



INTRODUCTION TO BANKING SECTOR- STUDY OF AXIS BANK

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Introduction to Banking Sector

A bank is a budgetary middle person and Money-maker that makes Money by loaning cash to a borrower. Loaning exercises can be performed straightforwardly by giving credit or by implication through the capital market. Capital markets are the monetary market for the purchasing and offering of long-haul obligations or value-supported securities. These business sectors channel the abundance of savers to the individuals who can put it too long haul beneficial utilize, for example, organizations or governments influencing bug-to term speculations. Monetary controllers, for example, the Securities and Exchange Board of India (SEBI) or U.S. Securities and Exchange Commission (SEC), direct the capital market in their wards to ensure financial specialists against extortion, among different obligations. Because of the significance in the monetary framework and impact on national economies, banks are very directed in perch of nations either by National Government or Central Bank. As per the Reserve Bank of India (RBI), India's banking sector is sufficiently capitalized and well-regulated. The financial and economic conditions in the country are far superior to any other country in the world. Credit, market, and liquidity risk studies suggest that Indian banks are generally resilient and have withstood the global downturn well.

The Indian banking industry has recently witnessed the rollout of innovative banking models like payments and small finance banks. RBI's new measures may go a long way in helping the restructuring of the domestic banking industry.

In India, banks are playing a crucial role in socio-economic progress of the country after independence. The banking sector is dominant in India as it accounts for more than half the assets of the financial sector. Indian banks have been going through a fascinating phase through rapid changes brought about by financial sector reforms, which are being implemented in a phased manner.

The current process of transformation should be viewed as an opportunity to convert Indian banking into a sound, strong and vibrant system capable of playing its role efficiently and effectively on their own without imposing any burden on government. After the liberalization of the Indian economy, the Government has announced a number of reform measures on the basis of the recommendation of the Narasimhan Committee to make the banking sector economically viable and competitively strong.

The current global crisis that hit every country raised various issue regarding efficiency and solvency of banking system in front of policy makers. Now, crisis has been almost over, Government of India (GOI) and Reserve Bank of India (RBI) are trying to draw some lessons. RBI is making necessary changes in his policy to ensure price stability in the economy. The main objective of these changes is to increase the efficiency of banking system as a whole as well as of individual institutions. So, it is necessary to measure the efficiency of Indian Banks so that corrective steps can be taken to improve the health of banking system.

History of Axis Bank

The bank was founded on December 3rd, 1993 as UTI Bank, opening its registered office in Ahmedabad and a corporate office in Mumbai. The bank was promoted jointly by the Administrator of the Unit Trust of India (UTI), Life Insurance Corporation of India (LIC), General Insurance Corporation, National Insurance Company, The New India Assurance Company, The Oriental Insurance Corporation, and United India Insurance Company. The first branch was inaugurated on 2 April 1994 in Ahmedabad by Manmohan Singh, then finance minister of India. In 2001 UTI Bank agreed to merge with Global Trust Bank, but the Reserve Bank of India (RBI) withheld approval and the merger did not take place. In 2004, the RBI put Global Trust under a moratorium and supervised its merger with Oriental Bank of Commerce. The following year, UTI bank was listed on the London Stock Exchange. In the year 2006, UTI Bank opened its first overseas branch in Singapore. The same year it opened an office in Shanghai, China. In 2007, it opened a branch in the Dubai International Financial Centre and branches in Hong Kong.

On 30 July 2007, UTI Bank changed its name to Axis Bank. The recommendation for name changes to axis bank has arisen from the existence of several shareholder unrelated entities using the UTI brand, and the consequent brand confusion that this creates. TO create own brand and identity UTI bank was changed to AXIS bank. In 2009, Shikha Sharma was appointed as the MD and CEO of Axis Bank. In 2013, Axis Bank's subsidiary, Axis Bank UK commenced banking operations. On 1 January 2019, Amitabh Chaudhry took over as MD and CEO. In the year 2021, the Bank had reduced its stake in Yes Bank from 2.39 percent to 1.96 percent.

The Bank has strengths in both retail and corporate banking and is committed to adopting the best industry practices internationally to achieve excellence.

Axis Bank Ltd. provides corporate and retail banking products and services. The company's products include saving accounts; fixed deposits, recurring deposits; home loans, car loans, personal loan, and loans against shares, property and security; credit cards, debit cards and prepaid cards; forex, investments in mutual fund, demat account, online trading; insurance in health, home, travel, life and other services of prepaid mobile charging, online shopping, locker and e-statement.

Organization structure

Microfinance Department

Microfinance is a genre of financial services that especially targeting individual and small businesses who lack access to conventional banking and related services. Microfinance includes microcredit, the provision of a small loan to poor clients. Microfinance services are designed to reach excluded customers, especially those who come under the poor population, and it helps them to become independent.

Microfinance is a way in which loans, credit, insurance, access to the savings account, and money transfers will be provided to all the small business owners and every entrepreneur who comes from under developing part of India. The beneficiaries of microfinance are those people who are not able to access these financial resources. Usually, interest rates are higher in microloans in comparison to other loan departments or we can say higher rates in comparison to personal loans.

Microfinance is being considered as one of the successful instruments used to decrease the destitution and sexual orientation imbalance through ladies strengthening, to reinforce the weaker groups in creating nations. India is a country loaded with both, enormous riches and neediness. Neediness in India is far-reaching and is predominant in about each city. The dissimilarity between the rich and poor is colossal, with the rich living luxuriously and the poor living on the streets and not having the capacity to nourish them. Moreover, India is loaded with regional, cultural and financial contrasts (Datta and Kornberg 2002, 87). India's poor make up 33% of the world's poor (Novogratz 2009, 254). The numbers demonstrate that in 1997 "35% of the Indian populace (with 37% in rustic regions and 31% in urban territories) was living underneath the poverty line" (Lazar 2008, 11). While the numbers have diminished, a fourth of the Indian populace is still in destitution. A valid example "India makes up 15% of the total populace and 27% of its one billion individuals were underneath the neediness line in 2001" (Premchander 2009). There is a distinction in the number of needy individuals living in the urban communities contrasted with those living in country regions; a few investigations demonstrate that there are around "240 million rustic poor and 72 million urban poor in India" (Lazar 2008, 11)

Evolution of microfinance in India:

- 1974: Establishment of Self-Employed Women's Association (SEWA) in Gujarat.
- September 1975 – Rural bank Ordinance was passed.
- October 02, 197 – Prathama bank (first RRB) came into existence.
- 1976 – Ordinance was replaced by Regional Rural Bank Act. 13
- July 12, 1982 – NABARD was established on the recommendations of Shivaraman Committee, by an act of parliament to implement the National Bank for Agriculture and Rural Development Act 1981.
- April 02, 1990 – SIDBI was established through Small Industries Development Bank of India Act 1989.
- 1992 – NABARD launched SHGs Bank Linkage Program. 1999 – SIDBI created microcredit to create a national network of strong, viable and sustainable Microfinance Institutions from the informal and formal financial sector to provide microfinance services to the poor, especially women.
- 2006 – NABARD launched the Micro Enterprise Development Program for skill development.

Knowledge

- Knowledge about the total microfinance lending in Bihar.
- Knowledge of microfinance sector.
- Knowledge of different type of loan which comes under microfinance sector of axis bank.
- Learned about SHG and JLG lending.
- Knowledge about the MFIs.
- Microfinance loan are given without security to those who comes under below poverty line.
- Commercial banks create partnership with MFIs to lend microfinance sector in the form of retail and wholesale banking.

Findings

- Poor people are not able to get proper benefit of microfinance benefits.
- The documentation process is a factor due to which poor people do not want to take microfinance loans.
- Only 4% of the poor people are getting the benefit of Microfinance.
- Most people who are from poor backgrounds move to businesspersons who give money on a credit basis.
- The banking sector does provide microfinance loans, but they usually take much time and due to which people do not want to avail Microfinance loan.
- Loan size is not more than Rs. 5, 00 000/-.
- Interest rate for JLG/Individuals is 20.15%.
- Interest rate for JLG/SLG through BCs is 24.5%.

Findings and Analysis

To collect data and information, we prepared an online questionnaire through Google forms. We collected responses from 50 respondents and the responses that we got are analyzed below:

The age group of most of the respondents was 24 to 26 years. The remaining respondents varied from 18 to 69 years.

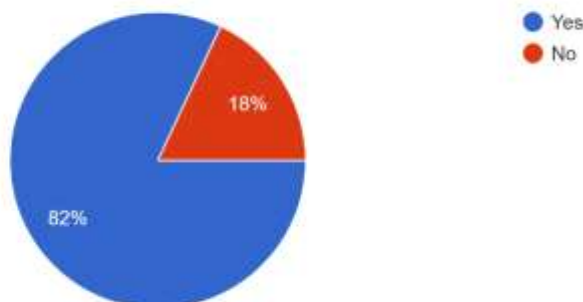
About 50% of the respondents were students. Out of the remaining, some were private employee, teachers, etc.

About 50% of the respondents were not earning, remaining 26% earned less than Rs.50000, 6% of them earned between Rs.50000 to Rs.150000, 12% of them earned Rs.150000 to Rs.250000, remaining earned more than Rs.250000.

We asked the respondents if they have bank account. 82% of them owned an account while remaining 18% of them did not own any bank account.

Do you have a bank account?

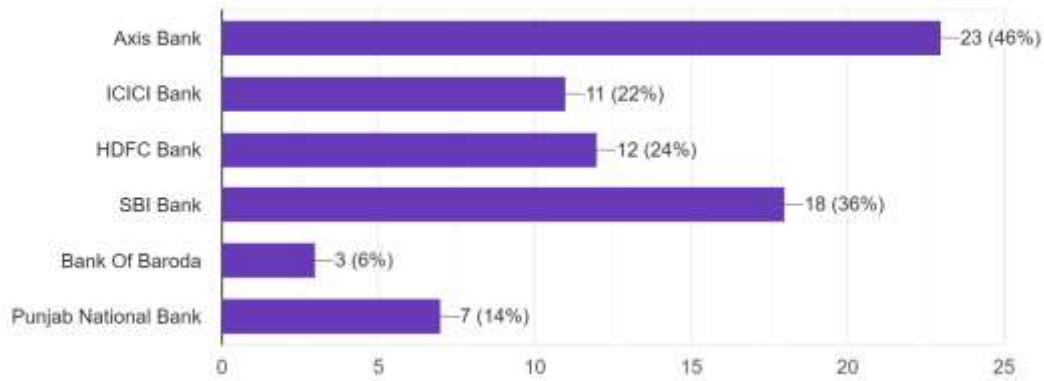
50 responses



We also enquired them about in which bank do they have a bank account. 46% of them had the account in Axis Bank, 36% of them had their bank account in SBI Bank, 22% of them had their bank account in ICICI Bank while 24% of them have the account in HDFC Bank, 14% have their account in Punjab National Bank. The remaining 6% have their account in Bank of Baroda.

In which bank do you have a bank account?

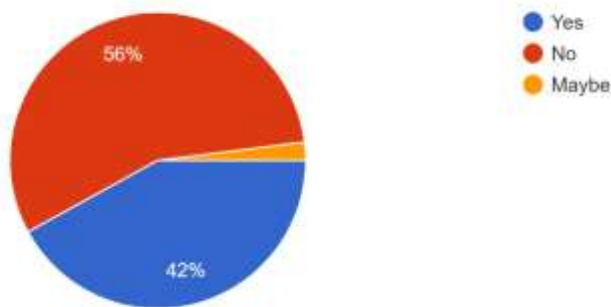
50 responses



We asked the respondents if they ever had or have any bank account in Axis Bank. About 42% of them owned an account in Axis Bank while remaining did not.

Do you have/had an account in Axis Bank?

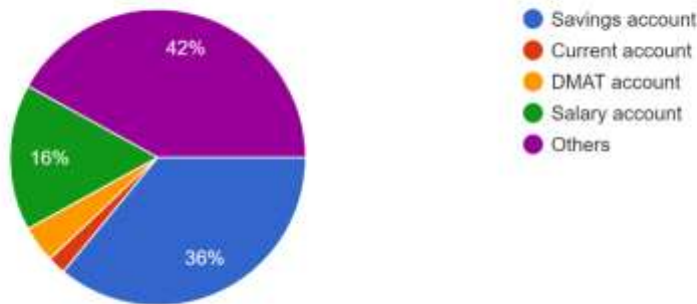
50 responses



We also wanted to know which account do the respondents hold in Axis Bank. About 36% of them owned Savings Account, 16% had Salary Account, 4% had DMAT Account while the remaining had various other accounts.

Which account do you hold in Axis Bank?

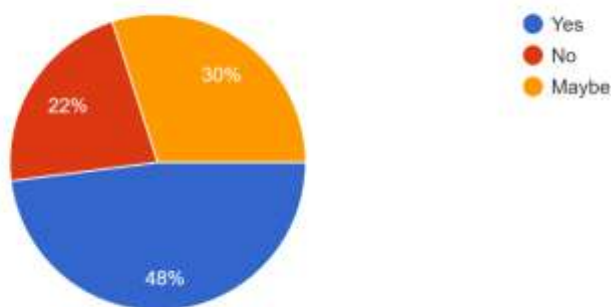
50 responses



We were curious know if they liked the services of Axis Bank and it was great to know that 48% of them liked the services.

Do you like the services of Axis Bank?

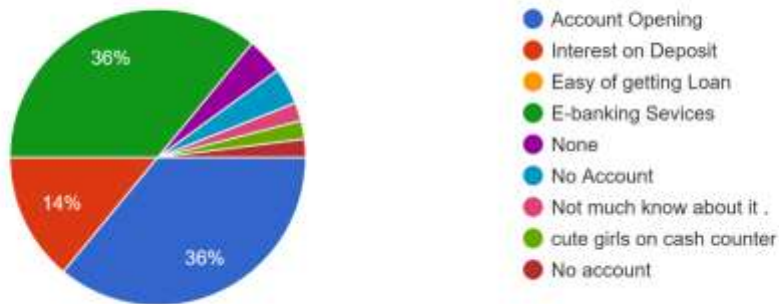
50 responses



The next question that we asked the respondents was which service of Axis Bank do they prefer the most. 36% of the people preferred the account opening service of Axis Bank, 36% of them preferred E-banking service of Axis Bank, 14% preferred Interest on deposit service of Axis Bank.

Which service of Axis Bank do you prefer the most?

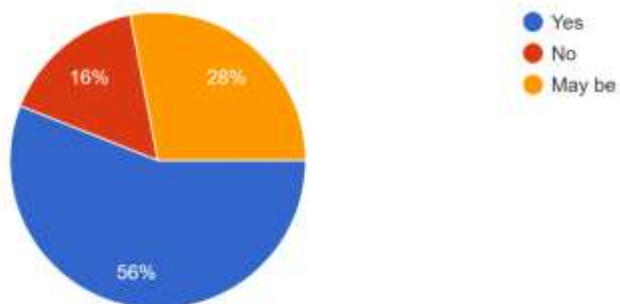
50 responses



Also, we questioned the respondents about the interest rates of Axis Bank.

Do you think Axis Bank offers competitive interest rates?

50 responses

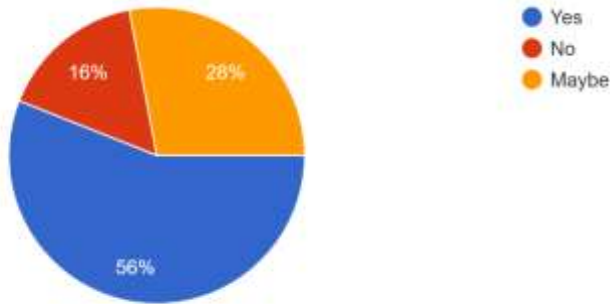


56% of the respondents answered saying that they think the interest rate of Axis Bank is competitive. Remaining of the respondents did not think so.

Next, we asked the respondents if they were satisfied with the products or services that Axis Bank provides. Surprisingly, we got similar answer as that of the last question.

Are you satisfied with the product or services that Axis Bank provides?

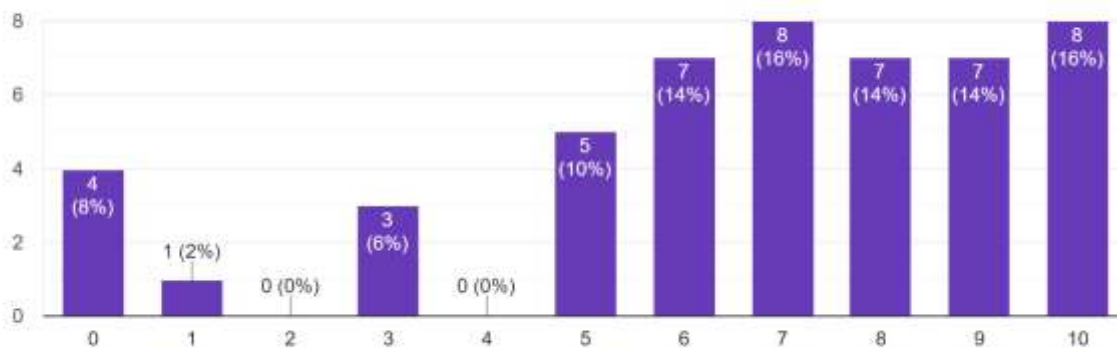
50 responses



We asked the respondents to rate their level of satisfaction regarding the way Axis Bank manages their account. The responses that we got was as below:

How satisfied you are with the way Axis Bank manages your account?

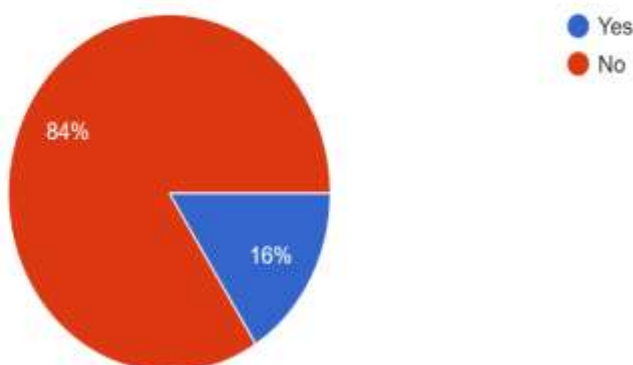
50 responses



We also enquired the respondents if they have ever used the Microfinance service of Axis Bank. Very few people used the service (only 16%) while the remaining (84%) of them did not take the service.

Did you ever take the Microfinance service of Axis Bank?

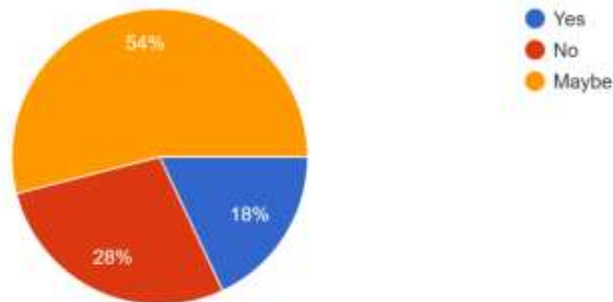
50 responses



Amongst the 16% of the respondents, we enquired them if they liked the Microfinance service of Axis Bank. Only 18% of them liked the service while the remaining did not like it and suggested not to use the service.

Did you like the service?

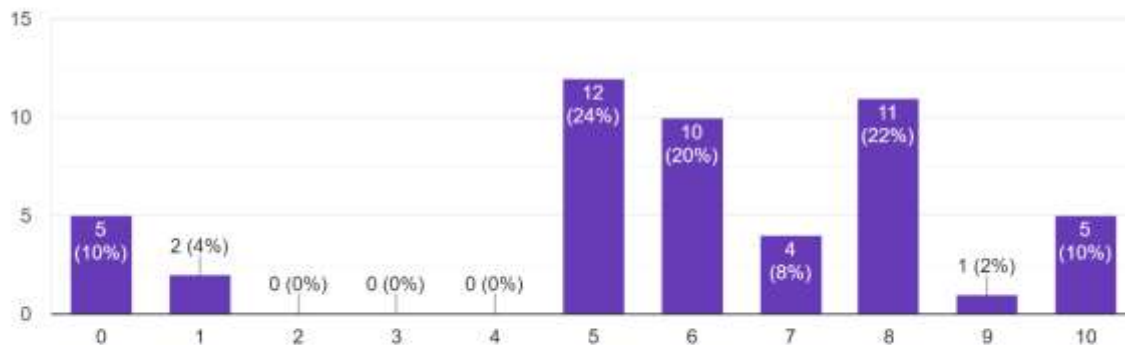
50 responses



We requested the respondents to rate their experiences of Microfinance service at Axis Bank and the results were as below:

Rate your experience of microfinance service at Axis Bank

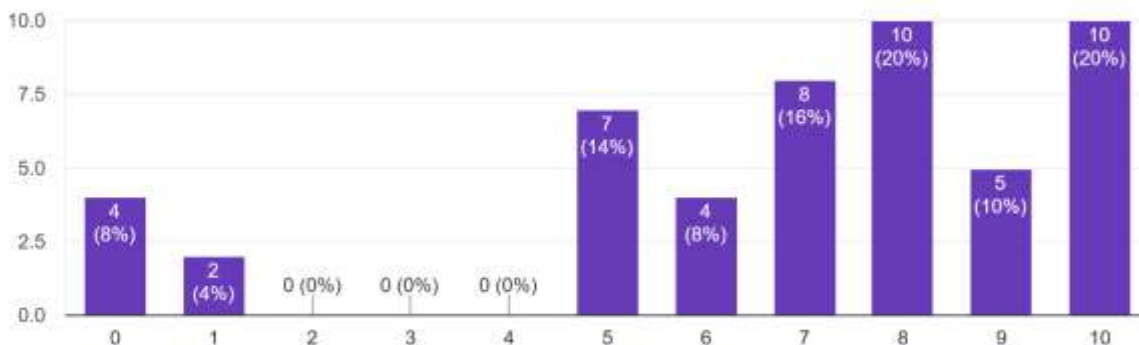
50 responses



Lastly, we asked the respondents to rate their overall experience with Axis Bank. We got the following results:

How was your overall experience with Axis Bank?

50 responses



CONCLUSION

- Microfinance refers to a movement through which many poor and near-poor households have easy access to an appropriate range of high-quality financial services.
- The Microfinance sector is now a sustainable business model in India. And it is helping all the poor category people by giving them good financial help.
- This industry has good potential in the future in terms of expanding its business in every corner of India.
- Financially weak women availing this facility in a good number for the betterment of themselves and helps them to stand on their own feet.
- Communication gap becomes a huge barrier for the customers of a microfinance loan.

RECOMMENDATION

- Firstly, MFIs should increase the loan size given to the customers.
- An organization that provides money for lending must disburse the amount timely.
- The Organization should lower the interest on a very urgent basis. This is 2nd main reason why people go to lend money from businesspersons.
- Organization should increase the repayment tenure.
- There is a lack of knowledge among the poor persons or single woman who are financially weak in the context of microfinance loan or MFIs who provides the loan. So, all the MFIs who want to help those who come from the economically backward condition they must ensure that they promote their services on a big scale.
- People who are not able to speak properly or lack some document must be helped by MFIs employees, and they must know how to deal with the customers. Due to this behaviour people do not want to take financial help from MFIs.