

Evaluation of Products and Services of SBI and ICICI Bank

Abstract

“Evaluation of Products and Services of SBI and ICICI Bank” compares the various lending schemes, saving account service, fixed deposit account service, debit card service, credit card service, net banking service, charges financial performance and non performing assets of SBI and ICICI Bank. The present study is the detail examination of the Products and Services of State Bank of India (SBI) and ICICI Bank. Efforts are made find out whether or not, to what extent operation is efficient and effective. Ways and means are suggested to improve the efficiency as regards products and services. Banking is a dynamic process. It is very difficult to find out the complete information about the banking industry. The study is based on the products and services of one public sector bank i.e. State Bank of India (SBI) and one private sector bank i.e. ICICI Bank.

Keywords: SBI, ICICI Bank, Banking Products, Banking Services, Loans.

Introduction

The products and services of the banking industry include saving deposits, current account, fixed/term deposits, home loan car loan, education loan, business loan, credit card facility, debit card facility, mobile banking, internet banking, RTGS service etc in case of almost all the banks. But the service quality, bank charges and rate of interest is different. Role of technology is increasing rapidly in banking sector since last two decades. All the banks are competing and struggling for service quality, charges and rate of interest under the strict policy of Reserve Bank of India. “Evaluation of Products and Services of SBI and ICICI Bank” compares the various lending schemes, saving account service, fixed deposit account service, debit card service, credit card service, net banking service, charges financial performance and non performing assets of SBI and ICICI Bank. Present study is mainly based on data and information collected from secondary sources. Secondary data is collected from various RBI Bulletins, Report on Tends and Progress of Banking in India, Basic Statistical Returns, and Statistical Tables Relating to Banks in India, Annual Reports, and Economic and political weekly etc.

Research Methodology

To undertake the present study “Evaluation of Products and Services of SBI and ICICI Bank” the following methodology is used.

Objectives of the Study

The present study is the detail examination of the Products and Services of State Bank of India (SBI) and ICICI Bank. Efforts are made find out whether or not, to what extent operation is efficient and effective. Ways and means are suggested to improve the efficiency as regards products and services. The study intends to achieve the following objectives:-

1. To study the policy of Reserve Bank of India (RBI) as regards products and services of banks.
2. To examine the progress of products and services of banks under the study.
3. To examine the rate of interest, charges and rules and regulations for various products and services of banks under the study.
4. To identify and grey areas where more intention is required for improving efficiency as regards products and services of the banks under the study.
5. To suggest certain workable measures to improve the efficiency of banks under the study.

Scope of the Study

Banking is a dynamic process. It is very difficult to find out the complete information about the banking industry. The study is based on the products and services of one public sector bank i.e. State Bank of India

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(SBI) and one private sector bank i.e. ICICI Bank. This study covers the period of last five years, and the period is considered satisfactory to incorporate all the economic and banking fluctuations.

Data Collection

Present study is mainly based on data and information collected from secondary sources. Secondary data is collected from various RBI Bulletins, Report on Trends and Progress of Banking in India, Basic Statistical Returns, and Statistical Tables Relating to Banks in India, Annual Reports, and Economic and political weekly etc. The study is also based upon published and unpublished materials in:-

1. Articles from various magazines.
2. Daily newspapers having latest developments in this field.
3. Books and Journals of various Authors.

Explanation of the Study

Home Loan of SBI and ICICI Bank

The minimum rate of interest on Home Loan of SBI is 8.50% as compared to 8.65% in case of ICICI Bank. The Pre Payment Charges of SBI are up to 2% of loan sanctioned amount and nil in case of ICICI Bank. The Processing Fee, Cheque Bouncing Charges and Cheque Swap charges of SBI and ICICI Bank are same. The Processing Fee of SBI and ICICI Bank ranges from 0.5 to 1% of loan sanctioned. The Cheque Bouncing Charges and Cheque Swap charges of SBI and ICICI Bank are Rs. 500 per instance. The Loan Tenure of both the banks is up to 30 years. Overall the home loan facility of SBI and ICICI Bank is same the difference may be seen in procedure of sanctioning the home loan.

Car Loan of SBI and ICICI Bank

The rate of interest on New Car Loan of SBI is 9.60% (Floating) as compared to 10.75% (fixed) in case of ICICI Bank. The rate of interest on Used Car Loan of SBI is 13.05% (Floating) as compared to 15.50% (fixed) in case of ICICI Bank. The SBI sanctioned 85% of on-road price of the new and used car where as ICICI Bank sanctioned 100% for new car and 80% for used car. The maximum loan tenure of SBI is 7 years for new and used car and in case of ICICI Bank it is 7 years for new car and 5 years for used car. The Pre Payment Charges of SBI are nil for new car and 2% for used car as compared to 5% in case of ICICI Bank. The minimum age for sanctioning loan is 21 years and the maximum is 65 years and is same for both SBI and ICICI Bank. Overall the rate of interest and other charges of SBI are low as compared to ICICI Bank.

Personal Loan of SBI and ICICI Bank

The minimum rate of interest on Personal Loan of SBI is 12.45% as compared to 11.59% in case of ICICI Bank. The maximum loan amount of SBI is Rs1500000 where as Rs 4000000 in case of ICICI Bank. The Loan Tenure of both the banks is up to 5 years. The processing fee of SBI personal loan is 1% of loan sanctioned whereas Up to 2.25% of loan sanctioned in case of ICICI Bank. The pre payment charges and foreclosure charges of SBI are 3% as compared to 5% in case of ICICI Bank. Overall the

rate of interest for personal loan of ICICI Bank is low but all other charges are very high.

Gold Loan of SBI and ICICI Bank

The minimum rate of interest on Gold Loan of SBI is 11.05% as compared to 10.00% in case of ICICI Bank. The minimum gold loan amount of SBI is Rs20000 where as Rs 10000 in case of ICICI Bank. The maximum gold loan amount of SBI is Rs2000000 where as Rs1500000 in case of ICICI Bank. The maximum loan tenure of SBI is 30 months and in case of ICICI Bank it is 12 months. The Processing Fee of SBI 0.50% of loan sanctioned as compared to 1% in case of ICICI Bank. The Pre Payment Charges of SBI are nil as compared to 1% in case of ICICI Bank. Overall the rate of interest for gold loan of ICICI Bank is low but all other charges are high.

Loan against Property of SBI and ICICI Bank

The minimum rate of interest on Loan against Property of SBI is 9.85% as compared to 10.25% in case of ICICI Bank. The Processing Fee of SBI 1.00% of loan sanctioned as compared to 0.50% in case of ICICI Bank. The Loan Tenure of both the banks is up to 15 years. The pre payment charges and foreclosure charges are nil in both the banks. Overall the loan against property facility of SBI and ICICI Bank is same the difference may be seen in procedure of sanctioning the home loan. In the name of retail banking services both SBI and ICICI Bank and public sector banks enter in to insurance market. Insurance and investment services are non fund based services, where the banks cannot increase its business but also focuses on profits.

Business Loan of SBI and ICICI Bank

The rate of interest on Business Loan of SBI ranges from 11.20% to 16.30% as compared to 12.15 to 16.65% in case of ICICI Bank. The loan tenure for Business Loan of SBI ranges from 12 to 48 months as compared to 12 to 84 months in case of ICICI Bank. The maximum loan amount of SBI business loan is 100 crores as compared to 1 crore in case of ICICI Bank. The processing fee of SBI business loan is 2-3% as compared to 2% in ICICI Bank. The prepayment and foreclosure of SBI business loan is allowed after 6 months without any charges. The pre payment of ICICI Bank business loan is not allowed and foreclosure is allowed after six months with a charge of 2%. Overall rate of interest and other charges of business loan of SBI are low as compared to ICICI Bank.

The banking services are much easier and safety to the customers after introduction of credit and debit cards. In the early days credit cards are offered by the foreign and private banks but today SBI leading public sector bank in India has been more customer friendly by offering more than fifteen types of cards for different customers for different purposes.

SME and Agriculture Loan of SBI and ICICI Bank

The rate of interest on SME and Agriculture of SBI ranges from 12.90% to 14.90% as compared to 11.59-18.49% in case of ICICI Bank. The loan tenure for SME and Agriculture of SBI and ICICI Bank is up to 5 years. The maximum loan amount of SBI business loan is Rs.1500000 as compared to Rs. 2000000 in case of ICICI Bank. The processing fee of

SBI business loan is 1% as compared to 2.25% in ICICI Bank. Prepayment of loan is not allowed in both the banks.

Basic Saving Account of SBI and ICICI Bank

The rate of interest on saving account is 4% for both the banks. The debit card charges of SBI saving account are rs115 per year. The debit card of ICICI Bank is free. The SMS alert charges of SBI and ICICI Bank are rs15 per month. No minimum balance is required in both the banks. The rate of interest on saving account is 4% for both the banks. The debit card charges of SBI saving account are rs115 per year. The debit card of ICICI Bank is free. The SMS alert charges of SBI and ICICI Bank are rs15 per month. No minimum balance is required in both the banks. The interest and other charges of saving account of SBI and ICICI Bank are almost same. The service of ICICI Bank is fast as compare to SBI.

The private banks were nationalized to provide banking services to public, but today private banks competing with public sector banks in lending various loans to all the sectors including agriculture.

Findings

The ICICI Bank is a private sector bank and the service is fast as compared to SBI but the network of the SBI is wide as compared to ICICI Bank. The difference in the service quality of SBI and ICICI Bank is not significant. Both the banks are serving to their customers very efficiently.

The home loan facility of SBI and ICICI Bank is same as regard interest and other charges the difference may be seen in procedure of sanctioning the home loan. But as per the opinion of most customers the Home Loan Facility of SBI is excellent and very good.

The rate of interest and other charges of SBI for car loan are low as compared to ICICI Bank. The difference in the service quality of SBI and ICICI Bank is significant. The car loan facility of SBI is more effective.

The rate of interest for personal loan of ICICI Bank is low but all other charges are very high. The difference in the service quality of SBI and ICICI Bank is significant. The Personal Loan facility of ICICI Bank is more effective.

The rate of interest for gold loan of ICICI Bank is low but all other charges are high. The loan against property facility of SBI and ICICI Bank is same the difference may be seen in procedure of sanctioning the home loan. As per the opinion of most customers the service quality of Loan against Property and Gold of SBI and ICICI Bank is almost same.

The rate of interest and other charges of business loan of SBI are low as compared to ICICI Bank. As per the opinion of the most customers

Business (including SME) loan facility of SBI is more effective but the difference is not significant.

The interest and other charges of saving account of SBI and ICICI Bank are almost same. The service of ICICI Bank is fast as compare to SBI. As per the opinion of most customers the saving and Fixed Deposit Account Service of ICICI Bank is excellent and very good.

Suggestions

The SBI may come out with road map of having the quality of services through retail banking they must accord kingly status to the customers as adopted by the private and foreign banks. The customer is look for only quality of services.

SBI has to function under global environment. The bank has to train up their personnel keeping economic environment, political environment, legal environment, socio cultural environment and technological environment.

The private banks like ICICI bank's loan must change the recovery policy in to flexible and customer friendly from the existing.

In the wake of globalization, the customers have assessed indigenious part of the business. Both SBI and ICICI Bank should offer retail banking products to keep the ensure customer satisfaction. Further they needs moot efforts to render constant services to make them delightful customers.

Both SBI and ICICI Bank are creating healthy competition in providing retail banking products to the customers. The RBI and the bank management must launch more retail banking products as per the expectation of the global customers needs.

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