

An Analytical Study on Trends and Progress of Deposits of ICICI Bank

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Abstract

A sound and effective banking system is the backbone of an economy. 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 March 31, 2011. The Bank has a network of 2,752 branches and 9,225 ATMs in India, and has a presence in 19 countries, including India. In order to compare and analyze various deposits of ICICI Bank over a period of time, percentage methods, co-efficient of variations, linear trend and compound growth rate have been used. The secondary data collected through internet, books, newspaper, journals records and brochures from 2008-09 to 2017-18. The study examines the growth of deposits of ICICI bank in head office and branches.

The objectives of the present study are:

- 1 To find out the trend and growth of deposits of ICICI bank in head office and branches during 2008-09 to 2017-18.
- 2 To study the employee engagement of ICICI bank.
- 3 To assess the product and services offered by ICICI bank.

It is found that the trend co-efficient was found to be statistically significant for deposits of ICICI Bank in branch offices. It indicates, on an average, deposits of ICICI Bank in branches had increased by 0.1502 percent per annum. The value R² indicates that the 85 to 81 percent variations in dependent variable explained by time variable. ICICI Bank achieved competitive advantage by enabling rapid roll out of new products, faster customer service and reduced time-to-market, to cater to the ever-growing needs of customers. Its open architecture and flexibility has enabled easy integration with multiple systems. ICICI Bank positioned itself as technology-savvy, customer-friendly bank. Thus, ICICI Bank accords utmost concern to customer satisfaction by offering innovative and need based financial products and services using state-of-the art technology. Thus it can be concluded that the perceptions and experiences of the customers on the technology deployment in ICICI Bank was in favour of up gradation of technology.

Keywords: Icici Bank; Investment Banking; Life Insurance; Venture Capital and Asset Management.

Introduction

The economy of a country can function smoothly and without many hassles if the banking system is not only flexible but also capable of meeting the new challenges posed by the technology and other external as well as internal factors. 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 March 31, 2011. The Bank has a network of 2,752 branches and 9,225 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 specialized 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,

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China, South Africa, Bangladesh, Thailand, Malaysia and Indonesia. The 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 Ltd. is India's second largest financial services company headquartered in Mumbai, India. It 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.

ICICI Bank was established in 1994 by the Industrial Credit and Investment Corporation of India, an Indian financial institution, as a wholly owned subsidiary. The parent company was formed in 1955 as a joint-venture of the World Bank, India's public-sector banks and public-sector insurance companies to provide project financing to Indian industry. The bank was initially known as the Industrial Credit and Investment Corporation of India Bank, before it changed its name to the abbreviated ICICI Bank. The parent company was later merged into ICICI Bank. The study examines the growth of deposits of ICICI bank in head office and branches.

Product and Services Offered by Icici Bank

ICICI Bank offers wide variety of Deposit Products to suit your requirements. Coupled with convenience of networked branches/ATMs and facility of E-channels like Internet and Mobile Banking, ICICI Bank brings banking at your doorstep. ICICI Bank offers a power packed Savings Account with a host of convenient features and banking channels to transact through. So now you can bank at your convenience, without the stress of waiting in queues.

ICICI emerged as the largest fund mobiliser during 2012-13 by privately placing debts with more than one year tenure of Rs 64,413 crore, even as public sector State Bank of India placed the single largest placement of the year for Rs 12,500 crore, according to Prime Database (Parsons, K., Vashishtha, 1993). Profit after tax increased by 33.7% to Rs. 41.58 billion in fiscal 2013 from Rs. 31.10 billion in fiscal 2012 (Jones. Erik, 2013). Non-interest expenses increased by 21.9% to Rs. 81.54 billion in fiscal 2013 from Rs. 66.91 billion

in fiscal 2012 primarily due to a 28.6% increase in employee expenses and a 31.6% increase in other administrative expenses (Jain Sudhir, 2013).

ICICI and Employee Engagement

The main strengths of ICICI Bank were its talent pool, complete product suite, large capital base, extensive customer relationship, strong brand franchise, technology-enabled distribution architecture, and universal banking presence. The bank placed utmost importance on employee engagement, and the following activities have been carried out to enhance it;

- Regular separate meetings with graduate engineering trainees and management trainees for regular feedback.
- Visits by relationship managers to the bank branches to understand and resolve staff problems/issues;
- Effective management of talent pool with fast track programs;
- Staff training at various levels in functional and managerial skills through classroom E-learning modules in areas of managerial effectiveness;
- Presentation skills and;
- Business continuity plans;

Review of Literature

Amudha R. and Vijaya Banu C. (2007) in their study shows that organizations can assess five dimensions of service quality of ICICI Bank Ltd., Tiruchirapalli District to determine the level of services provided and to decide which dimension need improvement. In order to develop service quality, it is necessary to contact employee's frequency and evaluate their service experiences. By identifying strengths and weakness pertaining to the dimensions of service quality, organizations can better allocate resources to provide enhanced service.

Sultan Singh and Komal (2009) present the impact of ATM on customer satisfaction. This is a comparative study of three major banks i.e. State Bank of India, ICICI bank and HDFC bank. This paper has been divided into two sections. A sample of 360 respondents equally representing each bank has been taken through questionnaire. Data has also been collected through interview also.

Arti Chandini and Neeraja B. (2010) explained how service sector has changed in the view of

the globalization. It is emphatically stated that things have changed drastically with the advent of information technology.

Gbolahan S. Osho (2008) indicates that competition among banks in this attractive industry is a factor of the one offering the most convenient and appealing technological advances.

Subbarao Duvvuri (2010) noted that the global financial crisis marked failure in several parts of the financial system; but the one segment that remained robust amidst failure all around was the payment and settlement system- the most technology intensive part of the financial system.

Diwanji Abizer (2010) reveals that Indian banks had to clean up their systems and practices to ensure stability in a recovering economy. Four challenges must be addressed before success can be achieved.

Uppal R.K. and Rimpi Kaur (2008) concluded that at present, government should introduce third banking sector reforms. The major factors, which are critical for the success in the complex scenario, are: Commitment to develop strong long lasting relationship with customers and to provide quality services.

Kulkarni G.R. (1980) examines the nature and significance of the international operations of Indian banks in the furtherance of their business strategies.

Malhotra R.N. (1990) reveals that, after 20 years of banks nationalization and tremendous growth witnessed, the commercial banking system has entered a phase of consolidation. The phase has coincided with considerable diversification of banking services, a substantial measure of liberalization of the regulatory regime for imparting flexibility to the financial system.

Objectives

The objectives of the present study are:

1. To find out the trend and growth of deposits of ICICI bank in head office and branches during 2008-09 to 2017-18.
2. To study the employee engagement of ICICI bank.
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Methodology

In order to analyze the position of deposits of ICICI Bank, the secondary data relating to head office and branch offices members, share capital, deposits, loans, advances and recovery were obtained for ten years from 2008-09 to 2017-18 from various annual reports of the bank. This is a case study. The census method is used for analysis. In order to compare and analyze various deposits of ICICI Bank over a period of time, percentage methods, co-efficient of variations, linear trend and compound growth rate have been used. The secondary data collected through internet, books, newspaper, journals records and brochures from 2008-09 to 2017-18.

Analysis of Deposits of ICICI Bank

Affiliated societies are bound to deposit their surplus funds with the ICICI Bank. They deposit their funds either with the branches of the bank nearer to them or at the head office of the bank. Table 1 indicates the position of deposits of ICICI Bank kept in head office and branch offices of the ICICI Bank.

Table 1: Deposits of Icici Bank in Head Office and Branches During 2008-2009 to 2017-2018 (Rs. in lakhs)

Year	Head Office		Branches		Total
	Amount	Percentage of Total	Amount	Percentage of Total	
of Total					
2008-2009	2371.11	46.13	2769.15	53.87	5140.26
2009-2010	2425.15	41.03	3486.11	58.97	5911.26
2010-2011	2761.41	40.75	4015.16	59.25	6776.57
2011-2012	4339.61	41.65	6079.21	58.35	10418.82
2012-2013	4061.13	34.06	7861.24	65.94	11922.37
2013-2014	4629.15	32.09	9796.14	67.91	14425.29
2014-2015	4871.36	33.05	9868.61	66.95	14739.97
2015-2016	5031.48	33.53	9972.32	66.47	15003.80
2016-2017	5467.61	36.11	9672.63	63.89	15140.24
2017-2018	5527.32	35.91	9863.72	64.09	15391.04

Source: Data compiled from the Annual reports of ICICI Bank from 2008-2009 to 2017-18.

It is clear from Table 1 that the deposits of ICICI Bank in the head office were Rs.2,371.11 lakhs in 2008-09 which increased to Rs.5,527.32 lakhs in 2017-18. The percentage of deposits of ICICI Bank in the head office to total deposits varied between 32.09 percent and 46.13 percent during the above period. The amount deposited by ICICI Bank in branch offices increased steadily from Rs.2, 769.15 lakhs in 2008-09 to Rs.9,863.72 lakhs in 2017-18. The percentage of deposits of ICICI Bank to total deposits kept in the branches showed a mixed trend varying between 53.87 percent and 67.91 percent during the above period.

The average level and stability of deposits of ICICI Bank in head office and branch offices are shown in table.

Table 2: Average Level and Stability of Deposits of Icici Bank in Head Office and Branches During 2008-09 to 2017-18

Particulars	Head office	Branches	Total
Mean (X)	4,148.53	7,334.83	11,486.96
Standard Deviation (S.D)	1,214.34	2,978.19	4,150.76
Co-efficient of Variation (C.V)%	29.27	40.60	36.13

It is inferred from table 2 that the average deposits of ICICI Bank in branch offices over the period was found to be higher than deposits in head office. The average amount from 2008-09 to 2017-18 was Rs. 7,334.83 lakhs in branch offices and Rs.4,148.53 in head office. The value of co-efficient of variation indicates that the amount kept in head office is relatively stable over the period of 10 years compared to deposits of ICICI Bank kept in branch offices.

The trend and growth of deposits of ICICI Bank kept in head offices and branch offices are presented in table.

Table 3: Trend and Growth of Deposits of Icici Bank in Head Office Branches During 2008-09 to 2017-18

Particulars	Trend Coefficient		R ²	Compound Growth Rate in Percent
	a	b		
Head office	7.73	0.1017* (7.28)	0.85	10.71
Branches	7.98	0.1502* (6.28)	0.81	16.22
Total	8.55	0.1312* (6.77)	0.83	14.03

Figures in brackets represent 't' value

*Significant at 5 percent level.

It is found from table 3 that the trend co-efficient was found to be statistically significant for deposits of ICICI Bank in branch offices. It indicates, on an average, deposits of ICICI Bank in branches had increased by 0.1502 percent per annum. The

growth rate of deposits of ICICI Bank in branch offices is found to be 0.1017 (16.22) percent. For the deposits of ICICI Bank in the head office, the trend co-efficient is found significant and its growth rate is 10.71 percent.

The value R² indicates that the 85 to 81 percent variations in dependent variable explained by time variable.

Conclusion

ICICI Bank achieved competitive advantage by enabling rapid roll out of new products, faster customer service and reduced time-to-market, to cater to the ever-growing needs of customers. Its open architecture and flexibility has enabled easy integration with multiple systems. ICICI Bank positioned itself as technology-savvy, customer-friendly bank. Thus, ICICI Bank accords utmost concern to customer satisfaction by offering innovative and need based financial products and services using state-of-the art technology. Thus it can be concluded that the perceptions and experiences of the customers on the technology deployment in ICICI Bank was in favour of up gradation of technology.

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