nationalized along with 13 other banks. Beginning with a paid – up capital of ₹ 50 lakh and 50 employees, the bank has made a rapid growth over the years. It has evolved into a mighty institution with a strong national presence and size able international operations. In business volume, Bank of India (BOI) occupies a premier position among the nationalized banks. In 2013, Bank of India (BOI) has 2609 branches in India spread all over states / union territories including 93 specialized branches. These branches are controlled through 48 Zonal Offices. Bank of India (BOI) has several firsts to its credit. The Bank has been the first among the nationalised banks to establish a fully computerised branch and ATM facility at the Mahalaxmi Branch at Mumbai way back in 1989. It pioneered the introduction of the Health Code System in 1982, for evaluating / rating its credit portfolio. Bank of India was the first Indian Bank to open a branch outside the country, at London, in 1946, and also the first to open a branch in Europe, Paris in 1974. The Bank has sizeable presence abroad, with a network of 23 branches (including three representative offices) at key banking and financial centres viz. London, New York, Paris, Tokyo, Hong – Kong, and Singapore.

**Table – 4.12**

<b>Public Sector Bank</b>								
<b>Bank of India (BOI)</b>								
<i>(Amount in ₹ million)</i>								
<b>Items</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>Group Aggregate 2012-13</b>	<b>All Banks' Aggregate 2012-13</b>
<b>No. of offices</b>	2980	3118	3304	3586	4088	4373	54478	92114
<b>No. of employees</b>	40557	40155	39676	39788	41537	42348	507694	1096984
<b>Business per employee</b>	65.20	83.30	101.10	128.40	136.00	158.20	142.23	121.33
<b>Profit per employee</b>	0.50	0.75	0.44	0.62	0.64	0.64	0.65	0.83

Source: Report on Trend and Progress of Banking in India for the year ended June 30, 2012

The above Table – 4.12, clearly shows the trend of the BOI and its associates, number of branches that are increased during the last five years along with that the number of employees is also increased. The above statistical data helped us to decide and to know to what extent the bank provides its services and to know its financial status in the market.

#### **4.6 Housing Development Finance Corporation Limited (HDFC) Bank**

HDFC Bank Limited (HDFC Bank) is a banking company engaged in providing a range of banking and financial services, including commercial banking and treasury operations. The bank operates in four segments: treasury, which primarily consists of net interest earnings from the bank's investment portfolio, money market borrowing and lending, gains or losses on investment operations and on account of trading in foreign exchange and derivative contracts; retail banking, which serves retail customers through a branch network and other delivery channels; wholesale banking, which provides loans, non – fund facilities and transaction services to corporate, public sector units, government bodies, financial institutions and medium scale enterprises, and other banking business, segment includes income from para banking activities, such as credit cards, debit cards, third party product distribution, primary dealership business and the associated costs.

**HDFC** is India's largest mortgage company based in Mumbai, India. It was founded in 1977 by Hasmukhbhai Parekh. HDFC's distribution network spans 318 outlets that include 77 offices of HDFC's distribution company *HDFC Sales Private Limited*. In addition, HDFC covers over 90 locations through its outreach programmes. HDFC's marketing efforts continue to be concentrated on developing a stronger distribution network. Home loans are also sourced through HDFC Sales, HDFC Bank Limited and other third party Direct Selling Agents (DSA). To cater to non – resident Indians, HDFC has an office in London, Singapore, and Dubai and service associates in GCC countries.

**Table – 4.13**

<b>New Private Sector Banks</b>								
<b>Housing Development Finance Corporation Limited (HDFC) Bank</b>								
<i>(Amount in ₹ million)</i>								
<b>Items</b>	<b>2007 -08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>Group Aggregate 2012-13</b>	<b>All Banks' Aggregate 2012-13</b>
No. of offices	745	1422	1736	1999	2553	3046	9718	92114
No. of employees	37386	52687	51888	55752	66076	69401	203733	1096984
Business per employee	50.60	44.60	59.00	65.30	65.40	75.00	93.03	121.33
Profit per employee	0.50	0.42	0.60	0.74	0.80	1.00	1.18	0.83

Source: Report on Trend and Progress of Banking in India for the year ended June 30, 2012

The above Table – 4.13, clearly shows the trend in the HDFC and its associates, the number of branches are increasing during the last five years along with that the number of employees has increased. The above statistical data helped us to decide and to know to what an extent the bank provides its services and to know its financial status in the market.

#### **4.7 Industrial Credit and Investment Corporation of India (ICICI) Bank**

ICICI Bank is India's second – largest bank with total assets of ₹ 4,062.34 billion (US\$ 91 billion) at March 31, 2011 and profit after tax ₹ 51.51 billion (US\$ 1,155 million) for the year ended on March 31, 2011. The Bank has a network of 2,774 branches and about 10,021 ATMs in India, and has a presence in 19 countries, including India. ICICI Bank offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its specialised subsidiaries in the areas of investment banking, life and non – life insurance, venture capital and asset management. The Bank currently has subsidiaries in the United Kingdom, Russia and Canada branches in United States, Singapore, Bahrain, Hong Kong, Sri Lanka, Qatar and Dubai International Finance Centre and representative offices in United Arab Emirates, China, South Africa, Bangladesh, Thailand, Malaysia and Indonesia. UK subsidiary has established branches in Belgium and Germany. ICICI Bank's equity shares are listed in India on Bombay Stock Exchange and the National Stock Exchange of India Limited and its American Depositary Receipts (ADRs) are listed on the New York Stock Exchange (NYSE).

ICICI Bank, together with its subsidiaries, joint ventures and associates, is a diversified financial services group providing a range of banking and financial services, including commercial banking, retail banking, project and corporate finance, investment banking, broking and treasury products and services. It operates under four segments, retail banking, wholesale banking, treasury and other banking. Retail banking includes exposures, which satisfy the four criteria of orientation, product, granularity and low value of individual exposures for retail exposures. Wholesale Banking includes all advances to trusts, partnership firms, companies and statutory bodies, which are not included under Retail Banking. Treasury includes the entire investment portfolio of the bank. Other banking includes hire purchase and leasing operations and other items. In November – 2012, it opened its second branch and first high street branch in Hong Kong.

**Table – 4.14**

<b>New Private Sector Banks</b>								
<b>Industrial Credit and Investment Corporation of India (ICICI) Bank</b>								
<i>(Amount in ₹. million)</i>								
<b>Items</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>Group Aggregate 2012-13</b>	<b>All Banks Aggregate 2012-13</b>
No. of offices	1271	1434	1721	2565	2786	3134	9718	92114
No. of employees	40686	51835	41068	56969	58276	62065	203733	1096984
Business per employee	100.80	115.40	76.50	73.50	70.80	73.50	93.03	121.33
Profit per employee	1.00	1.10	0.90	1.00	1.10	1.40	1.18	0.83

Source: Report on Trend and Progress of Banking in India for the year ended June 30, 2012.

The above Table – 4.14, clearly shows the trend in the ICICI and its associates, number of branches increase last five years along with that the number of employees is also increased. The above statistical data help to know to what extent the bank provides its services and to know its financial status in the market.

#### **4.8 Conclusion**

This chapter provides the reader, a detailed profile of Karnataka's history, origin and selected banks profile which is relevant to the present study and also provide necessary statistics relating to the study. The research provided the banking statistics covering number of selected public sector banks and private sector banks such as State bank of India (SBI), Bank of India (BOI) and Housing Development Finance Corporation Limited (HDFC) and Industrial Credit and Investment Corporation of India Bank (ICICI), and also the ATM points in different regions in the southern zone of the Karnataka state.