



## Study of Factors Affecting HNIs' Preferences for their Banks in South Mumbai Area

\* Shri. Arvind A. Dhond

\* Associate Professor in Commerce, St. Xavier's College, Mumbai.

### ABSTRACT

*The pace of development for the Indian banking industry has been tremendous over the past decade. As the world reels from the global financial meltdown, India's banking sector has been one of the very few to actually maintain resilience while continuing to provide growth opportunities, a feat unlikely to be matched by other developed markets around the world. The present study was about analysing factors affecting HNIs' choice for their Banks in South Mumbai area. The present research paper is meant to analyse the choices of the HNIs' taking into consideration select parameters.*

**Keywords : Banking, HNI**

### Introduction:

Recent time has witnessed the world economy develop serious difficulties in terms of lapse of banking and financial institutions and plunging demand. Prospects became very uncertain causing recession in major economies. However, amidst all this chaos India's banking sector has been amongst the few to maintain resilience. A progressively growing balance sheet, higher pace of credit expansion, expanding profitability and productivity akin to banks in developed markets, lower incidence of non-performing assets and focus on financial inclusion have contributed to making Indian banking vibrant and strong. Indian banks have begun to revise their growth approach and re-evaluate the prospects on hand to keep the economy rolling. The way forward for the Indian banks is to innovate to take advantage of the new business opportunities and at the same time ensure continuous assessment of risks.

### Objective of the Study:

The Objective of the present study is to study the factors affecting HNIs choice for their Banks in South Mumbai area.

### Research Methodology:

The research has been broadly based on primary data analysis.

### Primary Data Source:

The respondents for the analysis included the number of HNI customers i.e., the organisations which had been interviewed during the period of study (January-February 2012).

- Questionnaire method was used.
- 5 Point Likert Scale has been used to measure the parameters.

Geographic Locations included: Cuffe-Parade, Fort, Nariman Point and Kalbadevi.

Limitations of the Study: The data is only from the respondents of Cuffe parade and Fort areas in Mumbai.

### Secondary Source:

Various banking sites, books and journals were used for the literature review.

### Banking Activities:

Over the last three decades, there has been a remarkable increase in the size, spread and scope of activities of banks in India. The business profile of banks has transformed dramatically to include non-traditional activities like merchant banking, mutual funds, new financial services and products and the human resource development. This study finds that

within retail operations, banks rate product development and differentiation; innovation and customization; cost reduction; cross selling and technological up-gradation as equally important to the growth of their retail operations. Additionally a few respondents also find pro-active financial inclusion, credit discipline and income growth of individuals and customer orientation to be significant factors for their retail growth.

### Business Banking - HNIs' Services:

- 1) SME Banking: They offer products, services, resources and expert advice to help ensure that business excels, because they understand how much of hard work goes into establishing a successful SME business.
- 2) Agri Business: Reaching out to the hinterlands of India, they have redefined Rural Banking in terms of products and services.
- 3) Wholesale Banking: They offer a strong partnership based on comprehensive range of financial solutions and transactional services including Working Capital, Short and Long term loans, Foreign Exchange, Trade Finance, Cash Management and Corporate Advisory Services.
- 4) Financial Market: They also offer Risk Management Solutions customized to your unique needs and offers assistance on Forex Risks, Interest Rate Risks and ALM Management and all our solutions are backed by extensive local and global Research and Analysis by our Research and Sales Teams.

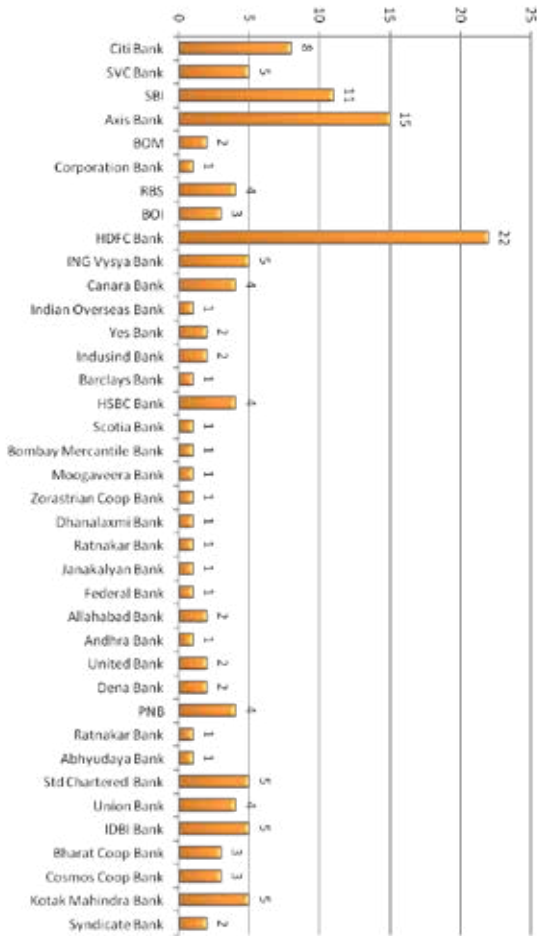
### Findings and Interpretations:

#### 1) Company Constitution:



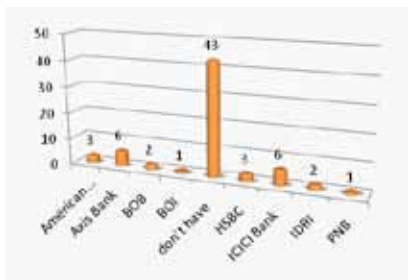
Interpretation: 43 constitutes Sole Proprietors and the next highest is 42 Private Ltd. Companies.

2) CURRENT BANKERS OF THE ORGANISATIONS:



Interpretation: HDFC Bank is the maximum with 22 respondents indicating it as their bankers.

3) EDC Machine:



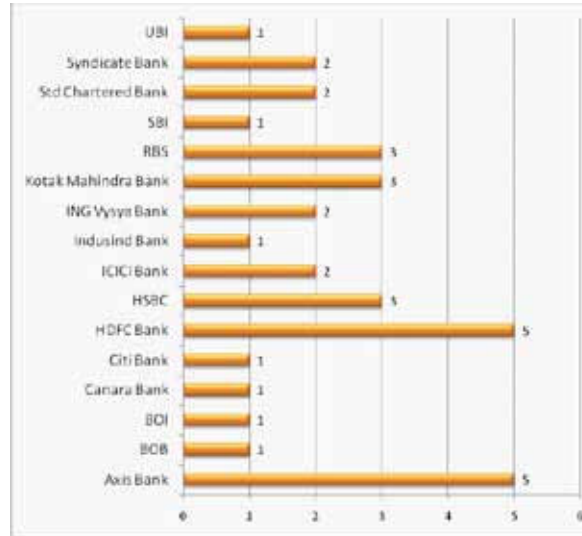
Interpretation: 43 respondents indicated that they don't have EDC Machine.

4) Dealing in Forex for Commercial Purpose



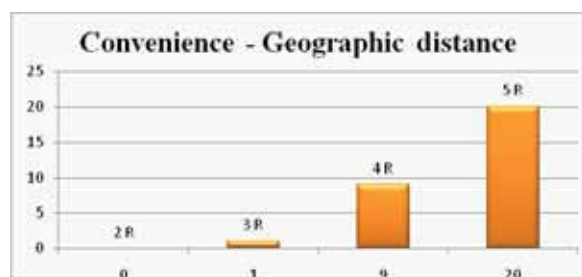
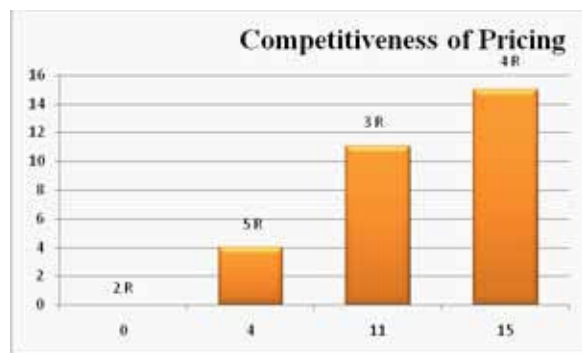
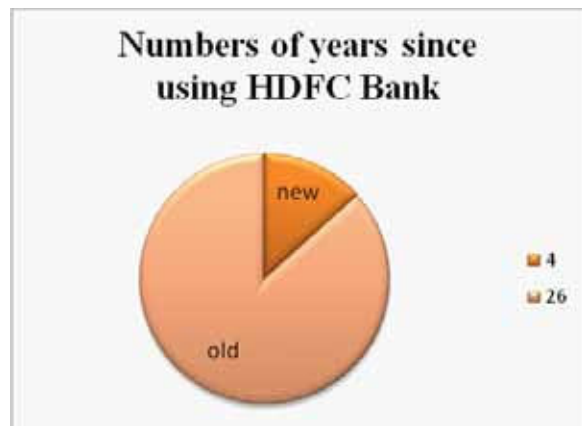
Interpretation: 131 respondents deal in Forex for Commercial Purpose.

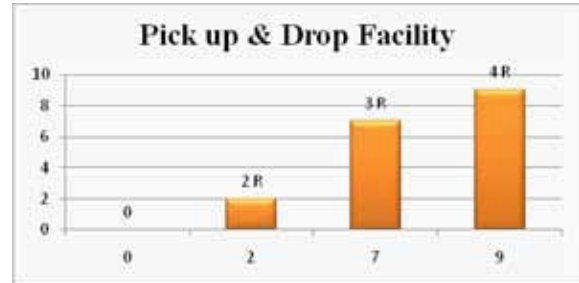
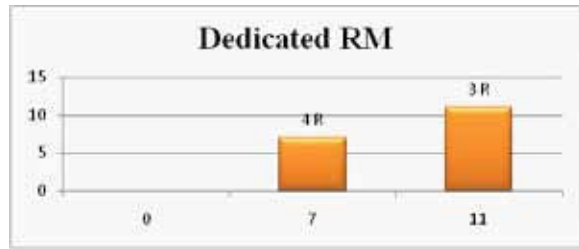
5) The preferred banks for doing forex transactions.



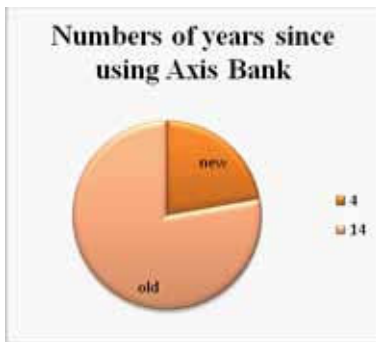
Interpretation: Respondents prefer HDFC and Axis banks for doing forex transactions.

1. Factors affecting respondents choosing HDFC Bank:

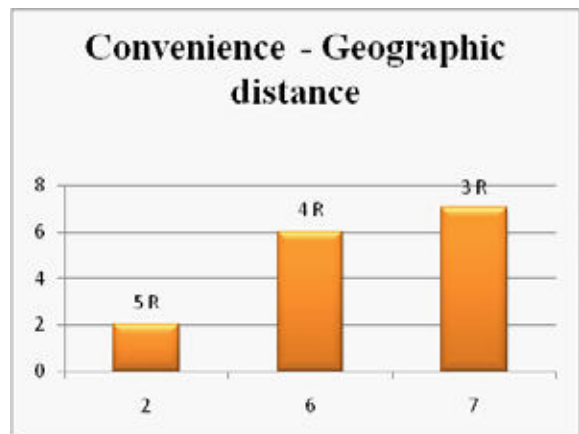
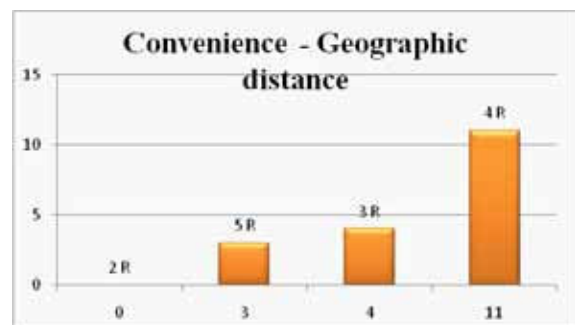
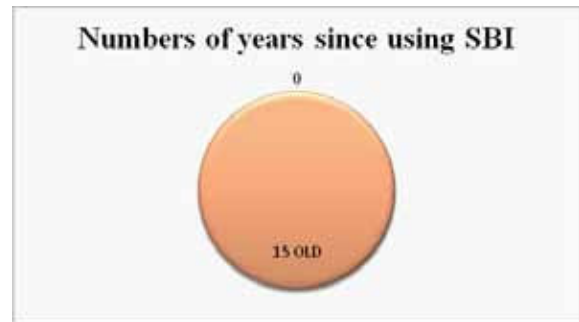


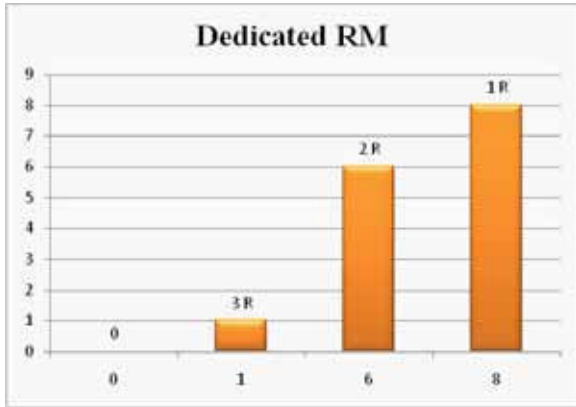


2. Factors affecting respondents choosing Axis Bank:

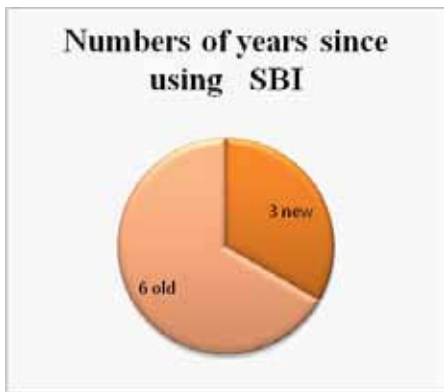


3. Factors affecting respondents choosing SBI:





4. Factors affecting respondents choosing Citi Bank



5. Factors affecting respondents choosing ING Vysya Bank

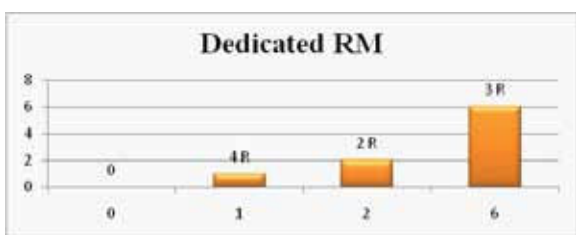
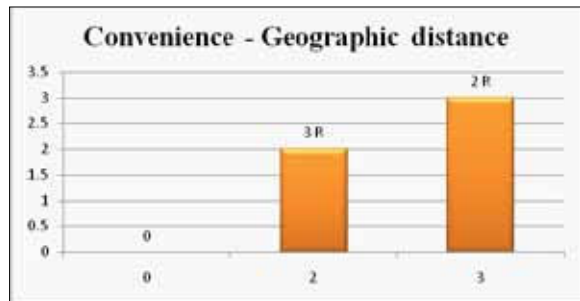
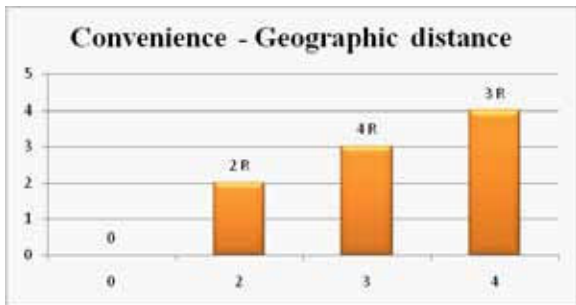
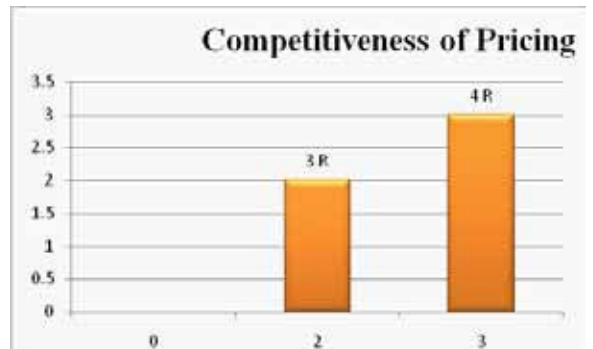
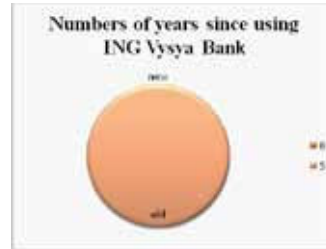


Table-1: Comparative Analysis of Research Findings

Parameters	HDFC Bank	Axis Bank	SBI	Citi Bank	ING Vysya Bank
Competitiveness of pricing	4	4	5	4	4
Convenience-Geographical Distance	5	4	3	3	2
Dedicated Relationship Management	3	3	1	3	5
Pick up and Drop Facility	3	4	----	3	5

Source: Primary Data

#### Interpretations:

- (1) On the basis of Competitiveness of pricing: SBI account holders rank claim that the bank charges are reasonable and competitive than other banks.
- (2) On the basis of Convenience of the bank in terms of Geographical Distance: The fact of HDFC Bank situated everywhere is proven and thus is the major factor of HDFC Bank being into the top preferred current bankers of the organizations which is followed by Axis Bank in the second rank.

- (3) On the basis of Dedicated Relationship Management with the account holders: Account holders of ING Vysya Bank, are far more satisfied amongst all the top ranked bank, which proves that ING Vysya bank delivers the services in a hospitable manner.
- (4) On the basis of pick up drop facility and other value added services: ING Vysya bank is followed by Axis Bank.

#### Recommendations:

On the basis of the study conducted and further analysis following point can be implemented:

- Due to less availability of the branches, the factor which can be more enhanced can be the quality of the services, to attract more customers.

#### Conclusions:

Though ING Vysya Bank is not located densely in South Mumbai still it is well known for its service management like:

- (i) giving pick up and drop facility timely to the existing HNIs'.
- (ii) giving value added services.
- (iii) having good relationship management which derives the point building good rapport with the customers.

## REFERENCES

- [I] Books:  
 (i) India's Top Banks | (ii) Hand Book of Banking Information  
 [II] Magazines:  
 (i) Business World | (ii) Business Today | (iii) The Financial Express  
 [III] Annual Reports: State Bank of India, HDFC Bank, Axis Bank, Citi Bank, ING Vysya Bank.  
 [IV] Websites:  
<http://www.rbi.org.in> | <http://www.iba.org.in> | <http://www.banknetindia.com/issues/bsvrs.htm> | <http://www.ingvysya>