Financial Performance of Public Sector Bank vs Private Sector Bank

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Abstract: - **A Commercial bank is a type of Bank / Financial Institution that provides services such as accepting deposits, making business loans, and offering basic investment products. To compare Public Sector Bank and Private Sector Bank, Bank size and financial ratios are taken as variables such asefficiency / profitability ratios, capital / leverage ratios, liquidity ratios and asset quality ratios.**

I. INTRODUCTION

A financial system (within the world of finance) is the system that allows the transfer of money between savers (and investors) and borrowers. Financial systems operate at both national and global levels. A financial system can operate on a global, regional or firm-specific level. Gurusamy, writing in Financial Services and Systems, has described financial systems as comprising "a set of complex and closely interconnected financial institutions, markets, instruments, services, practices, and transactions.

II. OBJECTIVES

Financial Performance of Public Sector Bank vs Private Sector Bank should be compares in such a way to get good result as as which banks are performing good and we are not performing good. Firstly we will try to understood that financial institutions

Financial Institutions include:

- Central Banks
- Commercial Banks
- Public Sector
- Private Sector
- Cooperative Banks
- State Cooperative Banks/State Land Development Banks

SBI has five associate banks:

- State Bank of Bikaner & Jaipur
- State Bank of Hyderabad
- State Bank of Mysore
- State Bank of Patiala
- State Bank of Travancore

Apart from its five associate banks, SBI also has the following non-banking subsidiaries:

- SBI Capital Markets Ltd
- SBI Funds Management Pvt Ltd
- SBI Factors & Commercial Services Pvt Ltd
- SBI Cards & Payments Services Pvt. Ltd. (SBICPSL)
- SBI DFHI Ltd
- SBI Life Insurance Company Limited
- SBI General Insurance

These are the economic services provided by the finance industry, which encompass a broad range of businesses that manage money, including credit unions, banks, credit card companies, insurance companies, accountancy companies, consumer finance companies, stock brokerages, investment funds and some government sponsored enterprises. Mechanism schemes are also helpful and apply a method-based source through which funding is made available, such as bank loans, bond or share issues, reserves or savings, and sales revenue. The transfer of funds from the credit lifecycle process from surplus units to deficit units through which the flow of funds is facilitated.

III. METHODOLOGY

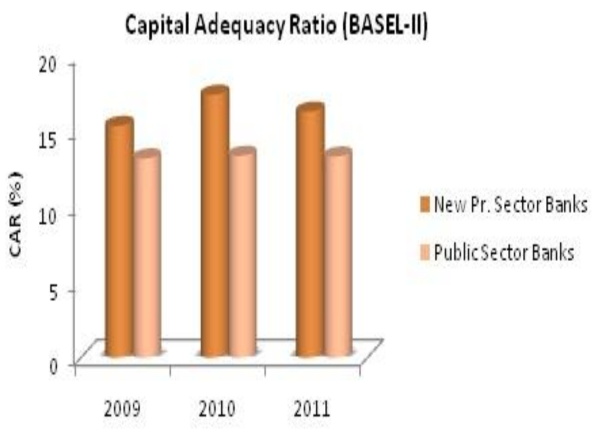
Network of banks:

The private sector banks have expanded themselves at a much faster rate than public sector banks. The customer base of these banks has grown manifold since they are able to provide innovative services to the customers at a much faster pace.

*Capital adequacy ratio***:**

Capital Adequacy Ratio (CAR), also known as Capital to Risk (Weighted) Assets Ratio (CRAR),[1] is the ratio of a bank's capital to its risk. National regulators track a bank's CAR to ensure that it can absorb a reasonable amount of loss and complies with statutory Capital requirements.It is a measure of a bank's capital. It is expressed as a percentage of a bank's risk weighted credit exposures.

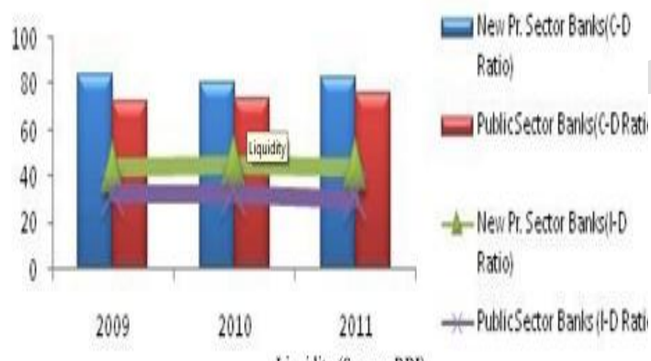
This ratio is used to protect depositors and promote the stability and efficiency of financial systems around the world.



Source RBI

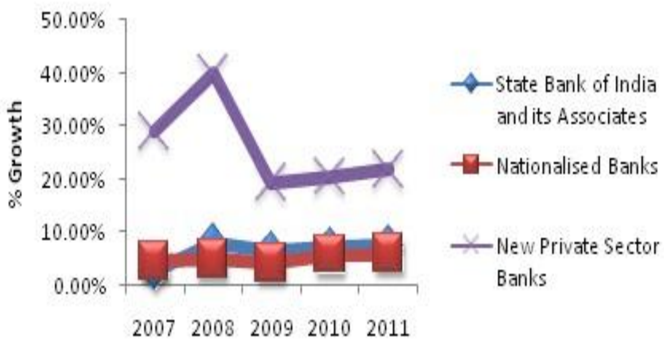
Liquidity

Liquidity is a measure of the ability and ease with which assets can be converted to cash. Liquid assets are those that can be converted to cash quickly if needed to meet financial obligations; examples of liquid assets generally include cash, central bank reserves, and government debt. To remain viable, a financial institution must have enough liquid assets to meet its near-term obligations, such as withdrawals by depositors.



Liquidity (Source: RBI)

Banks Network: Today banks follow a willful strategy of building a network of branches and ATMs with effective penetration so that they can continue to enlarge their geographical coverage of centres with potential for growth. The banks try to deeply entrench across the country with significant density in areas conducive to the growth of their businesses.



IV. CONCLUSION

In case of comparison private banks are giving more services to customer's so they are getting benefits so same and customer priority should be must for every bank.

V. SUGGESTIONS

Public banks should maintain customer satisfaction on priority basis to get more response of customers.

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