

# Comparitive Study between Strategies of Icici Bank and Sbi Bank

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Submitted: 01-05-2022

Revised: 07-05-2022

Accepted: 10-05-2022

## ABSTRACT

Strategies are important in the banking industry. The concept of customer satisfaction is widely recognized as a key differentiator which occupies a vital position in marketing thought and practice and is the major outcome of any marketing activity. This study makes an effort to understand the difference between the strategies used by state bank of India (SBI) and ICICI bank. The analysis clearly shows that there exists wide difference among state bank of India regarding overall strategies with their respective customers, when compared to ICICI bank whereas said difference in ICICI bank is narrow.

## Statement of Project Report Preparation

1. Thesis title: **Comparative study between the strategies of ICICI bank and SBI bank.**
2. Degree for which the report is submitted: **BBA BUSINESS ANALYTICS**
- 3 Project Supervisor was referred to for preparing the report.
4. Specifications regarding thesis format have been closely followed.
5. The contents of the thesis have been organized based on the guidelines.
6. The report has been prepared without resorting to plagiarism.
7. All sources used have been cited appropriately.
- 8 The report has not been submitted elsewhere for a degree.

## Statement of Preparation:

**Every student have to submit the statement of thesis preparation**

## ACKNOWLEDGEMENT

I have taken efforts in this research. However, it would not have been possible without the kind support of my faculties would like to extend my sincere thanks to all of them.

I am highly indebted to **Prof. Sandeep Sharma** for his guidance and constant supervision as well as for providing necessary information regarding the research & also for his support in completing the report.

I would like to express my gratitude for his kind cooperation and encouragement which help me in completion of this report.

I would like to express my special gratitude and thanks to Galgotias University for providing me such wonderful opportunity of doing this research.

My thanks and appreciations also go to my colleague in developing the report and my family members who have willingly helped me out with their abilities.

## EXECUTIVE SUMMARY

In this study I aimed to explore the banking industry, and the challenges they are facing in strategies. I have also tried to figure out the factors which are affecting by using the strategies of both the banks. Further I attempted to make it as a comprehensive report in which I have touched all the major as well as minor issues which are very common but at the same time very complex to understand. In the first part of the project, I have overviewed the bank & all its types. And in the middle of the project, I have discussed all the factors that somehow one on another way both banking industry have to face. And for that I have done some research & tried to provide a comparison between their strategies and problems facing on a regular basis. In between I have also done PESTEL analysis to make you understand

what exactly happening to banking industry & why they are facing so many challenges in strategies. And in the last phase of the project report, I have provided a metric which give you a gist of the factors that are considered while analysing the banking challenges & other factors which are very crucial. The project covers many important aspects related to banking industry. At the end I have expressed my views & a brief conclusion of all the findings from the project.

## I. INTRODUCTION

The banking sector is very important for the economic development of a country. Traditionally the banks worked as finance depositor and finance provider only but presently as the scenario have changed and many policies and other technical changes have become the part of economies therefore now banks also play many roles in the development of economy. The study is an attempt to analyze the comparison between the strategies of SBI and ICICI banks. The State Bank of India, popularly known as SBI is one of the leading bank of public sector in India. SBI has 14 Local Head Offices and 57 Zonal Offices located at important cities throughout the country. ICICI bank is the second largest, leading bank of private sector in India.

The Bank has 2,533 branches and 6,800 ATMs in India. The study is descriptive and analytical in nature. The collected data was secondary in nature and collected from various reports issued by these banks through internet. The comparison of strategies of these two banks was made on the basis of ratio analysis. The results indicated that the SBI is performing well and financially sound than ICICI Bank. Also the market position of SBI is better than ICICI in terms of earning per share, price ratio per share and dividend payout ratio, but on the other hand ICICI bank is performing well in terms of NPA and provision for NPA in comparison of SBI bank.

Banking sector is backbone of economy in the country. The finance collected from this sector works in economy as blood works in the body. The banking sector is characterized by various services such as account facility, ATM facility, loan facility, mutual fund facility and many other financial services. These services help a citizen to facilitate his/her work life and private life in many ways. In India the banking sector is witnessed various changes after liberalization and globalization

In the given details all the necessary information are given about the Indian financial system including all the types of financial markets and components also. Then after the details about

banking sector with the prevailing structure is given. In the thesis the prime locating factors are SBI and ICICI, in this chapter the inception details and later on the whole details including services is given.

These two banks are the biggest bank of India. SBI(The State Bank of India), the country's prestigious and prominent Bank and a premier one in terms of balance sheet size, number of branches, market capitalization and profits is today going through a momentous phase of Change and Transformation – the biggest old Public sector bank is today stirring out of its Public Sector legacy and moving with an ability to give the Private and Foreign Banks a run for their money. The bank is entering into many new businesses with strategic tie ups – Pension Funds, General Insurance, Custodial Services, Private Equity, Mobile Banking, Point of Sale Merchant Acquisition, Advisory Services, structured products etc – each one of these initiatives having a huge potential for growth.

The private sector giant and second largest leading bank in India, ICICI Bank was originally promoted in 1994 by ICICI Limited, an Indian financial institution, and was its wholly-owned subsidiary. In the 1990s, ICICI transformed its business from a development financial institution offering only project finance to a diversified financial services group offering a wide variety of products and services, both directly and through a number of subsidiaries and affiliates like ICICI Bank.

## II. LITERATURE REVIEW

The banking system of India is featured by a large network of bank branches, serving many kinds of financial services of the people. The State Bank of India, popularly known as SBI is one of the leading bank of public sector in India. ICICI Bank is second largest and leading bank of private sector in India. The present study is conducted to compare the strategies of SBI and ICICI Bank on the basis of ratios such as capitalization, opportunities etc. The period of study taken is from the few past years. Apart from the sheer of their operations, there is nothing much in common between the strategies of both banks. The country's largest and second largest banks have embarked on completely different strategies.

### STRATEGIES OF ICICI BANK-

ICICI Bank has focused on being a future-ready organization and has consistently evolved its capabilities to ensure agility and value creation in its businesses. This focus is integral to the Bank's

strategy and underscores the several pioneering initiatives taken by the Bank.

In fiscal 2019, the Bank continued to make progress on its strategic objectives even as the year saw significant challenges. The Bank's businesses focused on growing the core operating profits in a risk calibrated and granular manner. The Bank implemented a number of initiatives to expand its customer base and deepen the penetration of products and services, thus further strengthening the franchise. The digital strategy was key to driving the Bank's reach and unlocking potential in its businesses. ICICI Bank completed 20 years of its digital banking journey in fiscal 2019, and aims to remain at the forefront in re-imagining banking through technology, and innovation.

#### MEETING CUSTOMER NEEDS-

The objective of the Bank is to develop products and services that create value for customers. Technology and digitalization play an integral part in meeting this objective. The Bank focuses on providing high levels of functionality and investing in technologies to provide a secure, superior, seamless and uniform service experience to customers across all channels.

The Bank's strategy is focused on leveraging its branch network, digital channels, partnerships and presence in various ecosystems to expand its customer base. The Bank seeks to offer a comprehensive suite of products and services to customers. These include savings, investment, credit and protection products based on customer needs, along with convenient payment and transaction banking services. Cross-selling appropriate products to existing customers based on analytics is a key element of the Bank's strategy. The Bank seeks to adopt a 'Fair to Customer, Fair to Bank' approach across its business.

Digital initiatives have played a key role in driving growth and efficiency in the retail business. These initiatives have improved the efficiency of branches. The Bank is now able to serve more customers at its existing branches and has enabled employees to perform more value-added activities. The Bank periodically reviews branches based on customer footfalls and economic activities to ensure optimal distribution of the branch network. The Bank added 431 instant banking kiosks during fiscal 2019 taking the total count to 1,167 at March 31, 2019.

The Bank's mobile application, I Mobile, is a key channel of service. It was revamped in fiscal 2019 to add an array of design-thinking led

services along with intuitive widgets. These services include India's first software robotics algorithm-led investment advisory application on mobile, 'Money Coach', which manages the entire investment journey of a customer. The Bank has also introduced a first-of-its-kind paperless KYC and online registration process for mutual funds at a single click and seamless peer-to-peer fund transfer to registered payees using voice commands enabled by Apple's virtual voice assistant, 'Siri'. Another feature that was added is an intuitive interface called 'Discover' which enables customers to track personal spends and deliverables. Other features on I Mobile include setting card limits, checking account balances, getting instant digital credit up to ₹ 20,000 and saving frequently made transactions as 'Favorites'. As a security feature, the app allows customers to manage their credit card limits and block/unblock cards as needed. I Mobile now offers more than 250 services which are available across all mobile platforms.

#### RURAL AND INCLUSIVE BANKING

The Bank believes that a key driver of India's growth is the rural economy which has distinct financial needs. The Bank's rural banking operation caters to the complete financial requirements of customers in rural and semi-urban locations, primarily engaged in agriculture and agro-related value chain activities. The Bank's reach in rural areas is supported by a network of branches, on-field staff and business correspondents providing last-mile access in remote areas. Of the Bank's network of 4,874 branches, 50.1% were in rural and semi-urban areas with 556 branches in villages that were previously unbanked. The Bank had over 5,000 customer service points enabled through the business correspondent network at March 31, 2019.

The Bank has adopted a societal approach in meeting the financial needs of its rural customers and offers a bouquet of services and products covering the end-to-end requirements of rural customers.

The segments include farmers, rural salaried customers, commodity traders, seed and farm input dealers and processors. The key focus for the business is to build banking habits and to help in creating wealth for rural customers. Apart from direct lending to customers, the Bank also engages with Micro Finance Institutions (MFIs) as a crucial delivery channel for reaching out to the otherwise under-served population and for enabling financial inclusion. The Bank provides financial assistance in the form of term loans to MFIs. These

funds are then further extended to individuals and members of Self Help Groups/Joint Liability Groups.

Digitalization underpins the Bank's efforts in rural banking in a big way and has helped in decongesting processes and empowering teams to increase efficiencies in the delivery of services to rural customers. A unique mobile application called 'Mera I Mobile' was launched in fiscal 2017. It allows rural customers to avail more than 135 services including non-banking information and agri-related advisory on crop prices, news and weather. The app is available in 11 languages and is used by more than half a million customers. Till March 31, 2019, the app had processed a total of 24.1 million financial and non-financial transactions.

The Bank's efforts in the rural areas are also meeting the larger goals of women empowerment and development. Some key initiatives in this direction include the support given to Self Help Groups that promote entrepreneurship among women and development of solutions for dairy farmers.

### WHOLESALE BANKING

The Bank is focusing on meeting the transaction banking needs of corporate clients, including foreign exchange and derivatives, trade finance and payments, and collections. In fiscal 2019, the Bank actively engaged with a consortium of 10 banks for harnessing the Blockchain Distributed Ledger Technology platform in a bid to help digitise inland trade within the country. The Bank also made domestic letter of credit issuance and advising modules available to corporates for handling their inland trade requirements. Around 250 corporates have signed up on the blockchain platform for domestic and international trade finance. In fiscal 2019, the Bank launched a digital payment solution, 'e-DOCS', on its Trade Online platform. This application leverages information available on Export Data Processing and Monitoring System (EDPMS) portal and aids clients in managing their entire export banking life cycle digitally. In another digital initiative for corporate customers, in fiscal 2019, the Bank provided a digital financial supply chain platform with integrated payment solutions that helps in streamlining delivery systems across the entire value chain of corporates. Further to its initiatives in creating industry ecosystems, the Bank has partnered with Tea Board in implementing an online payment solution for buyers and helping other industry stakeholders including brokers, sellers and warehouses in managing their funds

flow through automated settlement processes and customized Management Information System (MIS) reports.

### Enhancing customer service

Customer service is an important pillar of banking and the Bank makes continuous efforts towards improving customer experience and operational efficiency. A rapidly changing economic and technological landscape has created new dimensions in customer expectations from banks. Speed and convenience are two key drivers in meeting these expectations. To keep up with evolving customer expectations, the Bank is increasing its focus on customer delight and advocacy. This is being measured through the Net Promoter Score, Transaction Experience and Customer Satisfaction metrics.

The Bank follows a 4D framework to map the entire customer journey across products, processes and channels.

### MARKETING STRATEGIES OF SBI BANK-

In this section of the blog, we shall talk about the marketing strategy of SBI with the help of its STP i.e. SBI's segmentation, targeting, and positioning strategies. Let's get right into it. SBI has been known to segment its market on the basis of the following variables:

- 1.Geographic
- 2.Demographic
- 3.Behavioral
- 4.Psychological

It accounts for people belonging to rural, urban, and metropolitan areas who are either self-employed, corporate, or government employees and targets them accordingly. It also targets students, people from poor households or lower class who are deprived of financial and banking facilities, and finally the tech-savvy business class for whom time is extremely important.

SBI has positioned itself as a trusted and reliable bank over the years. One that the citizens can always rely on, and that stands for the common man. It now also targets customers seeking value-additions with telebanking, net banking, digital banking, etc. This is how SBI accurately segments and targets its audience and positions itself accordingly.

In today's times, it is also important to have a digital marketing presence, along with using traditional channels and tools. Let's analyze SBI's digital marketing presence.

### SBI's Digital Marketing Presence

The digital presence of any company is very crucial in this fast-moving modern world. SBI was quick to adapt itself to the technological changes and presently has an impressive social media presence. Following are the main takeaways from studying SBI's digital presence:

SBI has a strong social media presence with 2 million followers on Instagram, 4.2 million followers on Twitter, 3.57 lakh subscribers on YouTube with videos having 2 crore+ views, and approximately 1.9 million followers on LinkedIn with over 61000 employees.

SBI posts regularly on its social media platforms while consistently churning out relevant content.

They also engage with their followers by asking questions, polling them, organizing quizzes on Instagram, etc. SBI has also introduced efficient digital banking methods. YONO (You Only Need One), as mentioned previously in the blog, is an SBI integrated digital banking platform that allows users to access a variety of financial and non-financial services such as flight, train, bus, and taxi bookings, online shopping, and medical bill payments. Customers can also access their SBI accounts directly through the YONO app for ease of access.

The bank's website is also very user-friendly and contains all the required information. It was revamped from its older versions to cater to the new generation of customers.

### SWOT ANALYSIS OF BOTH THE BANKS-

SWOT analysis is a strategic planning and strategic management technique used to help a person or organization identify strengths, weaknesses, opportunities, and threats related to business competition or project planning

#### Strengths of SBI

SBI is the largest bank in India in terms of market share and branches

It has more than 25000 outlets in the country. It also had a first-mover advantage in the commercial banking service industry

Backed by the Government of India

Commendable geographical reach

#### Weaknesses of SBI

The complacency of employees because of higher job security results in a lack of motivation to work efficiently

Despite the era of modernization, SBI still carries a perception of a traditional bank in the eyes of the new-age customers

#### Opportunities for SBI

Greater expansion into rural areas

With its wide reach, the bank could dominate the market as India moves toward cashless transactions

Increased technological advances in the industry

#### Threats to SBI

There could also be a possibility of a reduction in market share for SBI to one of its close competitors, ICICI Bank.

There is also a serious threat to SBI in terms of acquiring new customers as they tend to avail the services of private banks.

### Conclusion-

The State Bank of India has certainly come a long way through its extensive journey. Being the largest public sector bank in India, SBI has been able to capture and retain a large chunk of the market. It is definitely no small feat. The bank has had its fair share of ups and downs but was able to tackle them all and maintain its reputed position. There's no denying the fact that the public has started shifting more towards private sector banks, but there's always room for growth and development. If SBI continues to adapt itself to the changing times and technological advances, by managing to change the perception of young professionals especially, it will surely be able to make a permanent place in the Indian banking industry.

#### Strengths of ICICI Bank

ICICI is the second largest bank in terms of total assets and market share. Total assets of ICICI is Rs. 4062.34 Billion and recorded a maximum profit after tax of Rs. 51.51 billion and located in 19 countries. One of the major strengths of ICICI bank according to financial analysts is its strong and transparent balance sheet.

#### Weakness of ICICI bank

Customer support of ICICI section is not performing well in terms of resolving complaints. There are a lot of consumer complaints filed against ICICI. The ICICI bank has the most stringent policies in terms of recovering the debts and loans, and credit payments. They employ third party agency to handle recovery management. There are also complaints of customer assault and abuse while recovering and the credit payment reminders are sent even before the deadlines which annoys the customers.

#### Opportunities of ICICI Bank

Banking sector is expected to grow at a rate of 17% in the next three years. The concept of

saving in banks and investing in financial products is increasing in rural areas as more than 62% percentage of India's population is still in rural areas. ICICI Bank plans to open 1500 new branches over the next four years.

Because of its financial resources, ICICI will buy small and non-performing banks.

#### Threats of ICICI bank

RBI allowed foreign banks to invest in Indian banking up to 74 percent. Banks in the government sector are pushing to modernize the capacity to reduce customers moving to new age banks.

HDFC is ICICI's biggest rival, and other emerging banks such as AXIS, HSBC place a significant threat. NBFC and Mobile Payment Wallets are also emerging and become competitors of ICICI Bank.

#### RESEARCH METHODOLOGY-

Research in common parlance refers to a search of knowledge. One can also define research as a scientific & systematic search for pertinent information on a specific topic. In fact, research is an art of scientific investigation. The advanced learner dictionary of current English lays down the meaning of research as a careful investigation as enquiry especially through search for new facts in any branch of knowledge. Redman & Mory define it as a scientific effort to gain knowledge.

Research design is used in the present study. For the study 1 private sector and 1 public sector bank i.e State Bank of India and ICICI Bank have been selected. Data has been collected through a structured questionnaire to understand the role of customer satisfaction on performance of the commercial banks. The questionnaire consists of Likert scale, multiple choice questions and frequency questions. Financial performance is measured in terms of revenue generation of banks. In the study revenue generation is the dependent variable and volume of sales, customer acquisition cost and risk management and mitigation are the independent variables. The data was collected during January 2017 to November 2017.

#### DATA COLLECTION TECHNIQUES

There are mainly two brand classification of the data collection technique that are as follows:

Secondary source: the data in the secondary source is already published and is in the form of government publication, census, personnel record, client history and service records.

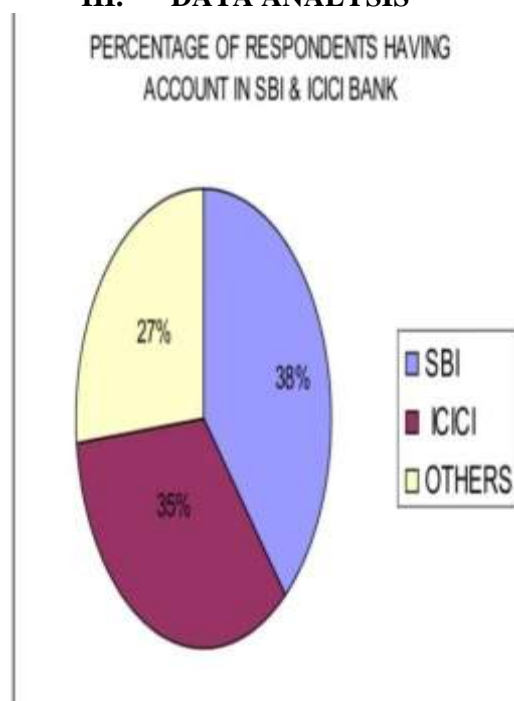
My source of the data collection is also through the secondary data available from the site of SBI & ICICI banks.

Primary data: the data which is not been published at all and is used by the researcher the very first time is known as the primary data.

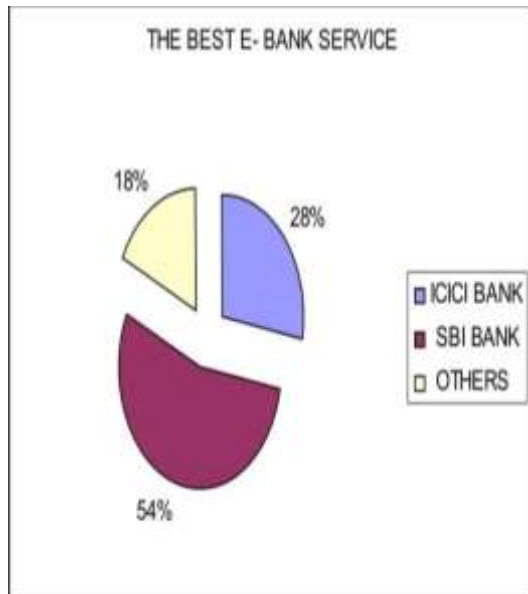
The major part of my project is based on the primary data which I have collected through the questionnaires & personal interviews from the respondents.

Sampling techniques: I took the technique of random sampling as well as nonrandom sampling techniques. In random sampling I did not asked the respondents that in which bank do you have an account but in nonrandom sampling I asked them that do they use online banking and then I made them to fill the questionnaire.

#### III. DATA ANALYSIS



In the above pie chart there are 38% of the respondents who are SBI bank services & 35% the respondents use ICICI bank online services. The respondents who use other bank services are 27% which shows that there are more customers of SBI bank and they have better strategies.



The best e-bank services is of sbi bank comprising the choice of 54% individuals more than icici bank.

#### IV. FINDINGS-

1. In the users ratio SBI Bank has more numbers of customers of e-bank account than the ICICI Bank.
2. More banks are connecting to the software companies to the run the e-banking Service. In these services SBI bank is in the top in proving the service.
3. The services used by most of the customers are checking the current balance of Their account, order a cheque book, and pay bills, online trading, seeking product rate information and inter accounts transfers.
4. Most of the people feel safe while disclosing their details on net.
5. The most important factor that the people consider while opening an online bank account is convenience & easy and quick.
6. The best e-bank service is provided by the SBI Bank.

#### V. CONCLUSION

India's two largest banks are following completely divergent strategies. Last year for the first time, both SBI and ICICI bank had found common ground on creating a holding company for the insurance and asset management business. SBI is set up to become the most valuable bank again in the future but it will need to do more to capture opportunities.

It is inferred that the banks need to make a conscious effort at improving their customer satisfaction levels. From the results, it is obvious

that ICICI bank has done better as compared to SBI bank in term of chosen dimensions such as reliability, responsiveness and assurance. Public sector banks although older players in the business should not become lethargic since they have a larger customer base and business as compared to private sector banks. They should work more on increasing their services quality and customer satisfaction levels, employees should be monitored and should frequently be given more training opportunities in order to learn how to deal with customers keeping long term retention goal in mind.

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