



To Study the Extent of Financial Products in Public and Private Banks with Specific Reference to Comparison of PNB and HDFC Bank

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Abstract:

The article mainly deals with making the comparison between the product offered by public and private sector Banks with special reference of PNB and HDFC banks. And it also makes the comparison between the services offered by the two and the prospective of customers towards the banks with the help of questionnaire.

Keywords: Bank, Financial products, Public & private sector

1. Objective of the Study

The objective of the project is “ **To Study the Extent of Financial Products in Public and Private Banks with specific reference to comparison of PNB and HDFC Bank**”

The whole project is focused on the following research objectives:-

1. To study the Financial Products of Banking sector
2. To study the financial products of banks, referring to Public sector, PNB and Private Sector, HDFC Bank
3. To compare the financial products and services of PNB and HDFC Bank using a tool, Questionnaire

2. Limitations

It was difficult to find the targeted people who were using financial product or service of both banks, PNB and HDFC bank in any form. It was difficult to convince people to fill accurate information as it was time consuming task for them and comparison is also difficult. Making a questionnaire in itself was a challenge as products are varied and numerous and segregation was difficult.

3. Punjab National Bank, since 1895

Established in 1895 at Lahore, undivided India, Punjab National Bank (PNB) has the distinction of being the first Indian bank to have been started solely with Indian capital. The bank was nationalized in July 1969 along with 13 other banks. From its modest beginning, the bank has grown in size and stature to become a front-line banking institution in India at present. A professionally managed bank with a successful track record of over 110 years Largest branch network in India - 4525 Offices including 432 Extension Counters spread throughout the co with over 38 million satisfied customers and 4668 offices; PNB has continued to retain its leadership position among the nationalized banks. The bank enjoys strong fundamentals, large franchise value and good brand image. Besides being ranked as one of India's top service brands, PNB has remained fully committed to its guiding principles of sound and prudent banking. Apart from offering banking products, the bank has also entered the credit card & debit card business;

bullion business; life and non-life insurance business; Gold coins & asset management business, etc.

Since its humble beginning in 1895 with the distinction of being the first Indian bank to have been started with Indian capital, PNB has achieved significant growth in business which at the end of March 2009 amounted to Rs 3, 64,463 crore. Today, with assets of more than Rs 2, 46,900 crore, PNB is ranked as the 3rd largest bank in the country (after SBI and ICICI Bank) and has the 2nd largest network of branches (4668 including 238 extension counters and 3 overseas offices). During the FY 2008-09, with 39% share of low cost deposits, the bank achieved a net profit of Rs 3,091 crore, maintaining its number ONE position amongst nationalized banks. Bank has a strong capital base with capital adequacy ratio as per Basel II at 14.03% with Tier I and Tier II capital ratio at 8.98% and 5.05% respectively as on March'09. As on March'09, the Bank has the Gross and Net NPA ratio of only 1.77% and 0.17% respectively. During the FY 2008-09, its' ratio of priority sector credit to adjusted net bank credit at 41.53% & agriculture credit to adjusted net bank credit at 19.72% was also higher than the respective national goals of 40% & 18%.

PNB has always looked at technology as a key facilitator to provide better customer service and ensured that its 'IT strategy' follows the 'Business strategy' so as to arrive at "Best Fit". The bank has made rapid strides in this direction. Along with the achievement of 100% branch computerization, one of the major achievements of the Bank is covering all the branches of the Bank under Core Banking Solution (CBS), thus covering 100% of its business and providing 'Anytime Anywhere' banking facility to all customers including customers of more than 2000 rural branches. The bank has also been offering Internet banking services to the customers of CBS branches like booking of tickets, payment of bills of utilities, purchase of airline tickets etc. Towards developing a cost effective alternative channels of delivery, the bank with more than 2150 ATMs has the largest ATM network amongst Nationalized Banks. Public sector (Government owned) banks account for 75% of the assets; however, Indian private banks and foreign banks are growing rapidly and gaining a larger share. Standard Chartered Bank, Citibank and HSBC are the three largest foreign banks in India with more than 65% of the total assets of foreign banks.

4. Review of literature

4.1 Mckinsey's 7s model

The 7S Framework first appeared in "The Art of Japanese Management" by Richard Pascale and Anthony Athos in 1981. It's not just about devising a strategy but the core lies in its implementation and how this attitude changed the success path of Japanese industry. At the same time Tom Peters and Robert Waterman were exploring what made a Bank excellent. These four authors developed the 7S model in 1978. It went on to appear in "In Search of Excellence" by Peters and Waterman from where the global management consultancy McKinsey took it up as a basic tool. Hence sometimes it is known as Mckinsey's 7S Model.

Today organizations have to be flexible in their strategies. Hence with changing times strategies of organizations also change. But the 7S Framework still holds the basic for the growth of any organization. While doing study I found these strategies in PNB.

Strategy – The integrated vision and direction of PNB as well as the manner, in which it derives, articulates, communicates and implements that vision and direction. MSPL has marketing department which keeps an eye on the market, about tenders and decides various strategies.

Structure – Organization structure well maintained with proper hierarchical level

Skills – Skills play an important role for the execution of PNB strategy. Training and development ensures that proper skills get developed among employees and labours so that they know how to do their jobs and with effectiveness and efficiency.

Staff – PNB selects appropriate and well qualified candidates. Selection, training, reward, retention, motivation and assignment to appropriate are all key issues.

System – There are three types of system in PNB. These are Marketing and sales, Operation and Human Resource.

Shared values – In PNB employees share the same guiding values. Values act as organization's conscience, providing guidance in times of crisis. PNB has a strong culture and deep rooted shared values.

Style - In an organization style is a way of expressing something that is characteristic of employees or common way of thinking and behaving unwritten norms of behaviour and thought. In order to achieve this it is also going for the lateral recruitment of managers to bring fresh ideas, dynamism, enthusiasm and new attitude in PNB.

5. Indian Banking System

5.1 Banking service

The primary operations of banks include:

Keeping money safe while also allowing withdrawals when needed

- Issuance of chequebooks so that bills can be paid and other kinds of payments can be delivered by post
- Provide personal loans, commercial loans, and mortgage loans (typically loans to purchase a home, property or business)
- Issuance of credit cards and processing of credit card transactions and billing
- Issuance of debit cards for use as a substitute for checks
- Allow financial transactions at branches or by using ATMs
- Provide wire transfers of funds and Electronic fund transfers between banks
- Facilitation of standing orders and direct debits, so payments for bills can be made automatically
- Provide overdraft agreements for the temporary advancement of the Bank's own money to meet monthly spending commitments of a customer
- Provide Charge card advances of the Bank's own money for customers wishing to settle credit advances monthly.
- Provide a check guaranteed by the Bank itself and prepaid by the customer, such as a cashier's check or certified check.

5.2 Other types of bank services

- Private banking - Private Banks provide banking services exclusively to high net worth individuals. Many financial services firms require a person or family to have a certain minimum net worth to qualify for private banking services. Private Banks often provides more personal services, such as wealth management and tax planning, than normal retail banks.
- Capital market bank - bank that underwrite debt and equity, assist company deals (advisory services, underwriting and advisory fees), and restructure debt into structured finance products.
- Bank cards - include both credit cards and debit cards. Bank of America is the largest issuer of bank cards.
- Credit card machine services and networks - Companies which provide credit card machine and payment networks call themselves "merchant card providers".

5.3 Foreign exchange services

Foreign exchange services are provided by many banks around the world. Foreign exchange services include:

- Currency Exchange - where clients can purchase and sell foreign currency banknotes
- Wire transfer - where clients can send funds to international banks abroad
- Foreign Currency Banking - banking transactions are done in foreign currency

5.4 Investment services

- Asset management - the term usually given to describe companies which run collective investment funds.
- Hedge fund management - Hedge funds often employ the services of "prime brokerage" divisions at major investment banks to execute their trades.
- Custody services - Custody services and securities processing is a kind of 'back-office' administration for financial services. Assets under custody in the world were estimated to \$65 trillion at the end of 2004.^[4]

5.5 Insurance

- Insurance brokerage - Insurance brokers shop for insurance (generally corporate property and casualty insurance) on behalf of customers. Recently a number of websites have been created to give consumers basic price comparisons for services such as insurance, causing controversy within the industry.^[5]
- Insurance underwriting - Personal lines insurance underwriters actually underwrite insurance for individuals, a service still offered primarily through agents, insurance brokers, and stock brokers. Underwriters may also offer similar commercial lines of coverage for businesses. Activities include insurance and annuities, life insurance, retirement insurance, health insurance, and property & casualty insurance.
- Reinsurance - Reinsurance is insurance sold to insurers themselves, to protect them from catastrophic losses.

5.6 Other financial services

- Intermediation or advisory services - These services involve stock brokers (private client services) and discount brokers. Stock brokers assist investors in buying or selling shares. Primarily internet-based companies are often referred to as discount brokerages, although many now have branch offices to assist clients. These brokerages primarily target individual investors.
- Private equity - Private equity funds are typically closed-end funds, which usually take controlling equity stakes in businesses that are either private, or taken private once acquired. Private equity funds often use leveraged buyouts (LBOs) to acquire the firms in which they invest.
- Venture capital - Venture capital is a type of private equity capital typically provided by professional, outside investors to new, high-potential-growth companies in the interest of taking the company to an IPO or trade sale of the business.
- Angel investment - An angel investor or angel (known as a business angel or informal investor in Europe), is an affluent individual who provides capital for a business start-up, usually in exchange for convertible debt or ownership equity. A small but increasing number of angel investors organize themselves into angel groups or angel networks to share research and pool their investment capital.
- Conglomerates - A financial services conglomerate is a financial services firm that is active in more than one sector of the financial services market

5.7 Government Sector Banks

The financial sector reforms covered deregulation of policies, prescription of prudential norms based on internationally accepted practices in respect of capital adequacy, income recognition, asset classification and provisioning for impaired assets and introduction of competition in the banking sector. Several measures towards strengthening of supervision over banks were also introduced simultaneously. The prudential norms were adopted in a phased manner from 1992- 93 to make the transition less painful.

Till adoption of the prudential norms, twenty-six out of twenty-seven public sector banks were reporting profits. In the first post-reform year, i.e., 2002-03, the profitability of PSBs as a group turned negative with as many as twelve nationalized banks reporting net losses. The remaining seven nationalized banks could show only marginal profits between Rs. 4 crore. As on 31 March 2000, only one public sector bank had capital adequacy ratio of above 8 per cent. By March 2003, the outer time limit prescribed for attaining capital adequacy of 8 per cent, eight public sector banks were still short of the prescribed level. The NPAs of the banks aggregating Rs. 39,253 crore as on 31 March 2002 brought the latent weaknesses in their asset portfolio out in the open. The emphasis on maintenance of capital adequacy and compliance with the requirement of asset classification and provisioning norms has put severe pressure on the profitability of PSBs. Deregulation of interest rates on deposits and advances has intensified competition and PSBs. Deregulation of interest rates on deposits and advances has intensified competition and PSBs have to now contend with competition not only from other public sector banks but also from old/new private sector banks, foreign banks and financial institutions. Above all, with the growth of the capital markets, sound corporate clients now have the option of raising funds at lower cost by accessing capital markets for their equity as well as debt requirements. The response of the public sector banks to the above changes has been varied. While some have withstood all these pressures, for most, the shocks have been severe, at least, initially. The profitability of the public sector banks as a group remained negative in 1993-94. Despite improvement in 1994-95, there was a slippage again when loss incurred by Government Bank affected the profitability of the entire public sector bank group. However, there have been noticeable improvements since then and public sector banks, as a group, are now reporting profits.

6. Private Sector Banks

The Banking Regulation Act was amended in 1993 permitting the entry of new private sector banks. The act also specified certain criteria :

- The banks should have a minimum networth of Rs1bn.
- The promoters holding should be minimum 25% of the paid up capital.
- The banks should offer shares to the public within three years of their operations. (This condition was relaxed in case of many banks due to poor state of capital markets).
- The first new private sector bank started operations in 1995. The minimum networth requirement of Rs1bn and difficulty in getting the banking license has kept the option open for very few players. Many of these banks have been promoted by the financial institutions. After the CRB fiasco (the group was granted a license for banking which was revoked after the exposure of the group in a scam), RBI has not granted any further licenses.
- With emphasis on service and technology, it is for the first time that Indian banks are challenging the foreign banks. These banks are making heavy use of technology to give good service on par with foreign banks but to a much wider audience e.g. branch size has been reduced considerably by using technology and having less manpower. This

saves the cost of the branch. In addition the ATM etc helps drawing large customers to one branch.

- The new private banks are on an expansion phase and are now moving into semi-urban areas and satellite towns to fulfill their branch expansion norms. Their technological edge and product innovation has seen them gaining market share from the slower, less efficient older banks. These banks have targeted non-fund-based income as major source of revenue, with their level of contingent liabilities being much higher than their other counterpart's viz. PSU and old private sector banks.
- The new private banks have been consistently gaining market share from the public sector banks. The major beneficiary of this has been corporate clients who are most sought after now.

7. Government vs. Private Sector Banks

According to a B & F - BRIS survey of the most outstanding Government Banks, PNB emerges as the best.

Top Ten Banks

1. State Bank Of India
2. ICICI Banking Corporation
3. Punjab National Bank
4. Corporation Bank
5. Oriental Bank of Commerce
6. Jammu and Kashmir Bank
7. Karuk Visa Bank
8. Indus land Bank
9. Bank of Baroda
10. State bank of Hyderabad

8. Comparative Analysis

There were various shortcomings in services of public sector banks that lead to growth of Foreign and Private sector banks in India. Today India can boast of its own banks, which are at par with international standards of service provided by banks world over. PNB bank and ICICI, HDFC bank is three top-notch banks in India, which are providing giving tough competition to the foreign banks. The objective of this analysis was to find out the reasons for the success of the India's private sector banks with specific reference to HDFC in comparison of public sector banks referring specially to PNB.

8.1 The Cutting Edge

To become a top you need to know your competition and have to deliver quicker and better than your competitor. But product superiority is not the only reason why the banks stay at to but it has to be combined with sound marketing strategy, operational efficiency, better customer management and motivation in the organization.

9. Punjab National Bank & HDFC bank

9.1 Punjab National Bank

Punjab National Bank was the first bank in India to introduce CBS on Finacle. During FY09 PNB achieved the landmark of having ALL branches networked with Core Banking Solution (CBS), thereby becoming the FIRST Nationalized bank to achieve this milestone.

Now more than 38 million PNB customers spread across 2560 centres in the country enjoy the facility of 'one bank -one account'. The Financial application is running on single instance database and it is the largest combination with 24000 concurrent users in the world. To meet the

increasing future demand on IT Systems, Bank has taken steps to upgrade infrastructure/Hardware which will ensure better processing time. Bank has targeted a data centre capable of handling business of 6000 branches and 1 lac terminal. To have an effective mechanism for security of all information assets across the Bank, proposed to establish a world class **Security Operations Centre (SOC)** which will be first of its kind for any Indian Bank. Bank has obtained ISO 27001: 2005 Certification for Data Centre, Network Operation Centre and Disaster Recovery Data Centre for CBS from BSI, India (Subsidiary of British Standards Institute).

- **RTGS & NEFT** have been made live in 4429 and 4427 branches respectively.
- **First Public Sector Bank** to enable cardholders of sponsored Regional Rural Banks to have access to our ATMs
- **Launched** Module for visually impaired **card holder with voice guidance.**

Bank proposes to bring **all sponsored RRBs in Core Banking Solution** by 2010. Process started with the migration of the first RRB branch in March'09, March FY05 FY06 FY07 FY08E FY09E CAGR (%)

9.2 Financial Services

Punjab National Bank is a major banking products and services provider in India. It is ranked in #1166 position in 2008 Forbes Global 2000 list. It provides a wide variety of financial products and services to a vast client base across India. At present, total client count of Punjab National Bank is around 35 million. It has 4540 offices, which include 421 extension counters. It is regarded as having potential to challenge blue chip companies in future.

9.3 Brief History

Punjab National Bank was incorporated in 1895 in Lahore. It was sole bank that had started its operations with Indian money. Along with 13 other banks, Punjab National Bank was nationalized in July 1969.

9.4 Products and services

Punjab National Bank provides its products and services in three separate categories – personal banking, corporate banking and social banking. Besides, it also provides some services in SSI sector. In personal banking section, Punjab National Bank offers savings fund accounts, credit schemes, current account, ATM or debit cards, fixed deposit schemes and nomination facilities. Its social banking services are provided to farmers and women. In corporate banking section, Punjab National Bank provides loans against future lease rentals, cash management services, EXIM finance and gold card scheme for exporters. In SSI sector, Punjab National Bank provides Sarthak Udhami, PNB Kushal Udhami, PNB Vikas Udhami, PNB Laghu Udhami Credit Card, PNB Karigar Credit Card and PNB Pragati Udhami. It also serves traders finance sector.

9.5 Financials

In 2007 sales of Punjab National Bank amounted to \$3.03 billion and it earned profits worth \$0.38 billion. Assets owned by Punjab National Bank were worth \$38.42 billion and its market value was \$4.76 billion.

9.6 Financial crisis

Punjab National Bank has decided that it would cut down on its lending rate from October 31, 2008 onwards. Management has decided on this move in view of present global financial condition, where banking and financial sectors are going through a tough phase.

9.10 Associate Banks

There are associate banks that fall under PNB, and together these seven banks constitute the State Bank Group. They are:

- Punjab & Sind Bank
- Punjab National Bank

Plans have been announced by Punjab National Bank to merge all associate banks.

9.11 Recognitions

Punjab National Bank won 'Best IT Team of the Year Award' at IDRBT Banking Technology awards in 2005-06. It has won 'SKOTCH Challenger Award' for Change Management in 2005-06 and 'Best IT User in Banking and Financial Services Industry' award in 2004. That award was provided by NASSCOM and 'The Economic Times'.

9.12 Business and Financial Metrics

Dr. KC Chakrabarty, Chairman & Managing Director, informed that on a standalone basis during the Q4 FY 2008-09, the Net Profit of the Bank grew by 59.2% to Rs. 865 crore, the highest among the Nationalised Banks. For the full year 2008-09, the net profit crossed the landmark Rs.3000 crore levels to reach Rs.3091 crore which again was the highest among the Nationalized Banks.

PNB's advances grew at 29% for FY07 driven by 32% growth in the corporate lending and a 21% growth in the retail lending. PNB's strong rural presence has given boost to its advance book. Advances growth has led to a 20% increase in PNB's net interest income. PNB's credit growth is expected to be around 22% for FY08 and 21% for FY09.

Key Financial Metrics (in Rs. billions)	2005	2006	2007	2008	2009
Net Interest Income	40.067	46.668	55.146	65.252	75.446
Non-Interest Income	64.54	76.71	71.21	75.28	74.29
Total Income	56.824	59.403	65.569	82.440	101.243
Reported Net Profit	14.101	14.393	15.401	20.816	23.327

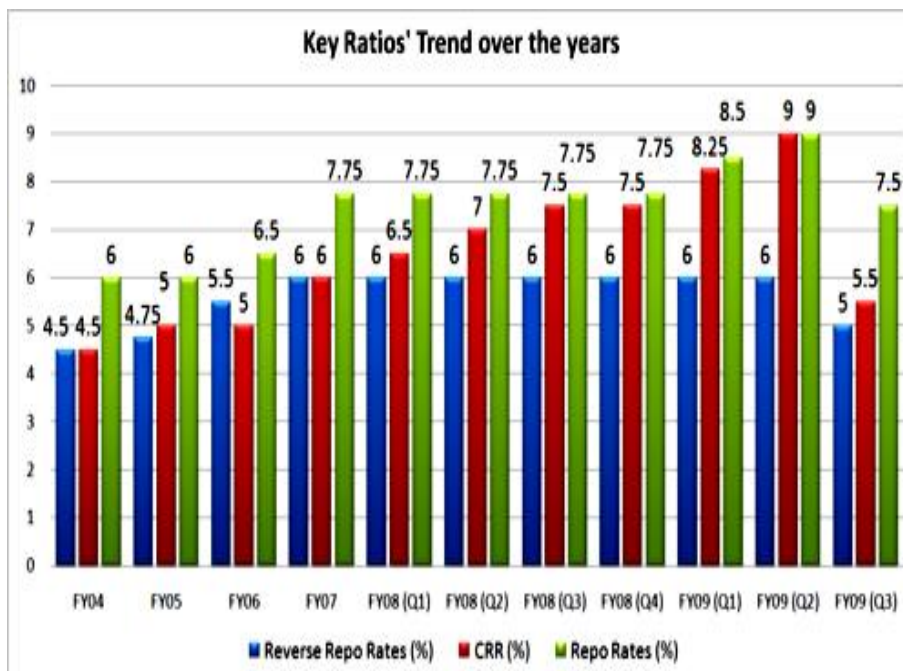
9.13 National Banking Group

The Bank's National Banking Group (NBG) consists of three Business Groups viz., Personal Banking, Small & Medium Enterprise (SME), and Government Banking.

- **Personal Banking Business Unit:** During 2007-08, Personal Banking domestic deposits have grown from Rs.1,908.70 billion to Rs.2,366.45 billion, showing a growth of Rs.457.75 billion (23.98 %) as against Rs.276.84 billion during the previous year.
- **SME Business Unit (SMEBU):** SME Business Unit is implementing multiple strategies to maintain Bank's premier position in SME financing. Advances to SME sector increased to Rs.763.29 billion as on 31st March, 2008 from Rs.586.74 billion of the previous years registering a Y-O-Y growth of 30%. Deposits under SME sector increased to Rs.1, 651.68 billion as at the end of March 2008 from Rs.1, 230.54 billion of previous years, recording a growth of 34% during the year.
- **Government Business Unit (GBU):** The bank's linkage with Government business is widespread. No wonder, its 7000 branches are conducting Government Business. The large network of branches provides easy access to deposit the Government dues and pension payments, services related to taxes, excise duties, customs duties, VAT (Value-Added Tax) and other fiscal tools.

9.13.1 Rural Business Group

During the year 2008-09, Rural Business Group of the Bank comprising rural and semi urban branches, accounting for about 70% of the branch network of the Bank grew by Rs.298.07 billion in deposit representing a growth of 22.8% and Rs.187.34 billion in advances representing a growth of 23.4%. This was against a growth of Rs.163.67 b.



9.14 HDFC Bank

HDFC Bank, incorporated in August 1994 as HDFC Bank Limited, has its registered office in Mumbai, India. HDFC Bank operates in a highly automated environment in terms of information technology and communication systems. All the bank's branches have connectivity that enables the bank to offer speedy funds-transfer facilities to its customers. Multi-branch access is also provided to retail customers through the branch network and automated teller machines. The bank has made substantial efforts and investments to acquire the best technology available internationally to build the infrastructure for a world-class bank. In each of its businesses, the bank has succeeded in leveraging its market position, expertise and technology to create a competitive advantage and build market share.

	March 2006	March 2007	March 2008	March 2009
Cited	228	316	327	528
Branches	535	684	761	1412
ATMs	1323	1605	1977	3295

9.15 HDFE Bank Product and Customer Segment & Personal Banking

Loan Product	Deposit Product	Investment & Insurance
<ul style="list-style-type: none"> Credit Card Debit Card Prepaid Card 	<ul style="list-style-type: none"> NetSafe Merchant Prepaid Refill Billpay Visa Billpay InstaPay 	<ul style="list-style-type: none"> Net Banking One View InstaAlert Mobile Banking ATM Phone Banking
<p>-----</p> <p>Forex Services</p> <p>-----</p>		

<ul style="list-style-type: none"> • Product & Services • Trade Services • Forex service • Branch Locator • RBI Guidelines 	<ul style="list-style-type: none"> • DirectPay • Visa Money Transfer • e-Monies Electronic Funds Transfer • Online Payment of Direct Tax 	<ul style="list-style-type: none"> • Email Statements • Branch Network
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9.16 Study of Financial Products & Services of PNB & Personal Banking

Punjab National Bank offers a wide range of services in the Personal Banking Segment which are indexed here. Products are designed with flexibility to suit your personal requirements. Enjoy 24 hour facility through our ATMs - growing speedily it has crossed the 5000 mark Watch this space for more details.

PNB Term Deposits	PNB Loan For Pensioners
PNB Recurring Deposits	Loan Against Mortgage Of Property
PNB Housing Loan	Loan Against Shares & Debentures
PNB Car Loan	Gold Card Scheme
PNB Educational Loan	Exim Finance
PNB Personal Loan	Rates Of Interest

9.16.1 Social Banking

International banking services of PNB are delivered for the benefit of its Indian customers, non-resident Indians, foreign entities and banks through a network of 84 offices/branches in 35 countries as on 31 March 2009, spread over all time zones. The network is augmented by a cluster of Overseas and NRI branches within India and correspondent links with over 350 banks, the world over. Bank's Joint Ventures and Subsidiaries abroad further underline the Bank's international presence.

The services include corporate lending, loan syndications, merchant banking, handling Letters of Credit and Guarantees, short-term financing, collection of clean and documentary credits and remittances.

The Bank has carved a niche for itself in the Euroland with branches located in Antwerp, Paris and Frankfurt. Indian banks and corporates are able to avail single-window Euro services from the Bank's Frankfurt branch.

9.16.2. Services

Listed on the left are Services, PNB offers to its customers.

- Domestic Treasury
- Broking Services
- Revised Service Charges
- ATM Services
- Internet Banking
- E-Pay
- E-Rail
- RBIEFT
- Safe Deposit Locker

- Gift Cheques
- MICR codes

9.16.3 Government Business

PNB's linkages with Government business are widespread. No wonder that out of 9315 branches in India, about 7000 branches are conducting Government Business. The large network of our branches provides easy access to the common man to deposit the following Government dues and Pension payments. These include:

Pnb e-TAX
Government accounts
Public provident fund
Senior citizens savings scheme

9.16.4 Corporate Banking

PNB is a one shop providing financial products / services of a wide range for large , medium and small customers both domestic and international.

9.16.5 Working Capital Financing

- Assistance extended both as Fund based and Non-Fund based facilities to Corporates, Partnership firms, Proprietary concerns
- Working Capital finance extended to all segments of industries and services sector such as IT

9.16.5.1 Term Loans

To support capital expenditures for setting up new ventures as also for expansion, renovation etc.

9.16.5.2 Deferred Payment Guarantees

To support purchase of capital equipments.

9.16.5.3 Corporate Loans

For a variety of business related purposes to corporates.

9.16.5.4 Export Credit

To Corporates / Non Corporates

9.17 Strategic Business Units

1. Corporate Accounts Group (CAG)
2. Project Finance
3. Lease Finance
 - An exclusive unit providing one s shopping to Corporates
 - A dedicated set up specialised in financing of infrastructure and other large projects
 - Exclusive set up for handling large ticket leases.

9.18 Pricing

- PNB's Prime Lending Rates (PLR) are among the lowest
- Presently Bank has two PLR's
- SBAR for loans payable on demand and up to one year
- SBMTLR for loans payable beyond one year.

9.19 International Banking Group

As on 31.03.2008, the Bank had a network of 84 overseas offices spread over 32 countries covering all time zones. Net Profit from Bank's overseas operations registered a growth of 84%. The Bank has further intensified its thrust in the area of syndicated foreign currency loans and participated in corporate syndicated loan deals amounting to USD 27.57 billion during April 2007 to March 2008, besides extending several bilateral facilities aggregating US\$ 933 million. The Bank has participated to the extent of USD 3.04 billion in 31 Merger and Acquisition deals aggregating USD 22.56 billion in 2007-08 as against participation to the extent of US \$ 1.07 billion in 13 deals aggregating US \$ 5.37 billion during the previous year. Arranger/book runner league table for syndicated loans by IFR Asia.

9.20 Study of financial products & services of HDFC

9.20.1 Comparison of private & public banks

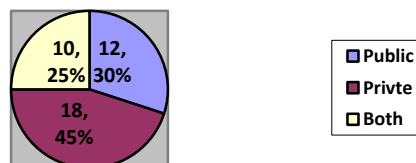
“Public sector banks facing stiff competition from private sector banks”

Public sector banks are facing competition from their private sector counterparts and foreign banks entering India in all realms of financial services. While public sector banks enjoy a pre-eminent position in terms of low-cost deposit base (also called CASA deposits in India – stands for Current Accounts and Savings Account), private-sector banks have been increasing their CASA base steadily over the years. ICICI Bank, the largest private bank in India, has expanded its CASA market share by 218% over the period of 2003-2008. The bank's CASA deposits have grown at a CAGR of 61% over the same period, compared with a growth of 23.1% for public-sector banks, 32.5% for private sector banks and 29% for foreign banks in India. Private sector banks, armed with usually more efficient management and employees, are employing all tricks-branch

9.20.2 Data Analysis

Analysis 1

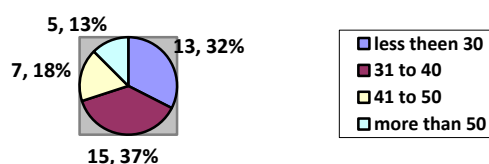
Which sectors bank account do you have?



The above graph shows that most of the peoples having private bank account i.e. 45%. Were as only 25% peoples having public sectors bank account.

Analysis 2

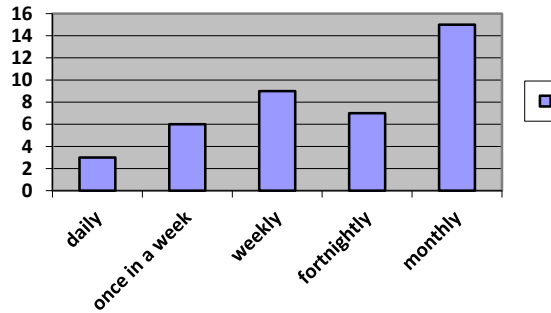
Age group of the peoples having bank account.



The above graph shows that age group less than 30 and 31 to 40 years having the mostly accounts i.e. 32% and 37% respectively.

Analysis 3

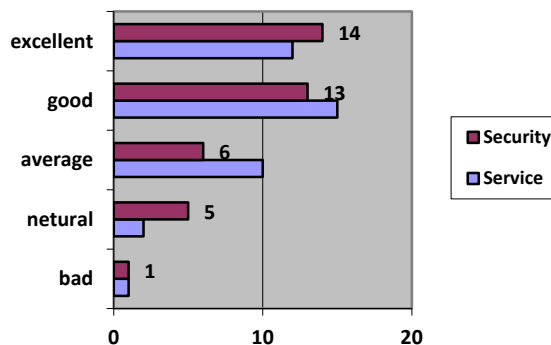
This graph shows the frequency of transaction which is dealt with banks by the customers. The study concluded that 3 respondents deal on a daily basis, 6 twice in a week, 9 on weekly basis, 7 on fortnightly basis and 15 people on monthly basis or more than that.



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Analysis 4

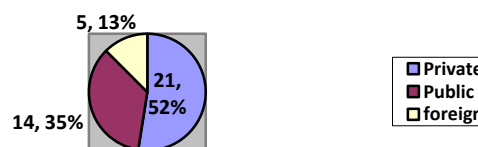
This graph shows the rating given by the respondents to their bank transaction as excellent, good, average, neutral or bad.



The study concluded that most of the respondents are quiet happy with their banking transactions in terms of the service and security.

Analysis 5

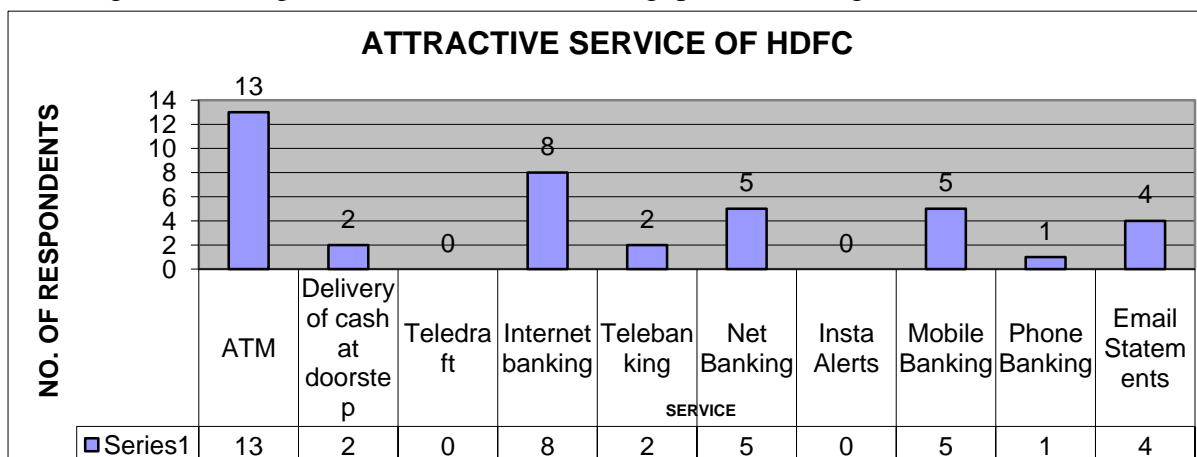
This graph shows the preference of the respondents for a bank, whether they prefer a private bank, or public bank or a foreign bank.



The survey analyzed that out of the 40 surveyed respondents, 21 preferred private bank and only 14 preferred public bank whereas 5 other respondents preferred a foreign bank.

Analysis 6

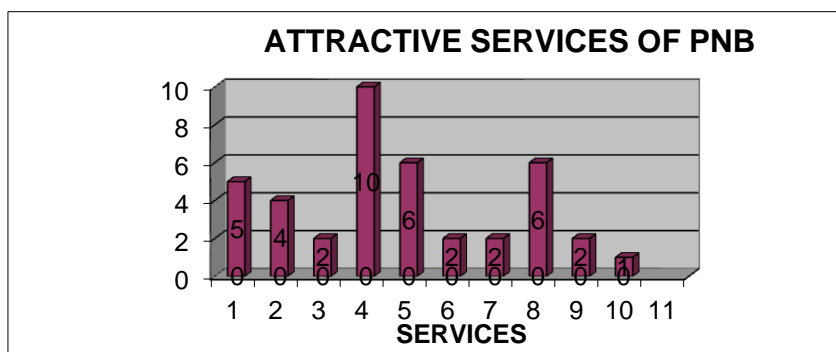
This graph depicts the overall attraction and the preference for the financial services of private bank, HDFC, including ATM, delivery of ash at doorstep, teledraft, internet banking, telebanking, net banking, insta alerts, mobile banking, phone banking, email statements.



The study concluded that the maximum i.e. 13 respondents were attracted by ATM, followed by preferring internet banking, 8, 5 mobile banking, 4 preferred email statements.

Analysis 7

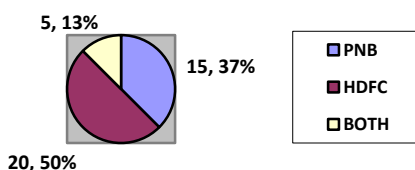
This graph depicts the overall attraction and the preference for the financial services of public bank, PNB, including RTGS/NEFT, Vishwa Yatra Foreign Travel Card, Service Charges & Fees, ATM, E-rail, E-Pay, Safe Deposit Locker, Broking Service, and Foreign Inward Remittance



The study concluded that the maximum i.e. 10 respondents were attracted by ATM, followed by 6 preferring internet banking and safe deposit locker, rest services are preferred by a single respondent, except Foreign Inward Remittance, which is not attractive to any one.

Analysis 8

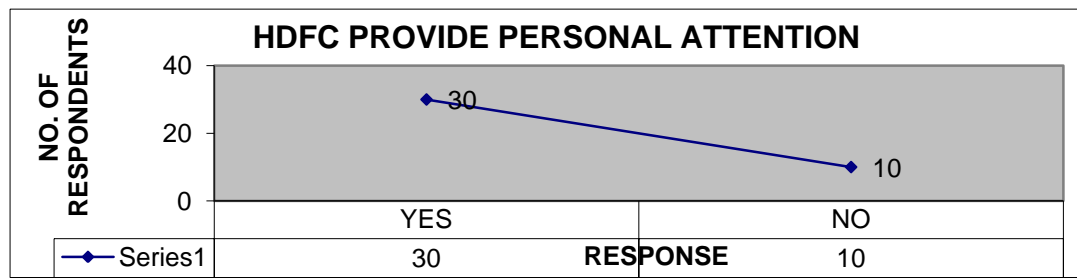
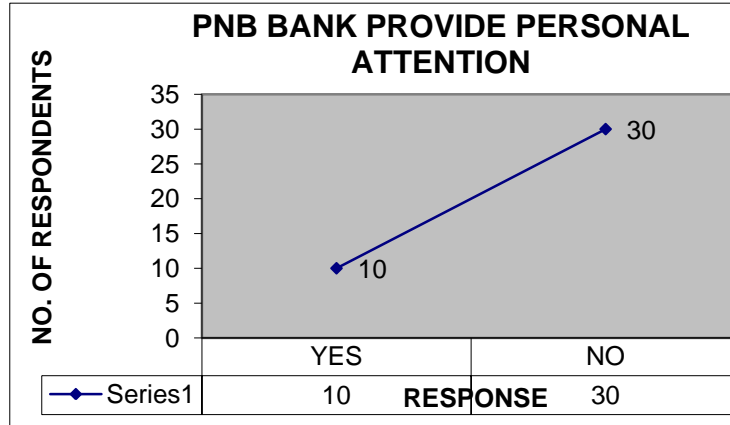
This graph shows the satisfaction of the respondents from the PNB as well as HDFC Bank on service basis.



The study concluded that 20 respondents are more satisfied with the HDFC, 15 with the PNB whereas only 5 were satisfied with both the banks, PNB & HDFC Bank.

Analysis 9

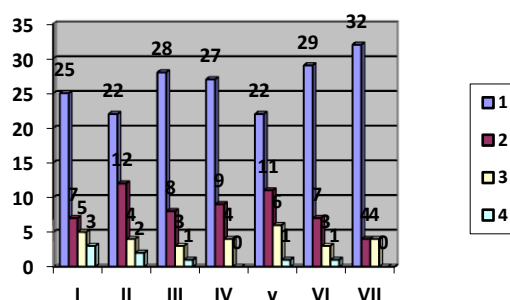
This graph shows the perspective of the respondents in terms of personal attention provided by these two banks to them as their customer.



The study concluded that 30 out of 40 respondents think that HDFC provides personal attention to them whereas 10 respondents think that PNB is providing them with the personal attention

Analysis 10

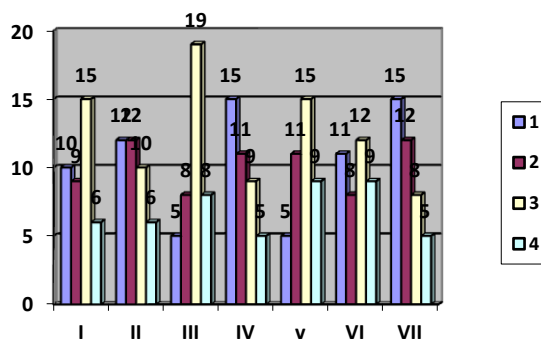
Different ranks given by the respondents to the services of the HDFC bank(A/C opening, A/C closure, loans, cards, personal finance, payment service, withdrawal) between 1 to 4, 1 for the most preferred and 4 for the least preferred.



The above graph shows that the services provided by the HDFC bank are most preferred by the people because most of the respondents given 1st rank to the most services of the HDFC bank.

Analysis 11

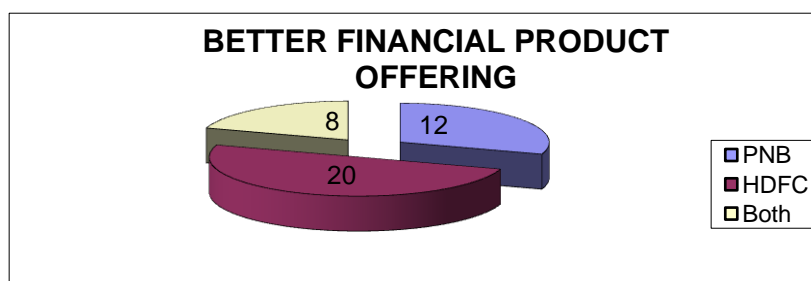
Different ranks given by the respondents to the services of the PNB bank(A/C opening, A/C closure, loans, cards, personal finance, payment service, withdrawal) between 1 to 4, 1 for the most preferred and 4 for the least preferred.



The above graph shows that most of the people are not preferred the services of the PNB bank. Because few respondents given the 1st rank to the services of the PNB.

Analysis 12

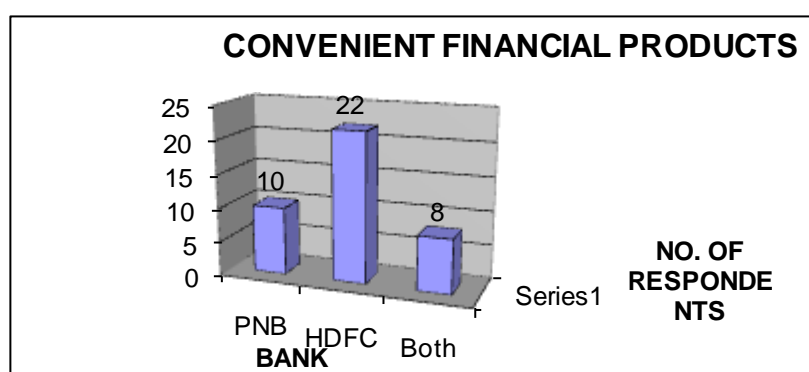
This diagram depicts the perspective of respondents towards bank’s financial products offerings referring better products.



The results concluded that 20 respondents out of 40 think that HDFC’s financial products offerings are better whereas only 12 respondents preferred PNB and rest 8 thought that financial products offerings of both the banks were equally good.

Analysis 13

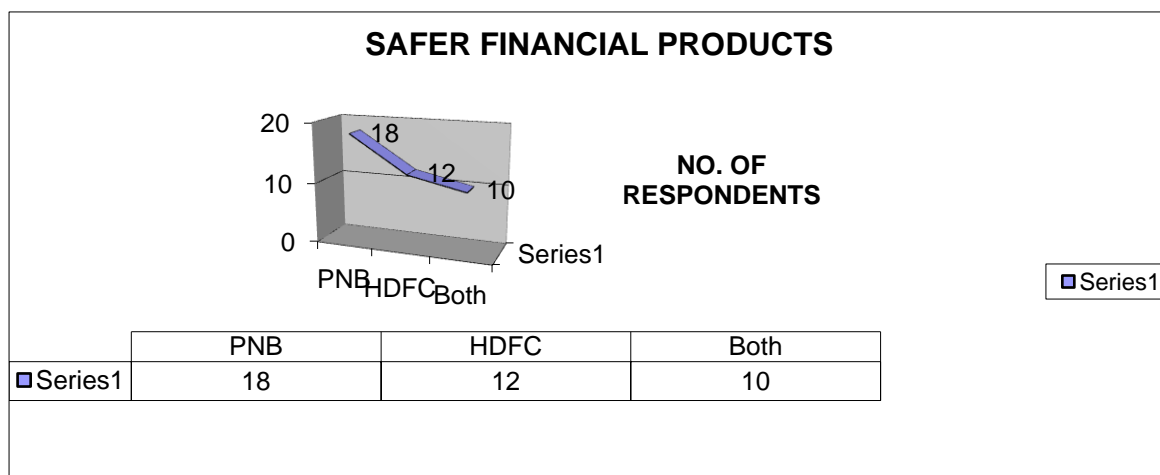
This diagram depicts the perspective of respondents towards bank’s financial products offerings referring to convenience of customers.



The results concluded that 22 respondents out of 40 think that HDFC’s financial products offerings are convenient whereas only 10 respondents preferred PNB and rest 8 thought that financial products offerings of both the banks were equally good.

Analysis 14

This diagram depicts the perspective of respondents towards bank’s financial products offerings referring to secure.



The results concluded that 12 respondents out of 40 think that HDFC's financial products offerings are convenient whereas 18 respondents preferred PNB and rest 10 thought that financial products offerings of both the banks were equally good.

10. Findings

1. After analyzing the graphs obtained by the survey, I interpreted the following results.
2. Majority of the people deal with the banks on a monthly basis, followed by daily basis, followed by twice in a week and weekly basis, 2 on fortnightly basis.
3. Most of the respondents are quiet happy with their banking transactions and majority of people rate their transaction as excellent and good, followed by average.
4. Majority of people preferred private bank followed by public bank and lastly a foreign bank.
5. Major respondents are more satisfied with the HDFC, few by PNB whereas only 3 were satisfied with both the banks, PNB & HDFC Bank.
6. Majority of people think that HDFC provides personal attention to them.
7. Most traded financial product of HDFC is accounts & deposits, followed by cards, payment services, accessibility services, loans, investment insurance and lastly forex services.
8. On the other hand, trade maximum in Accounts & deposits, followed by personal finance, ards and lastly in payment services in PNB.
9. In HDFC People preferred loans, followed by payment services, preferred accessibility & cards services, and forex services and lastly accounts & deposits.
10. Whereas in PNB people preferred payment services and cards, accounts & deposits, and lastly forex services and loans.
11. Maximum respondents are attracted by internet banking, followed by mobile banking, ATM, Net banking, email statements, last but not the least cash delivery at doorstep and tele banking in HDFC.
12. Majority of respondents are attracted by safe deposit locker, followed by service charges & fees in PNB.
13. HDFC financial products offerings are better and convenient.

11. Conclusion

- Helped me understand the basic financial products & services of banks
- Got an insight into the financial products of the of two banks, HDFC Bank & PNB
- Got an opportunity to look at banks from a different perspective, analyzing the comparison between the two, focusing on PNB & HDFC Bank
- First time got the exposure of doing face-to-face questionnaire survey

- Learnt to deal with data

12. Recommendations

After doing this research, I would like to suggest the following recommendations.

12.1 HDFC Bank

The only concern for this bank is in terms of security. As this is an era of recession, this bank being a private bank, needs to develop trust and confidence of the people in it and its products.

12.2 PNB

More financial product offering

Well, firstly bank needs to work on its financial products offerings in terms of variety in order to be at par with private banks.

Customer orientation

They need to work on customer orientation, improving the level of satisfaction by:

- providing timely services to clients
- more soft approach
- Reduced formalities in providing services better & convenient financial products PNB need to focus on developing the products which are more convenient and better.

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