



Financial Performance: Comparitive Study Of Sbi And Icici Bank

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Abstract

Banking Sector plays an important role in economic development of a country. The banking system of India is featured by a large network of bank branches, serving many kinds of financial services of the people. The State Bank of India, popularly known as SBI is one of the leading bank of public sector in India. ICICI Bank is second largest and leading bank of private sector in India. The purpose of the study is to examine the financial performance of SBI and ICICI Bank, public sector and private sector respectively. The data used for the study was entirely secondary in nature. The present study is conducted to compare the financial performance of SBI and ICICI Bank on the basis of ratios such as credit deposit, net profit margin etc. The period of study taken is from the year 2010 to 2014.

Keywords: State bank of India, ICICI Bank, Credit deposit ratio.

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Introduction

An efficient banking system is recognized as basic requirement for the economic development of any economy. Banks mobilize the savings of community into productive channels. The banking system of India is featured by a large network of bank branches, serving many kinds of financial needs of the people.

The state bank of India, popularly known as SBI, is one of the leading banks in India. The bank traces its origin to the first decade of the 19th century. Later on it was merged with the imperial bank. In the year 1955, the government of India nationalized the imperial bank along with the RBI. Ever since that time, the bank acquired its present name that is SBI. The SBI is India's largest commercial bank. The bank has been striving sincerely to adhere to the efforts of providing utmost customer satisfaction to the best possible extend. The state bank of India has its presence all over India with 16000 branches. Not only this, bank has made its roots secured internationally as well. At present, SBI has 131 branches in 32 countries all over the world.

SUBSIDIARIES OF SBI

State bank of Indore.
State bank of Bikaner and Jaipur.
State bank of Hyderabad.
State bank of Mysore.
State bank of Patiala.
State bank of Travancore.

ICICI BANK- PROFILE

ICICI Bank is India's largest private sector bank with total assets of Rs. 5,946.42 billion (US\$ 99 billion) at March 31, 2014 and profit after tax Rs. 98.10 billion (US\$ 1,637 million) for the year ended March 31, 2014. ICICI Bank currently has a network of 3,880 Branches and 12,269 ATM's across India.

SUBSIDIARIES OF ICICI BANK

National	International
ICICI Lombard	ICICI Bank UK PLC
ICICI Prudential Life Insurance Company Ltd	ICICI Bank Canada
ICICI Securities Limited	ICICI Bank Eurasia LLC
ICICI Prudential Asset Management Company Limited	
ICICI Venture	
ICICI direct.com	
ICICI Foundation	

OBJECTIVES OF STUDY

1. To study the financial performance of SBI and ICICI Bank
2. To compare the financial performance of SBI and ICICI Bank.

RESEARCH METHDOLOGY

In the present study, an attempt has been made to measure, evaluate and compare the financial performance of SBI and ICICI Bank which one related to the public sector and private sector respectively. The study is based on secondary data that has been collected from annual reports of the respective banks, magazines, journals, documents and other published information. The study covers the period of 5 years i.e. from year 2010 to year 2014. Ratio Analysis was applied to analyze and compare the trends in

banking business and financial performance. Mean have also been deployed to analyze the trends in banking business profitability.

FOR THIS PURPOSE THE FOLLOWING PARAMETERS HAVE BEEN STUDIED

1. Credit to deposit ratio
2. Capital adequacy ratio
3. Net profit margin

CREDIT TO DEPOSIT RATIO

This ratio indicates how much of the advances lent by banks are done through deposits. It is the proportion of loan-assets created by banks from the deposits received. The higher the ratio, the higher the loan-assets created from deposits. Deposits would be in the form of current and saving account as well as term deposits. The outcome of this ratio reflects the ability of the bank to make optimal use of the available resources.

Table 1.1: credit to deposit ratio

Year	SBI	ICICI BANK
2010	75.96	90.04
2011	79.90	90.45
2012	82.14	97.71
2013	85.17	0.00
2014	86.84	54.23
MEAN	81.202	66.486

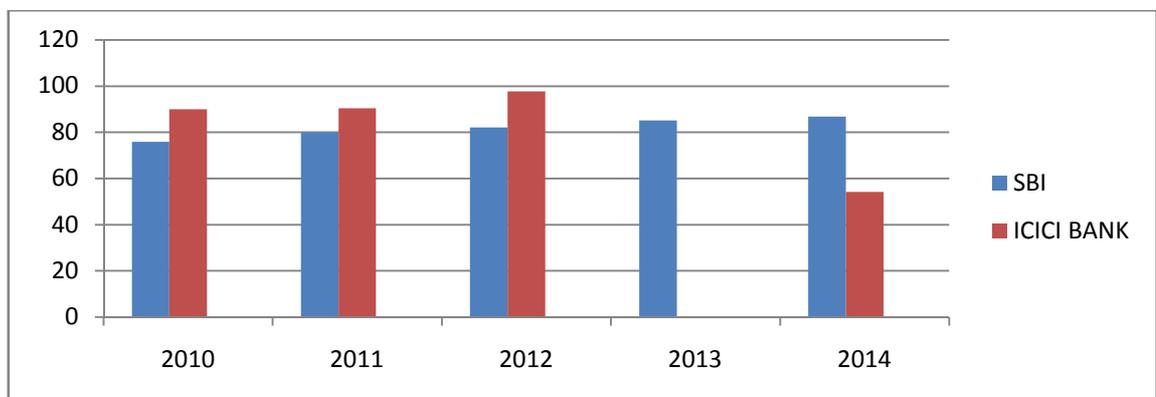
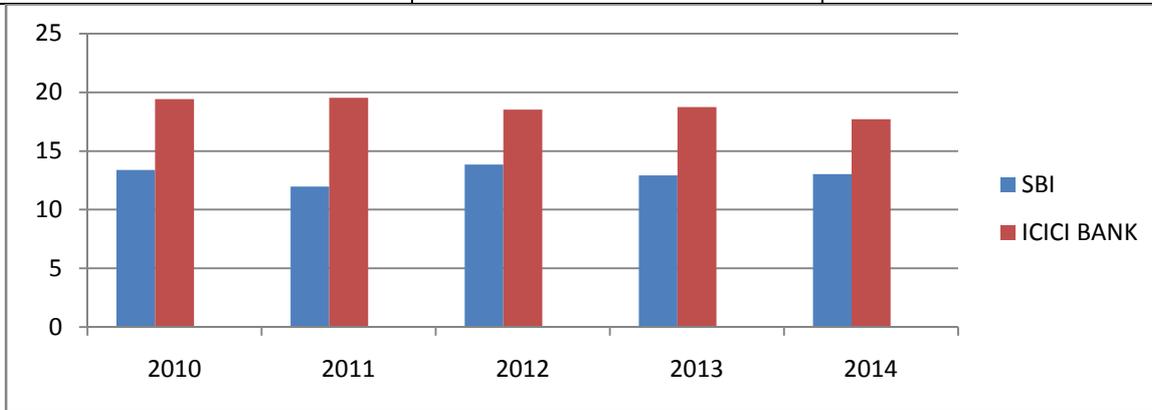


Table 1.1 depicts that over the course of five financial periods of study the mean of Credit Deposit Ratio in ICICI was higher (81.202%) than in SBI (66.486%). In case of SBI the credit deposit ratio was highest in 2014 and lowest in 2011. But in case of

ICICI credit deposit ratio was highest in 2011 and lowest in 2013. This shows that SBI has created more loan assets from its deposits as compared to ICICI BANK.

CAPITAL ADEQUACY RATIO

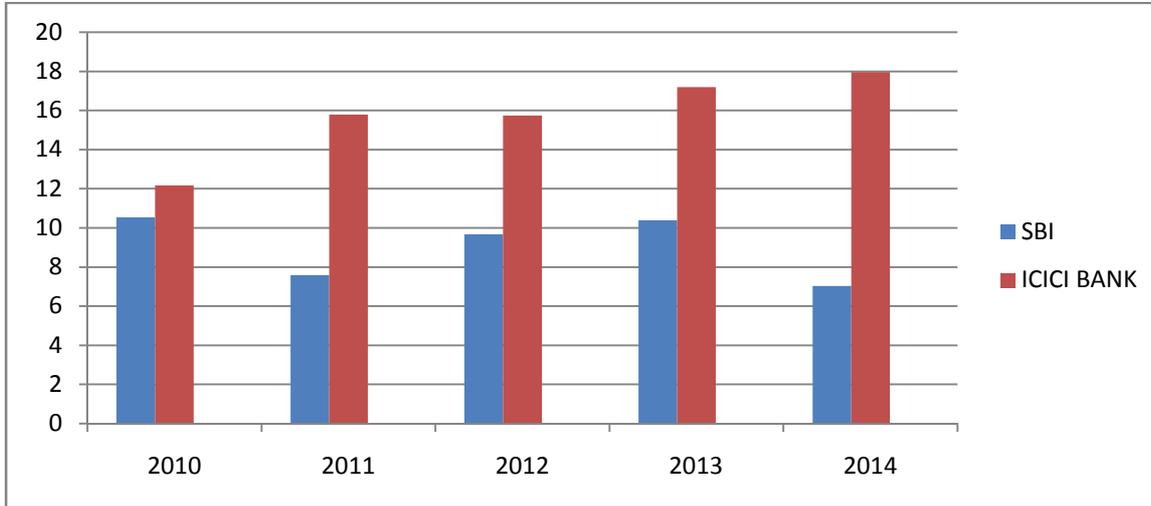
YEAR	SBI	ICICI BANK
2010	13.39	19.41
2011	11.98	19.54
2012	13.86	18.52
2013	12.92	18.74
2014	12.96	17.70
MEAN	13.022	18.782



CAR is a measure of banks' ability to meet its obligations relative to its risk. The capital adequacy ratio exists to ensure that a bank is able to handle losses and fulfill its obligations to account holders without ceasing operations. The above table shows that CAR of ICICI Bank is much higher than SBI. So it shows that ICICI bank has more ability to meet its obligations related to risk as compare to SBI.

NET PROFIT MARGIN

YEAR	SBI	ICICI BANK
2010	10.54	12.17
2011	7.58	15.79
2012	9.68	15.75
2013	10.39	17.19
2014	7.03	17.96
MEAN	9.044	15.772



The table reveals that the ratio of net profits to total income of ICICI was varied from 12.17 percent to 17.96 percent whereas in case of SBI it is not stable. It increased to 10.39 percent from 9.68 percent in 2013 then further decreased to 7.03 percent in 2014 during the period of 5 years of study. However, the net profit margin was higher in ICICI (15.772%) as compared to SBI (9.044%) during the period of study. So the profitability of ICICI Bank is much higher than SBI.

FINDINGS AND CONCLUSION

The study found that the mean of Credit Deposit Ratio in SBI was higher (81.202 %) than in ICICI Bank (66.486%). This shows that SBI Bank has created more loan assets from its deposits as compared to ICICI Bank. The Net Profit Margin of ICICI is higher (15.772 %) whereas in SBI it was (9.044 %), which shows that ICICI has shown comparatively better operational efficiency than SBI. Capital adequacy ratio of ICICI Bank is much higher than SBI. So it shows that ICICI bank has more ability to meet its obligations related to risk as compare to SBI. In this study we reveal that ICICI Bank is leading bank as compared to SBI. Hence, on the basis of the above study or analysis banking customer has now more trust on the private sector banks as compared to public sector banks.



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