

SUMMER INTERNSHIP PROJECT REPORT

On

Comparative Analysis of Financial Performance of different Products & Services offered by HDFC Bank with other Competitors

By

Parag Bagaria

2019BBA020



Under the supervision of

Dr. Upasana Singh

(Submitted in partial fulfillment of the requirement for BBA degree)

Institute of Management

JK Lakshmipat University, Jaipur

(2021)

DECLARATION BY THE CANDIDATE

I the undersigned solemnly declare that the project report is based on my work carried out during our study under the supervision of **Mr. Narendra Singh Rawat** (Industry mentor) & **Dr. Upasana Singh** (Faculty mentor).

I assert the statements made and conclusions are drawn are an outcome of my research work. I further certify that:

1. The work contained in the report is original and has been done by me under the general supervision of my supervisor.
2. The work has not been submitted to any other Institution for any other degree/diploma/certificate in this university or the any other University of India or abroad.
3. I have followed the guidelines provided by the university in writing the report.
4. Whenever I have used materials (data, theoretical analysis, and text) from other sources, we have given due credit to them in the text of the report and giving their details in the references.

Parag Bagaria

2019BBA020

Institute of Management

CERTIFICATE

It is certified that the Summer Internship Report titled **Comparative Analysis of Financial Performance of financial tools offered by HDFC Bank with other Competitors** submitted by **Parag Bagaria** is an original piece of research work carried out by the candidate under my supervision.

Signature of the Faculty Guide

A handwritten signature in blue ink, appearing to read 'Upasana', with a horizontal line underneath the name.

(Dr. Upasana Singh)

September 8, 2021

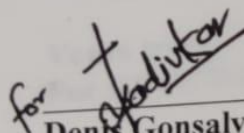
TO WHOMSOEVER IT MAY CONCERN

This is to certify that **Mr. Parag Bagaria** has completed his Project Training with us in **BIU Finance at Mumbai** from **July 5, 2021 to August 13, 2021**.

He has completed a project on "**Management Information System (MIS) using Tableau Business Intelligence Platform**"

We wish him all the best for the future.

Yours truly,
For **HDFC BANK LIMITED**.

for 

Denis Gonsalves
Deputy Vice President - Human Resources.

ACKNOWLEDGEMENT

This project report bears the imprint of those who had rendered their wholehearted support and encouragement without whose help this effort of mine would be in vain. I express my deep sense of gratitude and sincere thanks to my project guide **Dr. Upasana Singh** for her directions, suggestion, and information provided which were of utmost importance for the successful completion of the project.

I present sincere thanks to **Mr. Narendra Singh Rawat** who guided me to analyse the data published by RBI. I would also like to thank Mr. Rajesh R Nair and Business Intelligence Unit Team for their wonderful support & inspirable guidance.

Sincerely,

Parag Bagaria

2019BBA020

TABLE OF CONTENTS

1. Executive Summary.....	7
2. INDUSTRY OVERVIEW.....	8-10
3. COMPANY OVERVIEW.....	11-14
4. OBJECTIVE.....	15
5. RESEARCH METHODOLOGY.....	16
6. FINDINGS & ANALYSIS.....	17-22
7. CONCLUSION & SUGGESTIONS.....	23
8. REFERENCES.....	24

Executive Summary

Keeping an update of Financial performance of the organization's offering is utmost important for any company in order to track the progress and finding hindrance in growth. Otherwise, it's just throwing the money in effluent without caring. To analyze some of the offerings, this project is carried out which is also the blend of my HDFC Bank's experience and research data. The project's objective is to analyze the performance of different financial tools of HDFC Bank and compare them with other rivals to find out which tool is performing less and requires more attention and how other banks are performing in the same parameter. This report will serve as good information for the Senior Management in making meaningful decisions. On analyzing the data, I came to know that HDFC Bank comes in Top 10 rankings in every parameter whether it is ATMs, POS, Credit Cards or Debit Cards and ranks first and second in Private Sector Banks but still to rank first in all the parameters HDFC Banks can review these findings and suggestion:

1. HDFC Bank has comparatively less no. of ATMs which may lessen the reach of consumers
2. Their debit cards are comparatively less because of their huge card maintaining cost which creates a hindrance in getting more no. of Debit Card users.

More Investments in the deployment of ATMs are required to increase the customer reach and the creation of more affordable Debit Cards is needed to get more market share. Overall, HDFC Bank has a good Internship Program that trains and develops a student holistically to give a good flavor of Corporate Experience.

Industry Overview

BFSI stands for the Banking, Financial Services, and Insurance sector. Fundamentally, it represents a major portion of the multi-billion dollar Indian economy comprising all Banking, Insurance, and Non-Banking Financial Institutions. The latter is known as the NBFCs. Also, the BFSI industry largely refers to financial service firms such as Broking, and Asset Management. India, as a business destination, fosters all the positives for the BFSI sector to flourish at an appreciable pace. Inter-dependent factors of government policy, active public/private involvement, robust regulatory measures, and technological evolution have spurred the BFSI sector to register strong numbers in recent years.

Banking is one of the pillar components of the BFSI industry. Without a sound and effective banking system, no country can have a healthy economy. Banks play a vital role in the economic development of a country. They accumulate the idle savings of the people and make them available for investment. They also create new demand deposits in the process of granting loans and purchasing investment securities. They facilitate trade both inside and outside the country by accepting and discounting of bills of exchange. Banks also increase the mobility of capital. For the past three decades, India's banking system has had several outstanding achievements to its credit. It is no longer confined to only the metropolitans but has reached even to the remote corners of the country. This is one of the reasons for India's growth process. Today, the banking sector is one of the biggest service sectors in India. Availability of quality services is vital for the well-being of the economy. The focus of banks has shifted from customer acquisition to customer retention. With the stepping in of information technology in the banking sector, the working strategy of the banking sector has seen revolutionary changes. Various customer-oriented products like internet banking, ATM services, Tele-banking, and electronic payment have lessened the workload of customers. The facility of internet banking enables a consumer to access and operate his bank account without actually visiting the bank premises. The facility of ATMs and credit/debit cards has revolutionized the choices available to the customers. In the modern-day economy where people have no time to make payments by standing in a queue, the services provided by banks are commendable. Playing multiple roles, these institutions have helped promote, nurture, support, and monitor a range of activities, though their most important function has been as drivers of industrial development.

Banking Sector in India

The Indian banking industry plays an important role in the economic development of the country and is the most dominant segment of the financial sector. Banks help channel savings to investments and encourage economic growth by allocating savings to investments that have the potential to yield higher returns.

There are 12 PSU banks, 22 Private sector banks, 1485 urban cooperative banks, 56 regional rural banks, 46 foreign banks, and 96,000 rural cooperative banks in India. The total number of ATMs in India has constantly

seen a rise and there are 209,110 ATMs in India as of August 2020, which are expected to further grow to 407,000 by the end of 2021. In the last four years, bank credit recorded a growth of 3.57% CAGR, surging to \$1698.97 billion as of FY20. At the same time, deposits rose with a CAGR of 13.93% reaching \$1.93trillion by FY20. However, the growth in total deposits to GDB has fallen to 7.9% in FY20 owing to pandemic crises, which was above 9% before it. Due to strong economic activity and growth, rising salaries, and easier access to credit, the credit demand has surged resulting in the Credit to GDP ratio advancing to 56%. However, it is still far less than the developed economies of the world.

India's banking system is a robust one and is comprising of the following structure:

1. Central Bank - Reserve Bank of India
2. Scheduled Commercial Banks

They are further classified into 3 categories:

- Public Sector Banks (PSB)
- Private Sector Banks
- Foreign Banks

3. Regional Rural Banks (RRB)
4. Cooperative Banks
5. Specialized Bank

They are of three types:

- Export-Import Bank of India (EXIM Bank) –
- Small Industries Development Bank of India (SIDBI)
- National Bank of Agriculture and Rural Development (NABARD)

6. Development Banks
7. Small Finance Bank (SFB)
8. Payments Bank

As per government-funded research, the Scheduled Commercial Banks comprise the largest share of the banking sector (76.1%), followed by the NBFCs (15.4%), Cooperative Banks (6.8%), and finally, Regional Rural Banks (1.7%). In the last 3 decades, in particular, the Indian Banking industry has come leaps and bounds to its present-day image of a global financial powerhouse. This introduction of forward-thinking steps to revitalize the economy can be traced to 1991- 1997 when the entry of new private sector banks infused competition in an otherwise dormant industry.

Company Overview

HDFC Bank Ltd.

The Housing Development Finance Corporation Limited or HDFC was among the first financial institutions in India to receive an "in principle" approval from the Reserve Bank of India (RBI) to set up a bank in the private sector. This was done as part of RBI's policy for the liberalization of the Indian banking industry in 1994.

HDFC Bank was incorporated in August 1994 in the name of '**HDFC Bank Limited**', with its registered office in Mumbai, India. HDFC Bank is India's largest private sector bank by assets and by market capitalization as of April 2021. It is the third-largest company by market capitalization on the Indian stock exchanges. It is also the fifteenth largest employer in India with nearly 120,000 employees.¹ The bank commenced operations as a Scheduled Commercial Bank in January 1995. As of June 30, 2021, the Bank's distribution network was at 5,653 branches across 2,917 cities. All branches are linked online on a real-time basis. Customers across India are also serviced through multiple delivery channels such as Phone Banking, Net Banking, Mobile Banking, and SMS-based banking. The Bank's expansion plans consider the need to have a presence in all major industrial and commercial centers, where its corporate customers are located, as well as the need to build a strong retail customer base for both deposits and loan products. Being a clearing/settlement bank to various leading stock exchanges, the Bank has branches in centers where the NSE / BSE have a strong and active member base. The Bank also has a network of 16,291 ATMs across India. HDFC Bank's ATM network can be accessed by all domestic and international Visa / MasterCard, Visa Electron / Maestro, Plus / Cirrus, and American Express Credit / Charge cardholders.

Vision, Mission & Values

HDFC Bank's mission is to be a world-class Indian bank. We have a two-fold objective: first, to be the preferred provider of banking services for target retail and wholesale customer segments. The second objective is to achieve healthy growth in profitability, consistent with the bank's risk appetite.

The bank is committed to maintaining the highest level of ethical standards, professional integrity, corporate governance, and regulatory compliance. HDFC Bank's business philosophy is based on five core values: Operational Excellence, Customer Focus, Product Leadership, People, and Sustainability.

Business Segments

HDFC Bank caters to a wide range of banking services covering commercial and investment banking on the wholesale side and transactional / branch banking on the retail side. The bank has three key business segments:

1. Wholesale Banking

2. Treasury
3. Retail Banking

48% of the total revenue for HDFC bank comes from Retail Banking, followed by Wholesale Banking (27%), Treasury (12%), and 13% of the total comes from other sources. HDFC Bank is the market leader in large corporate Banking and Mid-Size Corporate Banking with 75% and 60% share respectively.

Major Subsidiaries and Associates



Objective

- To analyze the performance of different financial tools offered by HDFC Bank Ltd.
- To compare the Financial performance of HDFC Bank with other competing banks
- To review the presence of ATMs at PAN India Level
- To examine the month on month growth of different Commercial means

Research Methodology

Data Source:

In this Analysis, the data is collected from Single Primary Source i.e., the Reserve Bank of India official website to maintain authenticity and reliability. The Data used to carry out this analysis is:

1. Monthly data of Bank-wise ATM/POS/Card Statistics of 18 months
2. Q2, 2021 data of State-wise and Region-wise Deployment of ATMs

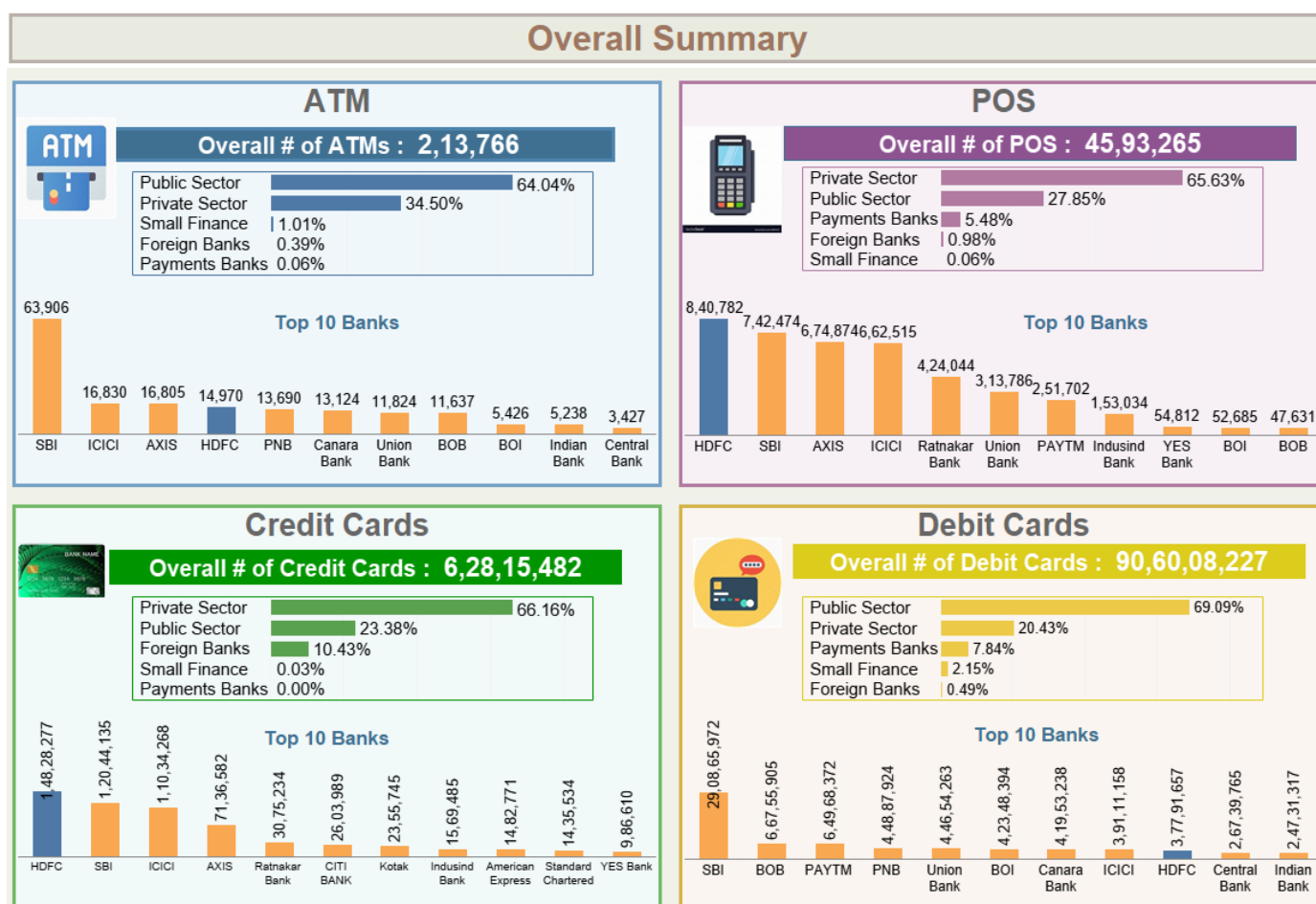
Research Method

In this analysis, the Quantitative Research method is followed to analyze the quantitative data which was collected & collated from the RBI website and analyzed in business analytical tool Tableau to find out meaningful results.

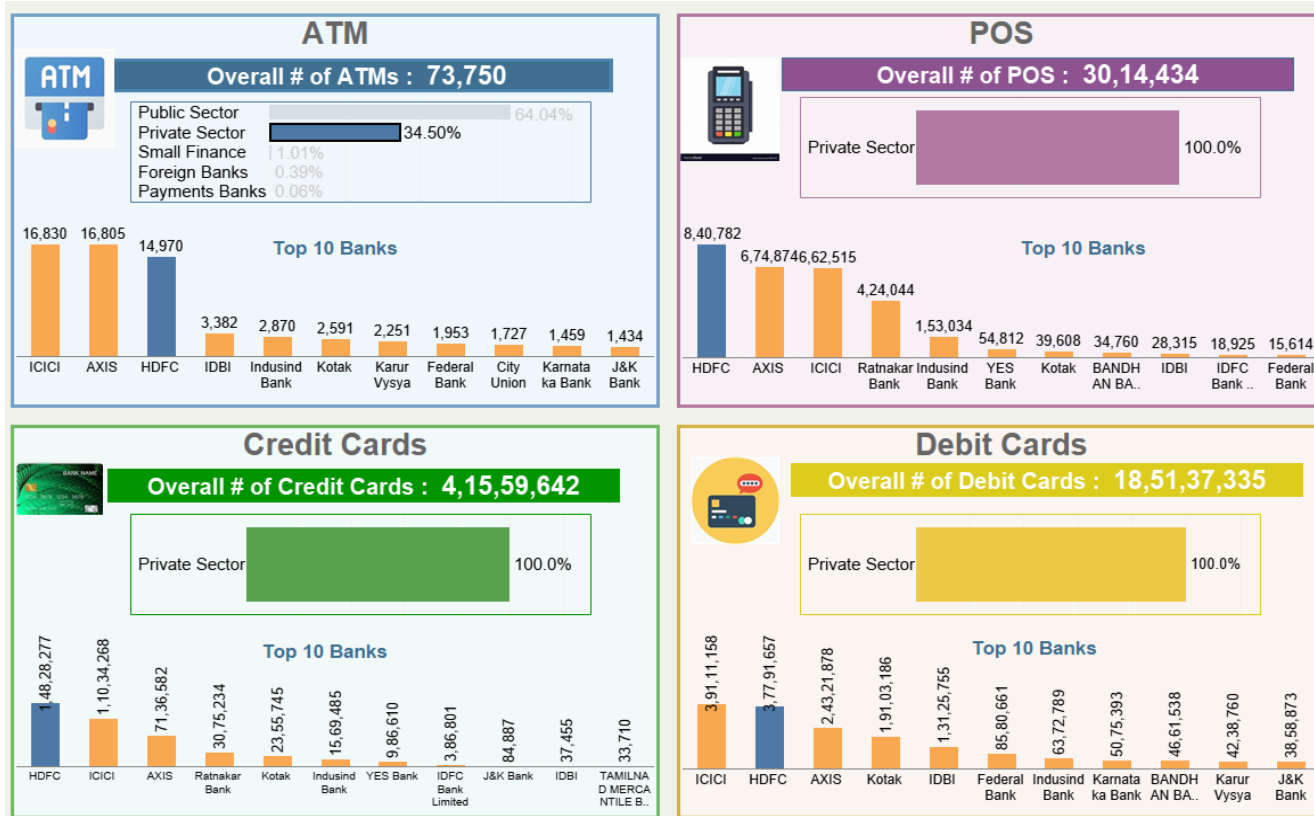
Analysis & Findings

This whole analysis was conducted in tableau using the monthly data of 'Bank-wise ATM/POS/Card Statistics' of last 18 months and 'State wise and Region wise Deployment of ATMs' data of Q2, 2021. There are several questions which are mentioned below that can be answered with the interactive dashboard created in Tableau Desktop.

1. HDFC Bank Rankings vis-à-vis Competitors

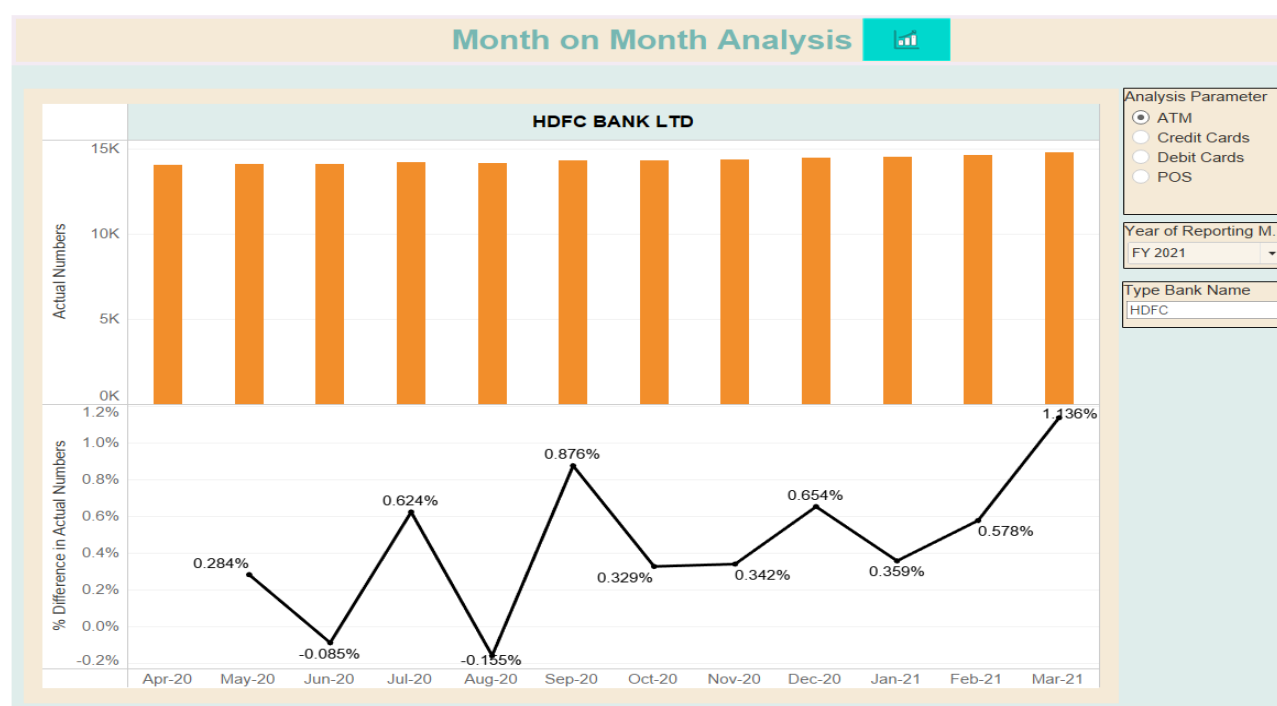


Overall Summary



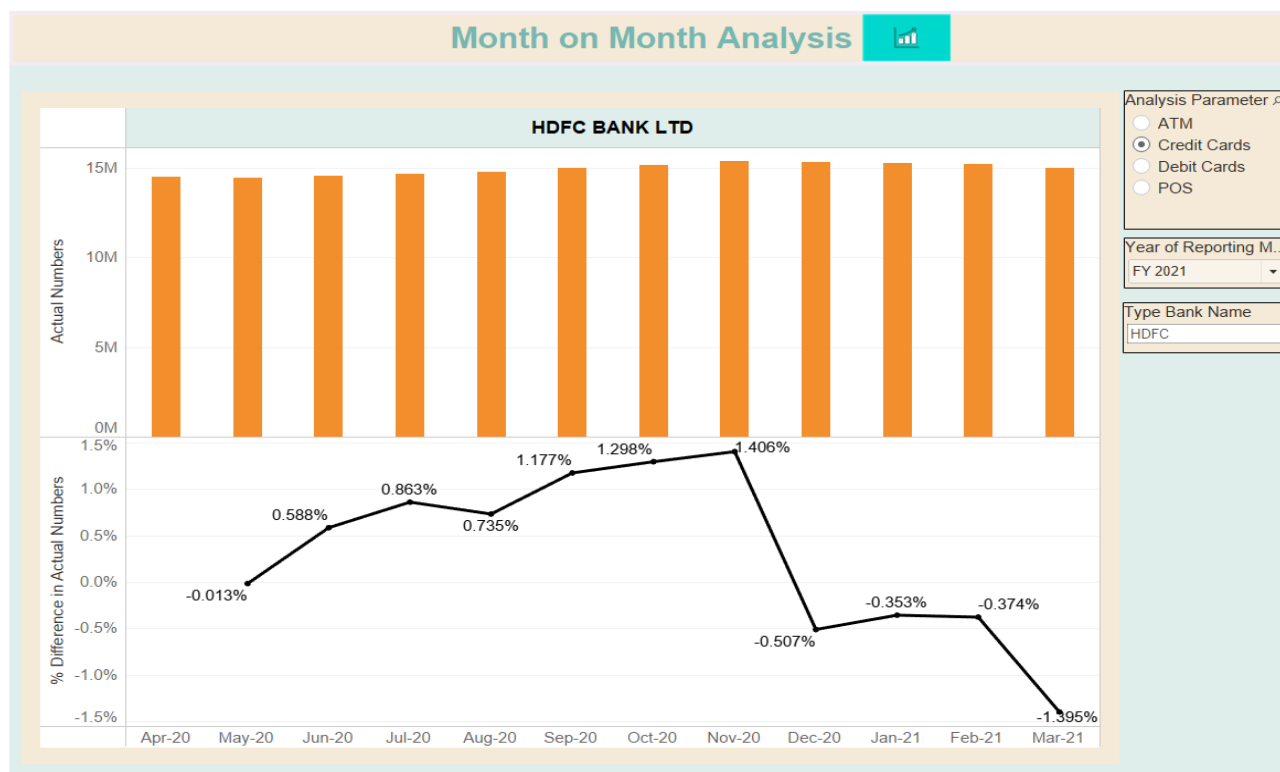
From the above-mentioned charts, it can be easily interpreted that HDFC ranks in the top 10 banks in every sector nationwide and When it comes to private sector banks, HDFC stands in the top 3 banks of India due to its unmatched quality and customer satisfaction. Along with, rankings, the major competitors of the bank are Axis & ICICI Bank in the private Sector and SBI in the public sector.

2. ATMs Performance in FY2021



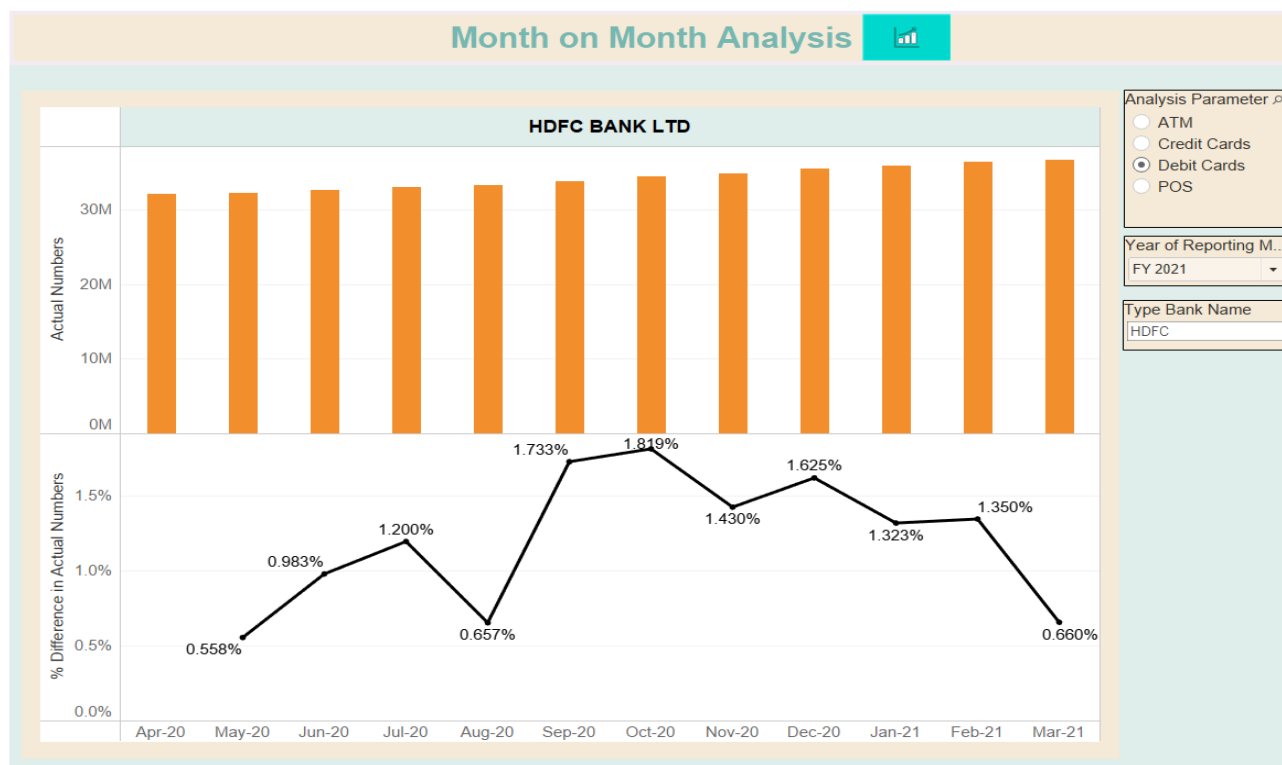
As visible in the above chart, the no. of ATMs has grown by 5% at an overall level following minor ups & downs due to the regulatory guidelines issued for hardware and software upgrade of ATMs, coupled with mandates on cash management standards has led to higher costs due to which ATM operators have reached a "tipping point" but still HDFC Bank accounts for a positive curve in growth.

3. Credit Cards performance in FY 2021



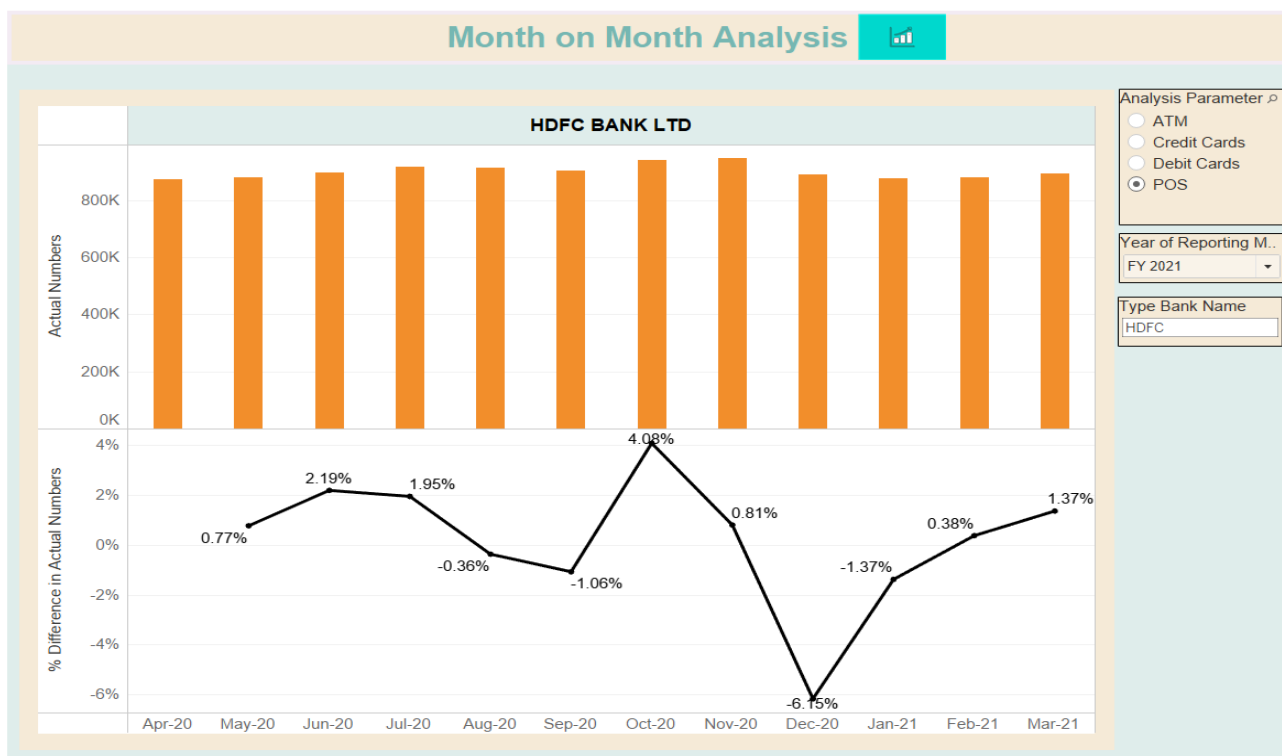
As visible in the above dashboard, the no. of Credit Cards has declined because of the discontinuation of Credit Cards by many customers in December to March due to the wake of the Covid-19 pandemic lockdown which has created the irregularity in income and eventually inability of paying bills.

4. Debit Cards performance in FY 2021?



The graph of the month-on-month growth has risen in the case of Debit Cards. Although with the fluctuating numbers but overall it has increased by 14% in this pandemic scenario also which indicates quite well performance.

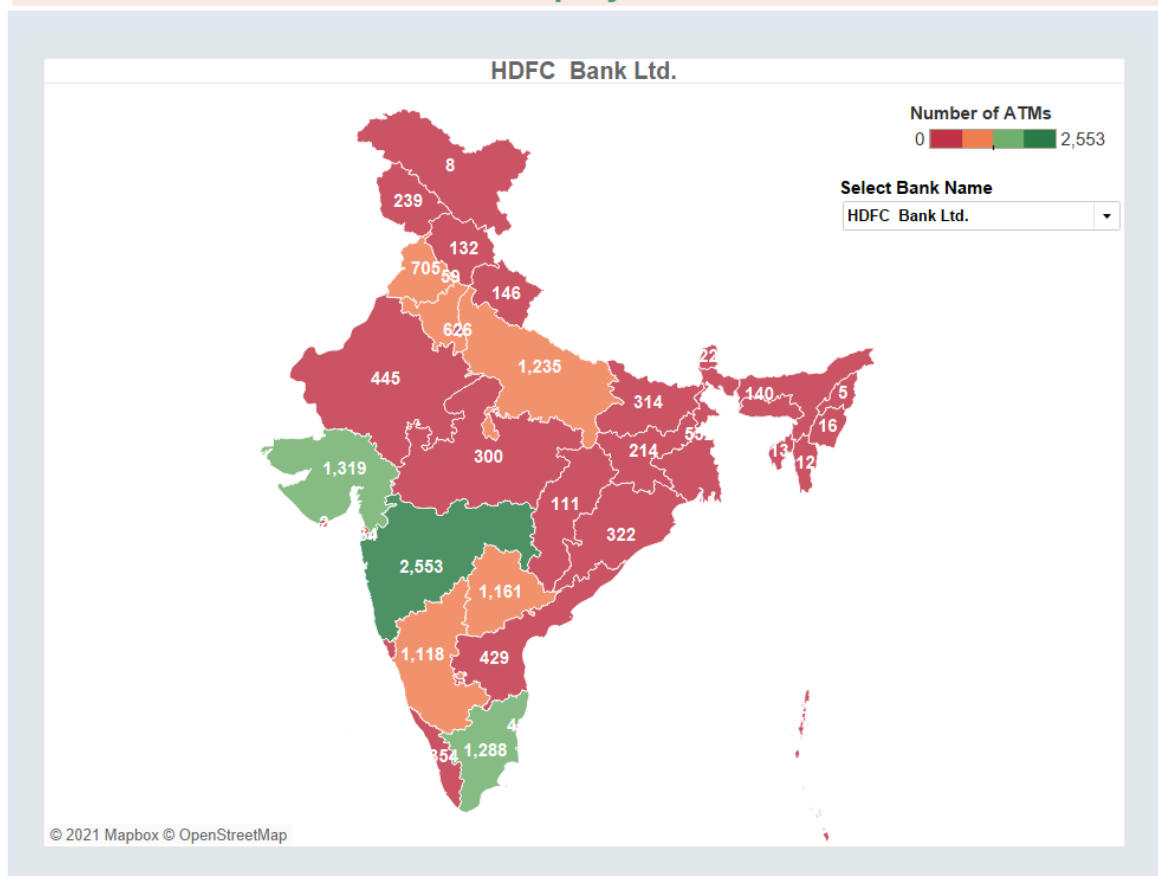
5. POS Sales performance in FY 2021?



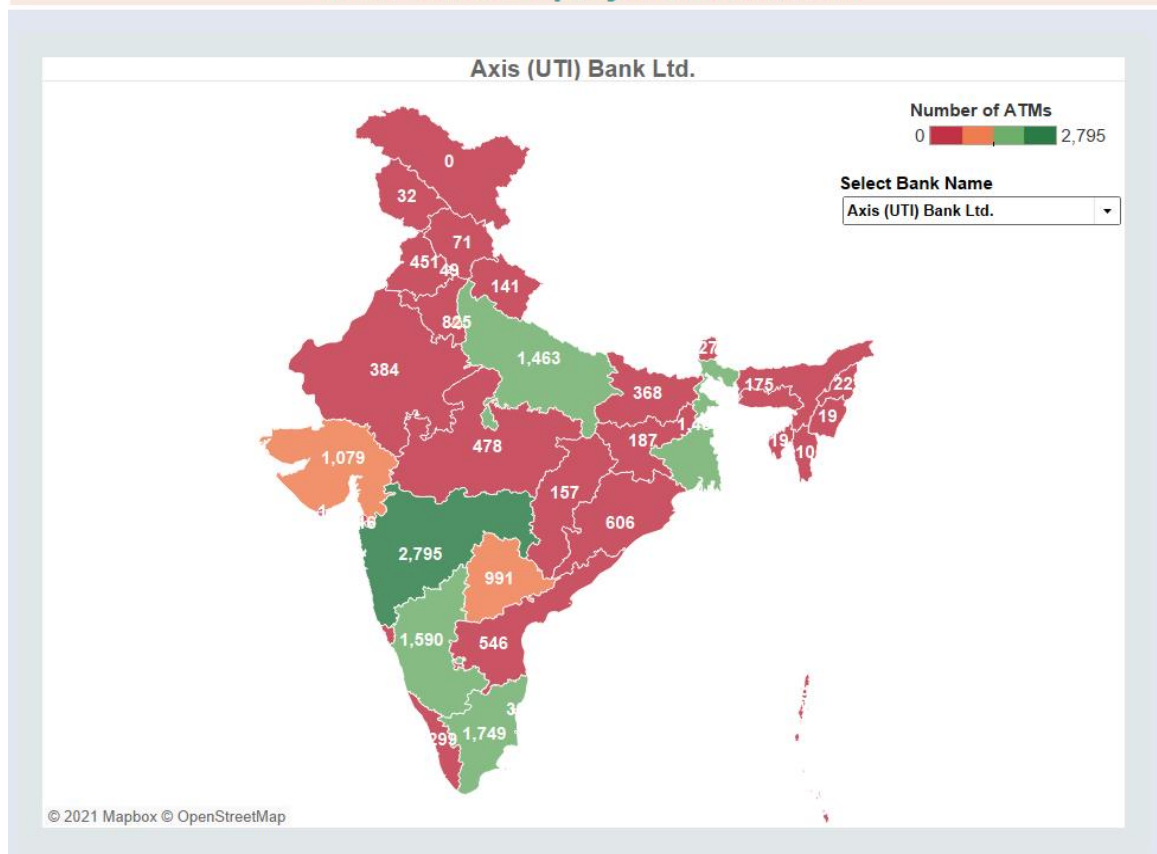
The performance graph of POS numbers has gone down in most of the months following July 2020 except October 2020 when lockdown has relaxed a little bit. This has happened because POS machines are required to swipe Credit & Debit Cards at the shops and offline outlets but as lockdown has shut down the offline market, the use of POS Machines has dampened and got terminated due to its unwanted charges.

6. Deployment of ATMs at PAN India Level of HDFC Bank and its Competitors.

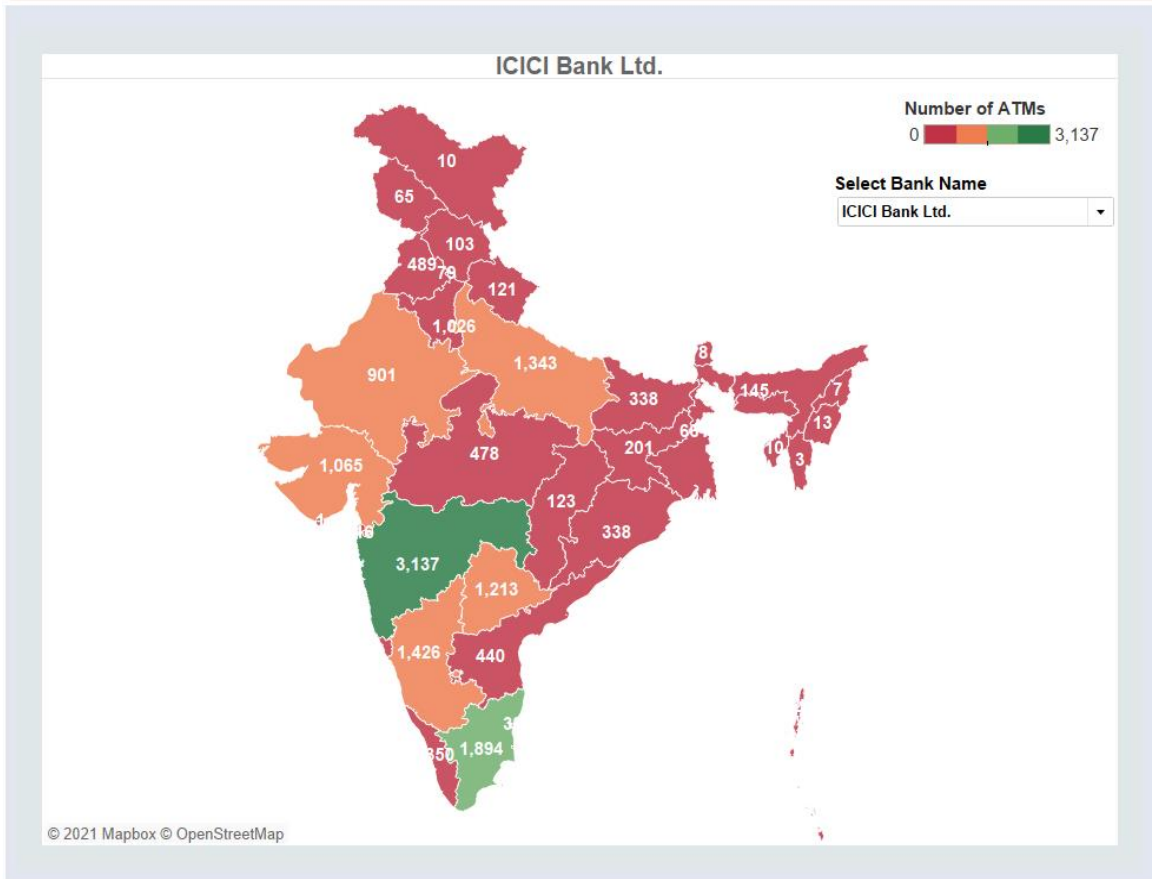
State Wise Deployment of ATMs



State Wise Deployment of ATMs



State Wise Deployment of ATMs



HDFC Bank has such a nice Distribution of ATMs in different states that there is no state in which HDFC Bank doesn't operate whether it is extreme North or South or extreme east or west but still if we compare it with ICICI Bank and Axis Bank, they have a more diversified deployment with more numbers than HDFC

Conclusion & Suggestions

Conclusion

At an overall level, HDFC Bank has performed remarkably and holds a good market standing. Currently, HDFC Bank is the leader in the POS and credit card business, increasing its market share each year. HDFC Bank has always been an institution of its words as it has, without fail, delivered its guidance and this has created a strong brand loyalty in the market for them. HDFC Bank has very well leveraged the technology to help its profitability, only 34% transactions via Internet Banking in 2010 to 95% transactions in 2020.

Suggestions

On digging deep, it can be found that

- HDFC bank doesn't have a significant rural presence as compared to its peers. Since its inception, it has focused mainly on high-end clients. However, the focus is shifting in the recent period as nearly 50% of its branches are now in semi-urban and rural areas. Since the ATMs are the key indicator of a Bank's overall presence & reach, a bank needs to deploy its ATMs wisely. In the case of HDFC Bank, the ATMs are not deployed ubiquitously, their spread is concentrated on certain lucrative states more which can be seen as both a threat & opportunity because it gives other peers a chance to attract the rural population and increase their market share. Meanwhile, if HDFC Bank would be able to deploy their ATMs in far-off locations and extend their services in rural areas, then it can be very rewarding for the bank in long term.
- HDFC bank comes comparatively on lower rankings in the case of Debit Cards as its high minimum balance threshold limits the account opening and the interest charges and other related expenses increase the Debit Card's unwanted cost which eventually hinders its numbers which can be controlled by making debit cards economical for the general public also.

References

1. <https://www.rbi.org.in/Scripts/Statistics.aspx>
2. <https://www.hdfcbank.com/>
3. https://en.wikipedia.org/wiki/HDFC_Bank
4. <https://www.tableau.com/products/desktop>
5. <https://elearning.tableau.com/>