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COMPARATIVE STUDY ON PSB AND HDFC BANK

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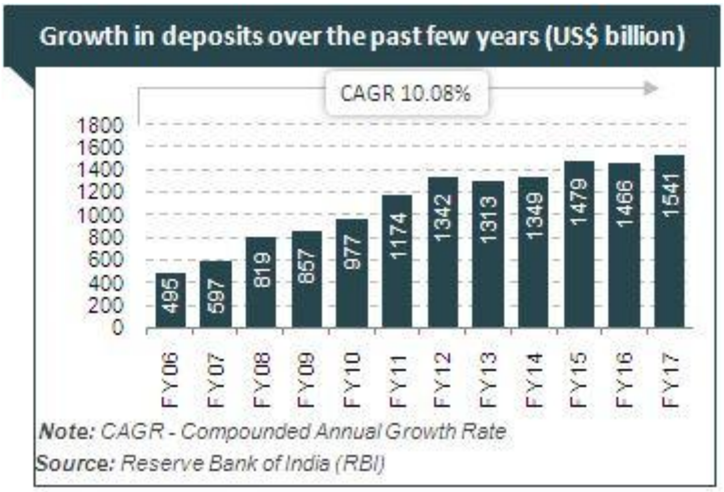
ABSTRACT

The dawn of tech induced Indian banking sector with enormous developments. A diverse sector with contributions laid by a composite of 27 public sector banks, 21 private sector banks, 45 foreign banks, 56 regional rural banks, 93550 rural cooperative banks, 1589 urban cooperative banks and so on have harbingered the development, thereby yielding a sustainable financial progress. RBI to extend the utility of banking services across tier-2 to tier-6 cities have relaxed the branch licensing policy. The present paper is a comparative study on PSB and HDFC bank. The primary objective is to study about consumer satisfaction and to find out the factors which influence customers while choosing the bank. This paper also utilizes ratio analysis tool for comparison.

Keywords-Banking sector, Factors, HDFC, PSB, Ratio Analysis etc.

I.INTRODUCTION

A healthy banking industry encourages healthy economic progress. Banking in India, can be classified as Retail banking and corporate banking. Retail banking is designated to service the obligations of individual customers inclusive of their savings, payment of bills, ATMs and alike. Corporate banking on the other hand, facilitate the needs of corporate customers yielding the services like bill discounting, cash management etc. Indian banking has undergone a dramatic phase of progression with the contributions of private sector along with the public sector.



As shown in the diagram, the deposits have grown at CAGR of 12.03%, insistent government efforts to encourage banking technology and expansion over unbanked and non-metropolitan regions has improved locals access towards banking.

Punjab & Sind Bank, headquartered in New Delhi has a total business of Rs.1,51,511 cr (year ending 2014-15). The bank was formed to uplift the weaker section thereby contributing towards social commitment principle. Its product portfolio includes savings account, current account, recurring deposits, merchant banking, hire purchase, leasing etc. HDFC bank, one of the largest bank by market capitalization (as on Feb. 2016) endorses its presence over different countries. Headquartered in Mumbai, bank's distribution network involves 4,715 branches (as on December 31, 2016) and is even regarded as Most Valuable Global Brand. They serve the needs of private bankers as well as retail bankers.

II.LITERATURE REVIEW

Dr. Singh AB et al (2012) compared the performance of SBI and ICICI on the basis of factors like credit deposit, net profit margin etc. by undertaking the study from the time period 2007-12. The study concluded that SBI is financially sound than ICICI but managing efficiency of ICICI is better than SBI. Fozia (2013) utilized ANOVA technique to understand the relationship between demographic factors and internet banking behavior. The study found that there is a significant relationship between the two. Prof (Dr) Chandra AK et al (2015) analyzed the customer aspect of electronic banking by comparing public sector and private sector bank with special reference to banks in Korba region. Narwal KP et al (2015) assessed the performance of public sector and private sector banks over the time period of 2003-14 using Data Envelopment Analysis model and concluded that the productivity of private sector to be superior than public sector due to more technology orientation.Prof. (Dr) Dinesh et al (2017) discussed the utility of e banking with special reference to SBI and HDFC bank. The study utilized both primary and secondary data to analyze customer satisfaction among the two.

III. OBJECTIVES OF THE STUDY

- To study the consumer satisfaction with PSB and HDFC.
- To know about the position of PSB bank in market.
- To find the bank largely preferred by customers.
- To find out the factors, which influences the customers to choose the bank.
- To study the problems faced by the customers in PSB and HDFC bank and also to compare between them.
- To study what do people expect in the new era of banking.

NEED OF THE STUDY

The need of this research study is to compare the financial performance Punjab and Sind bank and HDFC bank. The financial ratio analysis was used to examine the performance of banks. In this research study, financial data of both the banks were used to classify themon the basis of balance sheet, income statement, financial ratios, interest rate and customer services.

IV. KEY FINANCIAL RATIOS

A comparison of key financial ratios enables the comparison of PSB and HDFC bank:

Name	PSB	HDFC	Good/Not Good	Description
Current Ratio (x)	2.33	1.04	> 2 is Good, < 2 is Not Good	PSB is able to handle its debt obligations, since its current ratio is greater than 2.
Dividend Yield (%)	0.00	0.62	> 1.5 is Good, < 1.5 is Not Good	Dividend yield is computedas annual dividends per share divided by market price per share, but for HDFC dividend yield is less than 2.
Interest Coverage Ratio (x)	1.21	1.68	> 2 is Good, < 2 is Not Good (For Banks & NBFC this is not Valid)	HDFC can easily service its interest on debt instruments than PSB.
Debt Equity Ratio (x)	0.48	8.25	< 2 is Good, > 2 is Not Good (For Banks & NBFC this is not Valid)	HDFC does not support a good financial leverage.
Return On Asset (%)	3.48	1.80	> 5% is Good, < 5% is Not Good	In comparison to HDFC, PSB is more efficient at managing its assets.
Return On Equity (%)	3.27	16.84	> 18% is Good, < 18% is Not Good	HDFC is able to reap good profits with the money that shareholders have invested.

V. METHODOLOGY

Sample:The cost and time limitation completed me to select 50 respondents as sample size.

Sampling Method: Random Sampling

Sampling Technique: Statistical tool of percentage method

Sample Area: Mohali

Primary source of data, through questionnaire while secondary source of data employed was published reports, company website etc.

Table 1: Reason for choosing this bank

	PSB	%Age	HDFC	%Age
Family Tradition	15	30	20	40
Incentive schemes	20	40	25	50
Nearness to office/residence	3	6	5	10
Just by chance	7	14	0	0
Others	5	10	0	0
Total	50	100	50	100

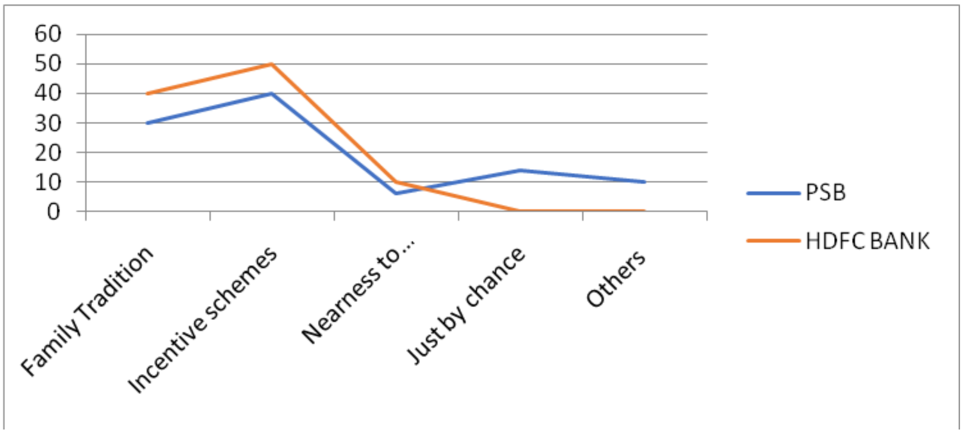


Table 2: Kind of account

	PSB	%Age	HDFC	%Age
Current	5	10	10	20
Saving	30	60	40	80
Loan a/c	10	20	0	0
Deposit a/c	5	10	0	0
Total	50	100	50	100

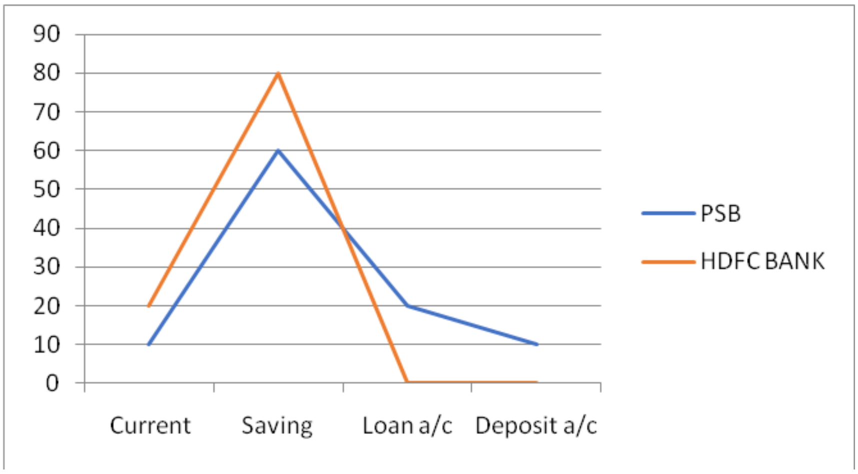


Table 3: Information seek by bank while processing the loan

	PSB	%Age	HDFC	%Age
YES	20	40	30	60
NO	30	60	20	40
Total	50	100	50	100

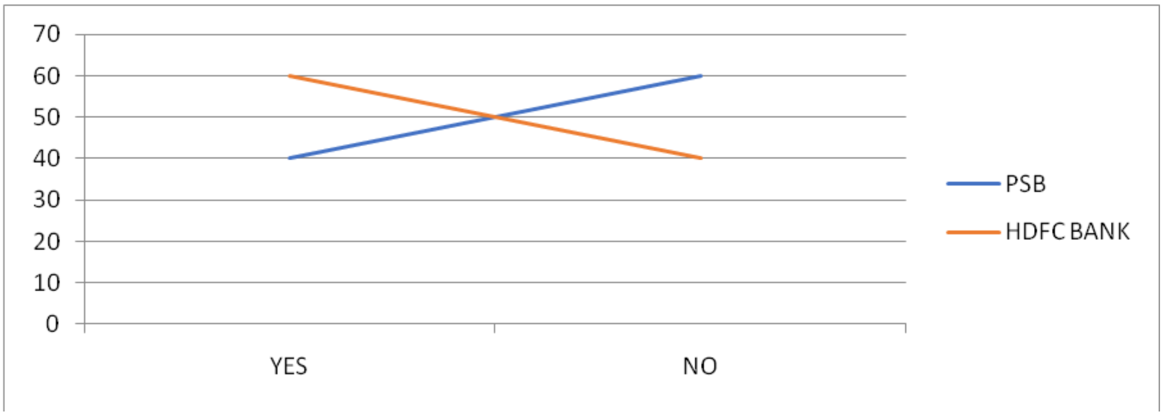


Table 4: Elegant furniture for seating and writing available

	PSB	%Age	HDFC	%Age
Superior	20	40	25	50
Good	30	60	25	50
Average	0	0	0	0
Total	50	100	50	100

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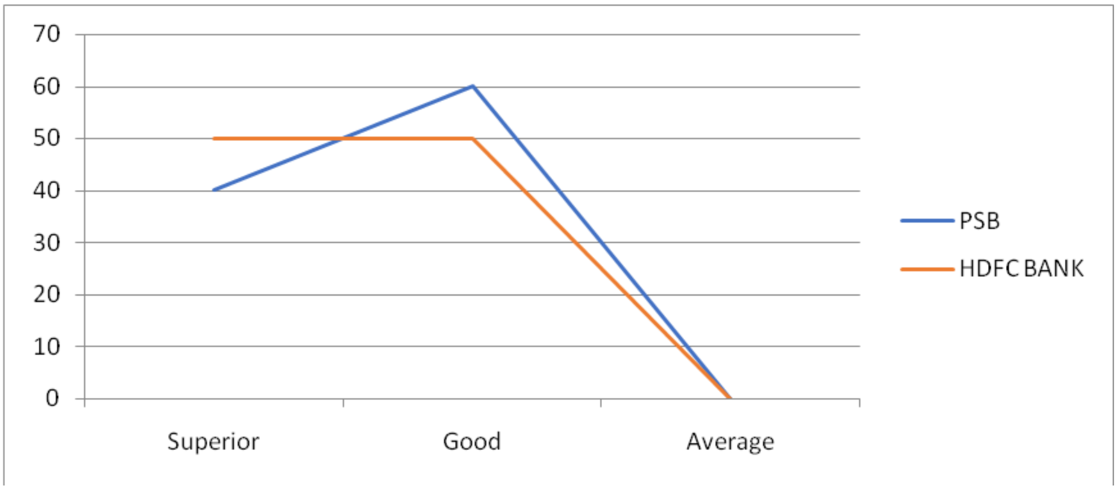


Table 5: SMS alerts from the bank for every transaction with the bank

	PSB	%Age	HDFC	%Age
YES	40	80	30	60
NO	10	20	20	40
Total	50	100	50	100

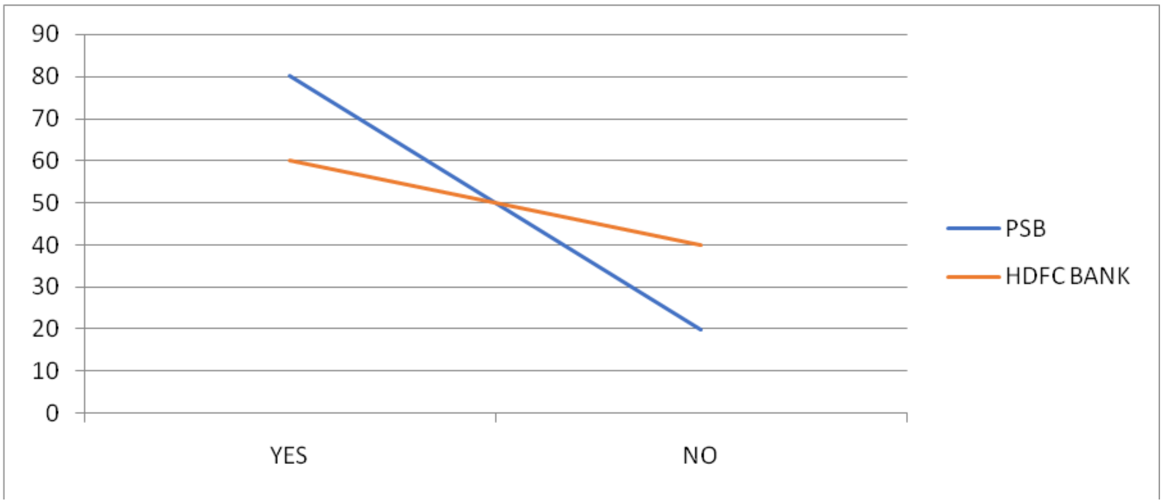


Table 6: Any difficulty in getting the pension through the bank

	PSB	%Age	HDFC	%Age
YES	30	60	20	40
NO	20	40	30	60
Total	50	100	50	100

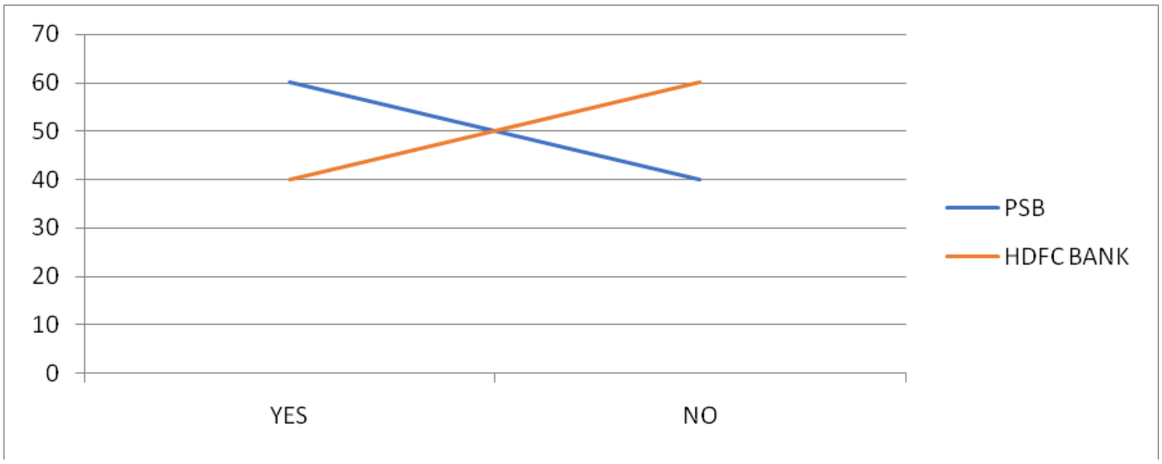


Table 7: Avail safe deposit lockers offered by the bank

	PSB	%Age	HDFC	%Age
YES	25	50	35	70
NO	25	50	15	30
Total	50	100	50	100

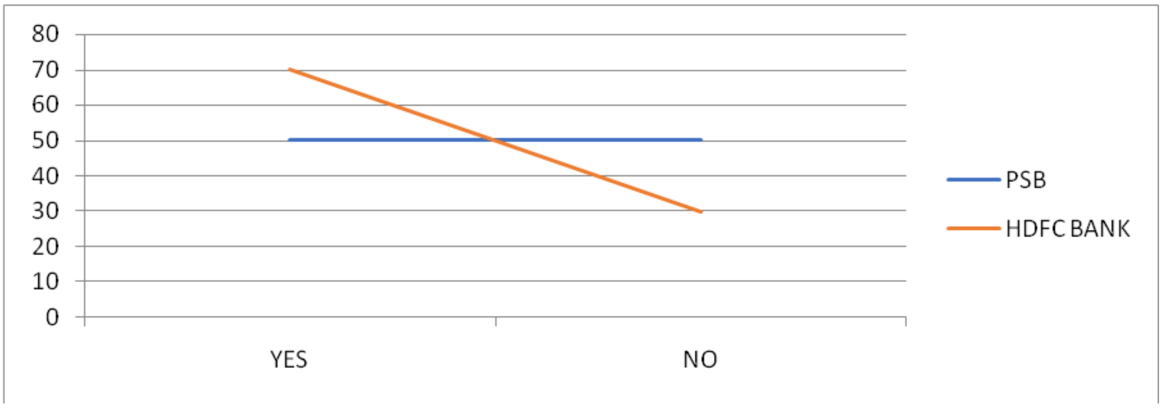


Table 8: Staff behavior with the customer

	PSB	%Age	HDFC	%Age
Superior	10	20	10	20
Good	35	70	30	60
Average	5	10	10	20
Total	50	100	50	100

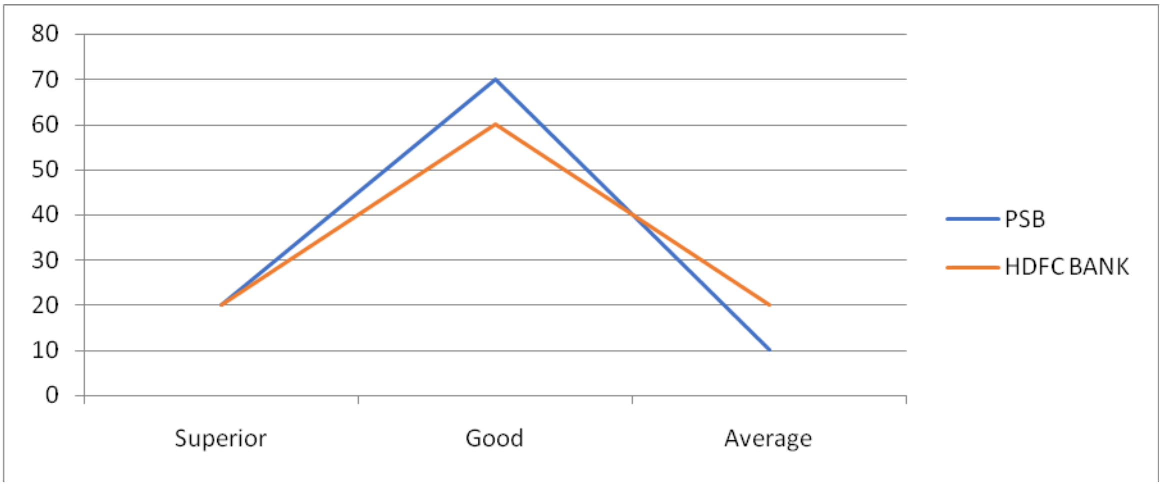


Table 9: Manager available easily and accessible to redress grievances if any and to solve problems

	PSB	%Age	HDFC	%Age
Superior	20	40	25	50
Good	30	60	25	50
Average	0	0	0	0
Total	50	100	50	100

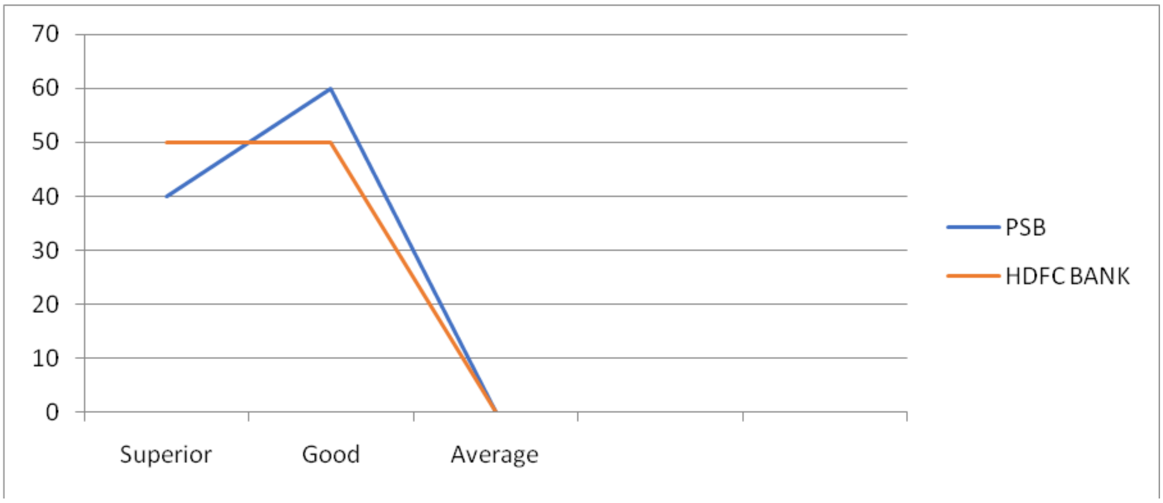
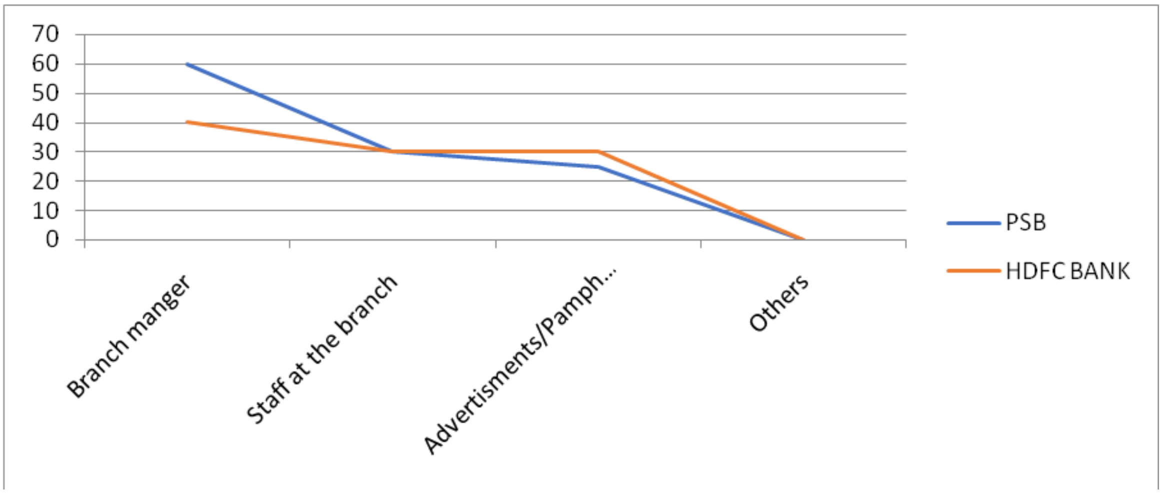


Table 10:You know about the existing and new policies and services offered by the bank through

	PSB	%Age	HDFC	%Age
Branch manger	30	60	20	40
Staff at the branch	15	30	15	30
Advertisements/Pamphlets	5	25	15	30
Others	0	0	0	0
Total	50	100	50	100



FINDINGS OF THE STUDY

- 60-80% of the respondents whether in PSB or in HDFC bank have savings account with banks.
- 60% of the respondents faced problem in getting the pension in PSB.
- 20-60% People wants a change in the behavior of the staff of the HDFC bank.
- 50% People are more satisfied form the Punjab and Sind bank due to their better services provided by them in terms of speedy transactions, fully computerized facilities, more working hours, good investment, efficient and co-operative staff, and better approach to Customer Relationship Management.

VI. CONCLUSION

Banking now-a-days has been regarded as an indispensable tool for financial planning. Four basic financial needs viz. family protection, house or car purchase, children education and post retirement life, bank tries to suffice these amenities. But still a low percent of population has access to banking facilities. Research concludes that speedy transactions, computerized facilities, cooperative staff as well as an efficient approach to CRM makes banking deliverables more effective.

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