

PRODUCTIVITY OF FOREIGN SECTOR BANKS IN E-AGE

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ABSTRACT

The productivity of any operation is measured by the output with respect to per unit input. Productivity is the parameter to study the efficiency of any operation and we can also compare the productivity of foreign sector banks with the other banking sectors to know the better productive operation of any individual banking sector. My study to analyze the productivity of public private and foreign sector banks but in this paper the productivity of foreign sector banks will be discussed. The five banks have been selected for the study. The productivity has been studied on the basis of seventeen factors/ determinants on the basis of employee, branch and financial productivity. All the factors are studies for the specific time period.

KEYWORDS: Computerization, Productivity, Information Technology (IT), Foreign Sector Banks

INTRODUCTION

India is a developing Nation and the whole world has an eye on its growth. Many industries found a great potential in Indian Market for growth since many years and time to time we can see the various investments in the Indian Business Environment. If we talk about the Banking Sector in India many foreign sector banks have started its operations in India. Although the number of banks' branches is less than the other banking sectors like public sector banks and private sector banks in India. One more advantage gained by the foreign sector banks was that it started its operations in an era when the overall computerization was adopted by the banking industry. So it excluded the transformation efforts from manual system to computerized system in E-age. Most of the public sector banks and some private sector banks had to face this phase of transformation and they also had to bear the expense for the same. The productivity of foreign Banking sector is discussed in this paper. The factors are also discussed on the basis of pre mature and post mature IT era. And it will also be discussed that in which era the banking sector got benefitted more.

REVIEW OF LITERATURE

In the field of research of productivity many research papers form different authors have been studied few of them are discussed in this paper. This review of literature helped to find out the research problem and made the topic very clear as the different author have given their opinion very precisely.

Uppal RK (2010) author in this study has studied the impact of Information Technology on the Banking Sector the particular feature for the study was mobile banking the output concluded I this study was that the online banking/ mobile banking had helped a lot to reduce the operational time and the physical presence at banks and reduced the cost ultimately.

Reeshma (2016) in this study the author analyzed the impact of technology on the banking industry. According to study the computerization has completely overtook the manual system. With the help of technology the aim of anywhere ant branch has been achieved.

B.Khurana (2017) this study has focused on the productivity of SBI banks and effect of merger on this bank. In this study author has predicted that the merger can leave a positive impact on the investors' n long run. Author discussed the reasons behind the merger and also studied various effects post-merger of SBI and Associate banks.it was also point to think for the other banking sectors line Private sector banks and the foreign sector banks.

OBJECTIVE OF THE STUDY

To study and examine the Intra-sector productivity differentials of selected foreign sector banks

RESEARCH METHODOLOGY

SELECTION OF BANKS

The following banks were selected randomly among the foreign sector banks. All these five banks are studied on the basis of seventeen factors which are further divided into three categories i.e. Employee basis, Branch basis and financial productivity basis.

1. CITI Bank (Bank –I)
2. Standard Chartered Bank (Bank –II)
3. HSBC Bank (Bank –III)
4. DBS Bank (Bank –IV)
5. American Express Bank (Bank –V)

These five banks will be studied for the productivity analysis on the basis of seventeen factors on the basis of employee, branch and financial productivity.

DATA ANALYSIS

All five banks are studied on the basis of seventeen factors. These seventeen factors are divided on the basis three parameters employee, branch and financial productivity. Per employee factors are (F1-deposit, F2-advance, F3-business, F4-total expenditure, F5-total earning, F6-spread, F7-establishment expenditure). Per branch factors are (F8-deposit, F9-advance, F10-business, F11-total expenditure, F12-total earning, F13-spread, F14-establishment expenditure). Financial productivity factors are (F15profit, F16-establishment expenditure of business and earning, F17-total expenditure). All the secondary data has been taken from the data published by Indian Banking association Mumbai annually. The time period of the study is 2000-2016. Statistical methods used for the study are mean, standard deviation and also the f test for the significance level checking.

Table 1: Foreign Sector Banks per employee under study (Rs. Crores)

Ratio	Bank-I		Bank-II		Bank-III		Bank-IV		Bank-V		F-ratio
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	
F-1	9.82	4.08	8.95	10.77	6.90	4.28	15.6	9.68	1.53	1.70	7.76**
F-2	8.28	1.42	8.82	12.55	4.12	2.39	11.22	6.38	1.80	1.26	5.29**
F-3	18.09	5.18	17.74	16.10	11.00	6.61	26.67	14.82	3.30	2.62	10.35**
F-4	1.32	0.35	0.83	0.42	0.75	0.44	2.22	1.00	0.65	0.45	19.85**
F-5	1.61	0.44	1.05	0.48	0.90	0.56	2.48	0.90	0.67	0.45	24.10**
F-6	4.03	0.37	3.82	0.38	3.45	0.46	2.69	0.93	1.97	1.46	16.29**
F-7	0.52	0.08	0.31	0.14	0.30	0.18	0.46	0.25	0.45	0.31	4.04**

Source: values calculated published by IBA Mumbai

The following outcomes were interpreted from the values calculated from the secondary data published by IBA.

- According to factor F1-deposit the DBS bank has the highest value and the American Express bank has the lowest value.
- On the basis of factor F2-advances the highest value bank was of DBS banks and lowest was of the Standard Chartered Bank.
- Third factor shows the highest value in the DBS bank and the lowest value in the American Express bank.
- The evaluation factor F4-expenditure has shown the highest value in DBS bank and the lowest value in the American Express Bank.
- The factor F5-earnings has the highest value w.r.t DBS bank and the lowest calculated value was for the American Express bank.
- On the basis of factor F6-spread the highest value is with CITI bank and the lowest is with American Express bank.
- The factor number factor F7-expenditure has shown the highest value w.r.t CITI bank and the lowest value with HSBC Bank.

Table 2: Foreign Sector Banks under study with respect to per branch factors (Rs. Crores)

Ratio	Bank-I		Bank-II		Bank-III		Bank-IV		Bank-V		F-ratio
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	
F-8	1095.35	534.36	794.79	1068.93	858.36	396.28	853.31	770.88	323.84	123.15	2.75*
F-9	896.80	287.63	728.92	1020.01	503.01	209.03	601.27	480.53	487.42	314.35	1.49
F-10	1992.13	806.74	1523.69	1431.75	1361.35	598.90	1454.55	1198.86	811.25	337.84	2.92*
F-11	138.52	44.47	67.98	26.33	92.75	41.67	96.95	72.87	169.70	83.97	7.36*
F-12	170.64	60.48	86.69	33.06	110.97	52.80	111.17	80.99	179.65	93.86	5.50*

Source: values calculated published by IBA Mumbai

- The eighth factor F8-deposit shows the highest value of bank was of CITI Bank and the lowest calculated value was for American Express Bank.

- According to factor F9-advances the highest value is of CITY Bank and the lowest value was of American express Bank.
- On the basis of tenth factor i.e. F10-Business the expected highest value was of CITY Bank and the lowest was for American Express Bank.
- The factor F11-expenditure shows the highest value for American Express Bank and the lowest value for Standard Chartered Bank.
- The Calculated factor F12-earning showed the highest value of American Express Bank and the lowest value for Standard Chartered Bank.

Table 3: Foreign Sector Banks under study with respect to financial productivity (Rs. Crores)

Ratio	Bank-I		Bank-II		Bank-III		Bank-IV		Bank-V		F-ratio
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	
F-13	53.00	12.26	23.88	7.13	34.99	14.95	23.01	16.63	140.45	117.06	12.65**
F-14	18.06	4.45	20.78	4.96	15.02	5.72	12.00	11.94	5.95	13.45	6.21**
F-15	40.22	8.82	36.89	7.94	38.86	10.31	23.18	13.20	72.38	36.06	14.38**
F-16	3.03	1.18	2.19	0.81	2.60	0.23	1.78	0.43	15.49	10.47	23.25**
F-17	7.67	2.73	6.24	2.85	7.03	1.69	14.30	19.98	22.80	12.94	6.38**

Source: values calculated published by IBA Mumbai

- The factor F13-Estb exp has shown the highest value for American express Bank and the lowest value for DBS Bank.
- According to the fourteenth factor i.e. F14- profit w.r.t. earning the highest value bank was of Standard Chartered Bank and lowest value was for American Express Bank.
- Factor F15- estab. Exp. W.r.t expenses shown the highest value for American express Bank and the lowest for DBS Bank.
- On the basis of factor F16- estab. Exp. W.r.t business expenses the highest value bank was of DBS Bank and the lowest calculated value was for American express bank.
- According to the seventeenth factor F17-Exp. W.r.t business expenses the highest value bank was of American express Bank and the lowest for Standard Chartered Bank.

LIMITATIONS

1. Foreign sector banks have very less penetration to all the states on India. They caters only in the most of the metro cities.
2. Number of branches is very less as compared to other banking sectors.
3. Banking policies in comparison to other banking sectors.

CONCLUSION

The impact of IT in the productivity of banking sector cannot be ignored. But the big advantage for the banking sector in India was that the most of these kind of banks were settled in the time period when the computerization was already adopted by the banking sector. So there was no need of the transformation for from the manual to automate system for operations in case of foreign sector banks only. This study will help to make further future policies for the betterment of the banking industry.

REFERENCE

1. Data published by IBA- Indian Banking Association for each financial year2000-2016