



Financial Services’ Analysis of Public Sector Banks: Value Addition to Allahabad Bank

Jeewan Chandra Pande

Research Scholar, Bhagwant University, Ajmer, Rajasthan INDIA

Dr. Sudhinder Singh Chowhan

Research Scholar, Bhagwant University, Ajmer, Rajasthan INDIA

ABSTRACT

The banking industry in our country is changing at a frenzied pace to meet the challenges posed by a changing economic order, globally and locally. It has been over two decades since financial sector reforms were initiated in India. These reforms aimed at creating an impact on the operations of banks. Indian Banking System, over the years has gone through various phases after establishment of Reserve Bank of India in 1935, to function as Central Bank of our Country. After Independence, the Government felt that Private Banks may not extend the kind of cooperation needed in providing credit support. In 1954 the All India Rural Credit Survey Committee submitted its report recommending creation of strong, integrated, State sponsored, State partnered Commercial Banking Institutions with an effective machinery of branches spread all over the country. The recommendations of this committee led to establishment of first Public Sector Bank by the name of State Bank of India on July 01, 1955.

KEYWORDS

Banking in India has fast emerged as one of the major drivers of the economy and has witnessed enormous growth in the recent past. The Retail Banking Report encompasses extensive study & analysis of this rapidly growing sector. It primarily covers analysis of the present status, current trends, major issues & challenges faced in the growth of banking sector. This report helps Banks, financial institutions, MNC Banks, academicians, consultants and researchers to have a better understanding of the booming opportunities in retail banking in India.

The Indian Banking Industry is passing through a phase of customers’ market. The customers now have wider choice in choosing their Banks and the needed products. The competition has since been established among the Banks operating in India. With stiff competition and advancement of technology, the services provided by banks are becoming more & more customer friendly & convenient. Customers in the past, had to wait even for an hour for withdrawing cash from Bank’s account, and/ or had witnessed a cheque from north of the country being cleared in one month’s period in the south.

Banks that define and implement solutions to these challenges are those that will successfully compete and thrive in the future. This study examines the strategic role of the contact centre in retail banking, and also how it can deliver the increased revenues and cost savings, that will drive profitability and value to shareholders.

In recent years, the financial services’ industry has witnessed major changes in business environment. Prime examples of these changes include the globalization and rationalization of operations, the occurrence of financial crises in emerging regional markets, the proliferation and acceleration of deregulation initiatives in many developing as well developed countries, the advancement and spreading of new technologies (particularly in internet communications and online transactions), and the expanding numbers of financial services, consumers and investors. Faced by these environmental challenges, financial services firms- large or small need to critically evaluate their marketing strategies and make more informed decisions regarding what services and products to offer, to what segments of potential clients, in what geographical mar-

kets, and by what mode of delivery.

Since customer happens to be the epicenter around which the entire gamut of banking services revolves, focus of banks is on the customer service. Customers usually pick up a bank which provides maximum satisfaction and service quality. It is for this reason that financial institutions in India are moving towards world standards with increasing sophisticated processes, including risk management tools and extensive use of information technology.

The aim of the research paper is to identify and provide a conceptual & empirical understanding of Financial Services’ Analysis of Public Sector Banks and the Value Addition it can offer to Allahabad Bank.

The study will aim at the following major objectives:

- 1. To create awareness for bank services.
- 2. To study various players in this field and also their strengths.
- 3. To analyze the strategies of selected banks for their new business product, pricing, channel of promotions, and positioning for their retail products.

Sample Design: is formed and comprises of Sampling Units, Sampling Type and the Sampling Size.

Sampling Units/ Population will consist of Middle/ Sr. Level Managers of Public Sector Banks, who will be handed over/ mailed the questionnaire for response.

Sampling Type will be Simple Random sampling.

Sampling Size The total sample size will be 30, considering the large non response usually expected in mail survey.

Collection of Data: - The data shall be collected from Primary as well as Secondary sources.

Analysis of Data: - The data collected would be utilised for empirical analysis of financial services being provided by the select Public Sector Banks. The data will be analyzed through performing statistical tests on the results like Chi Square etc.

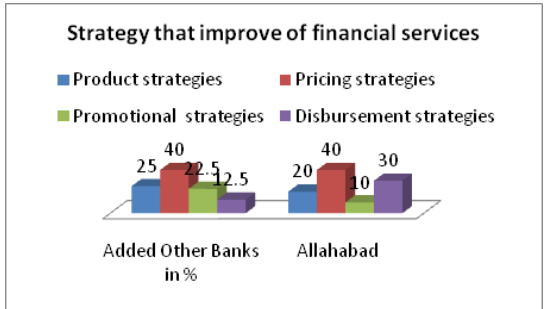
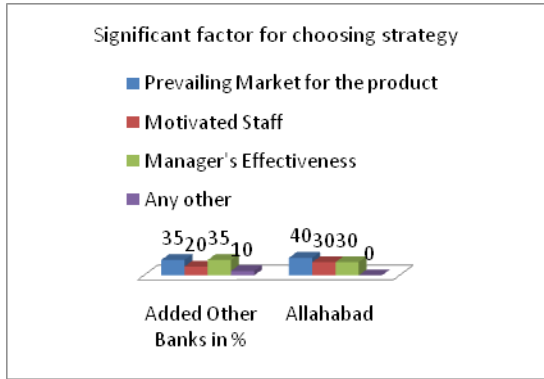
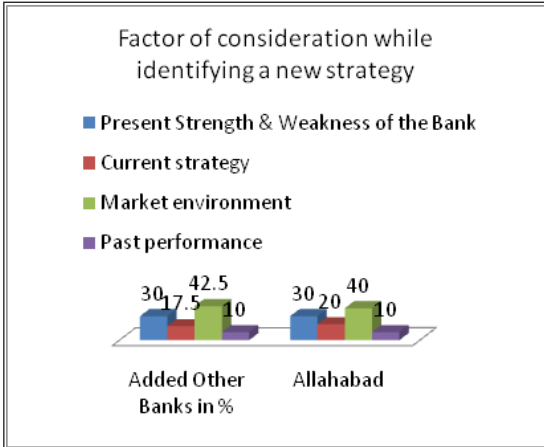
Statistical Analysis - Presentation of Data-Charts, Diagrams, and tables to represent in systematic manner.

Chi square Test: It's a non parametric test used for hypothesis testing and has been used in research programme to analyse the concepts of consumers' behaviour on financial services.

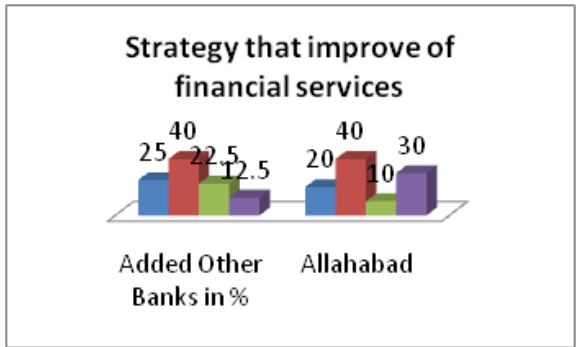
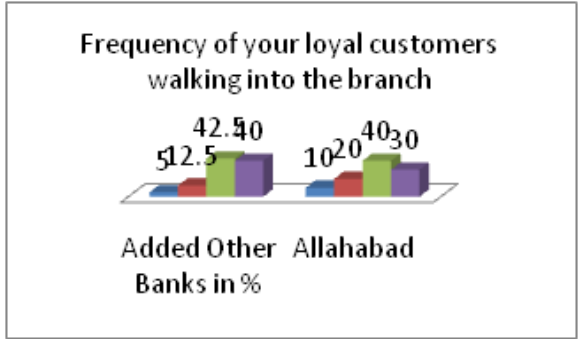
India's banking industry is evolving at a frenzied pace to meet the challenges posed by a changing economic order - Globally and Locally. Bank's are often caught in the mire of uncertainty and have to relentlessly function in a customers' market environment. As such, in the growing Indian economy competition among banks in offering products & services has become more intense (Ali and Bharadwaj, 2009).

The advent of technological development particularly in the area of telecommunication and IT has brought the innovation in internet banking such as e-banking, which has been suggested in a number of empirical studies (Bielski, 2000; Mia et al., 2007) devoted to analysis of operation and development of electronic banking. By adoption of e-banking, overhead expenses are reduced enabling the banks to pay higher rates than conventional rates.

Analysis



Challenges and Opportunities
Global growth was affected in 2012 and the sluggish trend continued in 2013. The year witnessed sovereign debt crisis, unemployment and fall in manufacturing. The economic problems faced by the developed countries impacted the developing economies leading to rise in inflation in those areas. The Euro area experienced the worst ever unemployment crisis.



As per providing loan facilities is concerned what kind of planning process in which Banks are engaged for business growth An aggregated % is taken regarding loan and compare it in terms of loan likely compare to Allahabad Bank.

Percentage of term loan provided by national banks special references to Allahabad Bank

Terms/ Banks	SBI	BOI	PNB	OBC	Allah Bank
Short term	18.18	27.27	18.18	13.63	22.72
Mid term	28.57	21.42	21.42	14.28	14.28
Long term	16.66	16.66	0	16.67	50
All of these	9.09	0	27.27	36.36	27.27
Total	72.50	65.35	66.87	80.94	114.27
Aveg	18.12	16.33	16.72	20.23	28.56
S.D	14.04	13.01	11.11	18.15	26.44
C.V	78	80	66	90	93

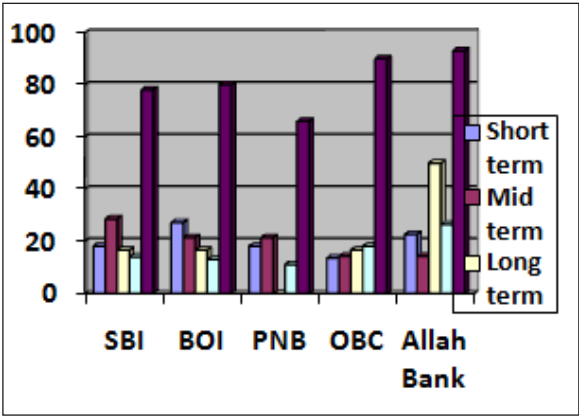


Table – show that loan provided by Allahabad Bank(114.27)

is higher in compare to other bank like SBI(72.5), BOI(65.35), PNB(66.87),OBC(80.94) The Average of all Loan is provided by Allahabad Bank is 28.56 highest rather than other banks is indicate that bank has good planning process to provide the facilities in comparing to other banks but Standard Deviation and co-efficient are also higher which is showing inconsistency of facilities of the bank which has to be suggested to be improved by reducing Standards Deviation & Coefficient of Variance like PNB which has an lowest standard Dev (11.11) & CV (66) among the other Banks.

Table 2
Factor of consideration while identifying a new strategy comparing to different Banks in special reference to Allahabad Bank Percentage of variance Banks Adapting new Strategy staffs point of view special references to Allahabad Bank.

Terms/Banks	SBI	BOI	PNB	OBC	Allah Bank
Present Strength & Weakness strategy	13.33	26.66	20	20	20
Current strategy	33.33	22.22	11.11	11.11	22.22
Market environment	36.36	27.27	45.45	45.45	36.36
Past performance	20	20	20	20	20
Total	103.02	96.15	96.56	96.56	98.58
Aveg	25.76	24.03	24.14	24.14	24.65
S.D	18.9	6.07	25.65	25.65	13.64
C.V	73.38	25.26	106.27	106.27	55.37

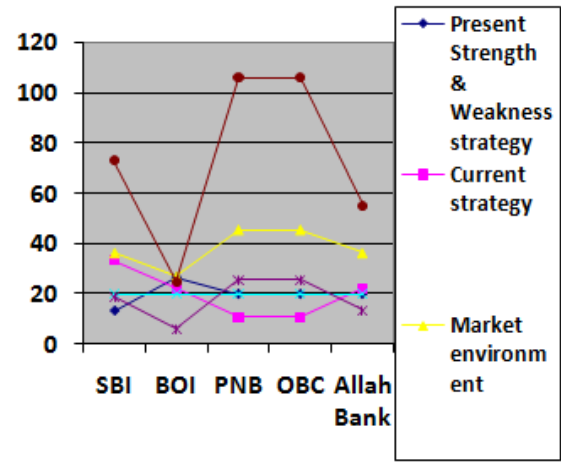
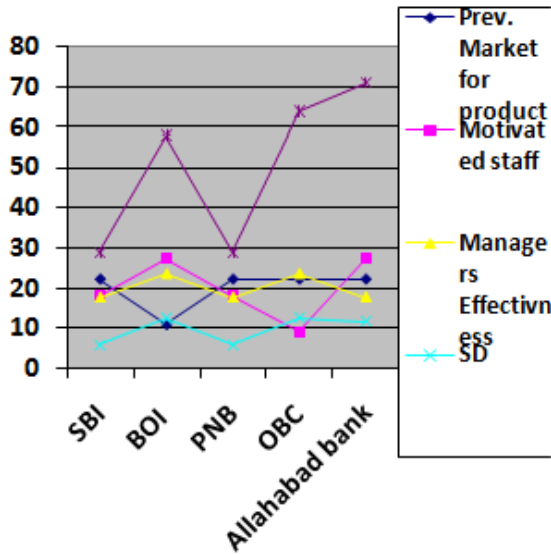


Table – show that SBI has an highest avg for adapted new strategy if we see the table almost all Banks are equal for adapting new strategy like SBI(25.76), BOI(24.03), PNB(24.14),OBC(24.14),Allahabad Bank(24.65) But standard Deviation & coefficient of correlation is lowest of BOI (6.07) & (25.26) accordantly has show an consistency of bank using new strategy so Allahabad Bank standard Deviation & coefficient of correlation is an avg (24.65) & (13.64) accordantly is more than BOI but lower than other banks than after it has to be suggested to make it as maintained by BOI.

Table 3
On the basis of many Significant factors a bank has to choosing strategy like market for product, motivated staff, managers effectiveness and other strategy adapted by national banks as per Allahabad bank is concerned the follow % of various factors is given below

Percentage of variance Banks choosing. Strategy customers point of view special references to Allahabad Bank.

Factors/Banks	SBI	BOI	PNB	OBC	Allahabad bank
Prev. Market for product	22.22	11.12	22.22	22.22	22.22
Motivated staff	18.18	27.28	18.18	9.09	27.27
Managers Effectiveness	17.64	23.53	17.64	23.54	17.65
Any other	25	25	25	25	0
Total	83.04	86.93	83.04	79.85	67.14
Avg	20.76	21.73	20.76	19.96	16.78
SD	6.04	12.54	6.04	12.7	11.84
CV	29	58	29	64	71



As per various factors is concerned regarding to choose strategy averages of all the banks are almost equal due to lowest SD of SBI (6.04) comparing to other banks show SBI is utilized all of the strategy effectively Allahabad Bank has an higher SD and Highest CV 70 which is showing that the bank has an large variation to Adapting strategy so Allahabad Bank has to suggested to decreased SD and Coefficient of variance.

Key Findings Suggestions and Recommendations
During the period of research so far, we have been able to gather the desired feedback from our target group comprising of Managers & Officers of select Banks and the Customers of Allahabad Bank. The findings will be drawn after conclusive study and having analysed the primary data obtained during the research work.

Expected contributions of the Proposed Research Work:

Based upon the research findings, this study will suggest the changes that are required for further improving the quality of services in Allahabad Bank.

The study provides insight for the managements to understand the customer's needs further. By understanding, to which dimension customer gives more importance, what customer expects, effective marketing strategies can be developed. Management would also be able to allocate resources as well as funds to ensure that the bank's operational strategies meet the customers' needs.

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