



A COMPARATIVE STUDY ON THE FINANCIAL PERFORMANCE OF HDFC BANK AND ICICI BANK

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Abstract: The comparative study follows the same general comparison process as our everyday comparison activities. This analysis is focused on two banks' top rankings and rivalry: HDFC Bank and ICICI Bank. The financial situation, profitability, and liquidity status of both institutions are determined using the comparative analysis. The study's time frame is from 2017 to 2022 and covers HDFC Bank and ICICI Bank. Secondary data is derived from the annual reports (Balance sheet and Profit and Loss) of HDFC Bank and ICICI Bank. We may learn about the trend analysis of both Banks through this study.

Index Terms - Comparative analysis, Profitability, trend, and Banks

I. INTRODUCTION:

Secondary analysis of quantitative data is relatively prevalent in comparative research, presumably in part because it is expensive to collect primary data for such large topics as a nation's policy environment. This study mostly analyses aggregate data. A lot of data is compared all the time, especially data from the government. Balancing the amount of money spent on social welfare is frequently necessary when comparing welfare states.

Incorporated in August 1994 under the name "HDFC Bank Limited," the HDFC Bank has its registered office in Mumbai, India. The HDFC Bank began operating as a Scheduled Commercial Bank in January 1995. The Housing Development Finance Corporation (HDFC) was one of the first entities to receive "in principle" authorization to create a bank in the private sector as part of the Reserve Bank of India's (RBI) 1994 deregulation of the Indian Banking Industry. The headquarters of HDFC Bank are located in Mumbai.

A global bank with its headquarters in Mumbai, ICICI Bank Limited offers financial services. It offers a wide range of banking products and financial services for corporate and retail customers through a number of delivery channels and specialised subsidiaries in the disciplines of investment banking, life, non-life insurance, venture capital, and asset management

II. STATEMENT OF THE PROBLEM:

In the last 20 years, banks have undergone rapid change as a result of their innovative services, entry into retail banking, and expansion of their service offering. Banks in the private sector have competitive advantages in automation and technology, product innovation, risk management, quick decision-making, individualized service, progressive HRM policies, expertise in niche segments, and other areas, despite their lack of branch networks and market coverage. Customers are receiving better services from them.

III. OBJECTIVE:

- To ascertain the comparative study on ICICI and HDFC banks.
- To give findings and suggestions to enhance the performance of the banks.

IV. SCOPE OF THE STUDY:

The current project aims to examine the ICICI and HDFC banks' financial results in the Coimbatore region. The expansion of bank branches, deposits, credits, interest rates, and services have all received special attention from the researcher. Financial statement analysis can be used to determine the current trend and the relationship between the

financial and profitability statement components. Profitability, liquidity, and solvency of a corporation. These techniques may comprise computations and comparisons of the results to prior and secondary data of the banks, rivals' annual reports, or industry averages in order to determine the relative strength and performance of the company under investigation. This report examines the financial performance of the ICICI and HDFC banks from 2018 to 2022.

V. RESEARCH METHODOLOGY:

SOURCE OF DATA COLLECTION:

The secondary data are collected from annual reports of ICICI and HDFC bank for the year 2018-2022 and the reviews are collected from published and unpublished dissertation works, books, and journals related to this study.

TOOLS USED IN THE STUDY:

- Comparative Analysis

PERIOD OF THE STUDY:

This study was conducted for the five (5) years of the annual report of the company for the year 2018 – 2022.

VI. LIMITATION OF THE STUDY:

- The limitation of the study is only that the data is collected from a secondary source of the banks.
- This study depended only on ICICI and HDFC banks.
- This study is based only on the comparative study of both ICICI and HDFC Bank for the past 5 years which may fall under 2018 to 2022.

VII. REVIEW OF LITERATURE:

(Dr. Seema Pandit, Jash Gandhi (2021): Study compare the performance of SBI and HDFC Bank by applying CAMEL Model. The results shows that the SBI Bank performed well on the parameters of Capital Adequacy, Asset Quality and Management whereas HDFC Bank performed well on the parameters of liquidity.

(Nandini Thakur 2020): Conducted a study on the financial statement analysis of HDFC Bank. The study is conducted over past Five years (2015-2019). The study conclude that financial performance of the bank was strong during the period of the study.

VIII. COMPARATIVE ANALYSIS:

Table 1: For the years 2017 to 2018:

Comparative study of Balance sheet of HDFC Bank for the Financial Year 2017 - 2018 (In Crores)				
Equity And Liabilities	As on 31st March 2017	As on 31st March 2018	Increase / Decrease	%
Equity Share Capital	512.51	519.02	6.51	1.27
Reserves & Surplus	88,949.84	1,05,775.98	16,826.14	18.92
Deposits	6,43,639.66	7,88,770.64	1,45,130.98	22.55
Borrowings	74,028.87	1,23,104.97	49,076.10	66.29
Other Liabilities & Provisions	56,709.32	45,763.72	-10,945.60	-19.30
Total Capital and Liabilities	8,63,840.20	10,63,934.33	2,00,094.13	23.16
Cash and Balances with Reserve Bank of India	37,896.88	1,04,670.47	66,773.59	176.20
Balances with Banks Money at Call and Short Notice	11,055.22	18,244.63	7,189.41	65.03
Investments	2,14,463.34	2,42,200.24	27,736.90	12.93
Advances	5,54,568.20	6,58,333.09	1,03,764.89	18.71
Fixed Assets	3,626.74	3,607.20	-19.54	-0.54
Other Assets	42,229.82	36,878.70	-5,351.12	-12.67
Total Assets	8,63,840.20	1063934.33	2,00,094.13	23.16

Comparative study of Balance sheet of ICICI Bank for the Financial Year 2017 - 2018 (In Crores)				
Equity And Liabilities	As on 31st March 2017	As on 31st March 2018	Increase / Decrease	%
Equity Share Capital	1,165.11	1,285.81	120.70	10.36
Reserves & Surplus	98,785.98	1,03,873.12	5,087.14	5.15
Deposits	4,90,039.06	5,60,975.21	70,936.15	14.48
Borrowings	1,47,556.15	1,82,858.62	35,302.47	23.92
Other Liabilities & Provisions	34,245.16	30,196.40	-4,048.76	-11.82
Total Capital and Liabilities	7,71,791.46	8,79,189.16	1,07,397.70	13.92
Cash and Balances with Reserve Bank of India	31,702.41	33,102.38	1,399.97	4.42
Balances with Banks Money at Call and Short Notice	44,010.66	51,067.00	7,056.34	16.03
Investments	1,61,506.55	2,02,994.18	41,487.63	25.69
Advances	4,64,232.08	5,12,395.29	48,163.21	10.37
Fixed Assets	7,805.21	7,903.51	98.30	1.26
Other Assets	62,534.55	71,726.80	9,192.25	14.70
Total Assets	7,71,791.46	8,79,189.16	1,07,397.70	13.92

Overall, HDFC Bank's balance sheet shows that it has been able to grow its operations and strengthen its financial position. Overall, the balance sheet of ICICI Bank for the financial year 2017-2018 shows a positive trend in the bank's financial performance, with an increase in both liabilities and assets

Table 2: For the years 2018 to 2019:

Comparative study of Balance sheet of HDFC Bank for the Financial Year 2018 - 2019 (In Crores)				
Equity And Liabilities	As on 31st March 2018	As on 31st March 2019	Increase / Decrease	%
Equity Share Capital	519.02	544.66	25.64	4.94
Reserves & Surplus	1,05,775.98	1,48,661.69	42,885.71	40.54
Deposits	7,88,770.64	9,23,140.93	1,34,370.29	17.04
Borrowings	1,23,104.97	1,17,085.12	-6,019.85	-4.89
Other Liabilities & Provisions	45,763.72	55,108.29	9,344.57	20.42
Total Capital and Liabilities	10,63,934.33	12,44,540.69	1,80,606.36	16.98
Cash and Balances with Reserve Bank of India	1,04,670.47	46,763.62	-57,906.85	-55.32
Balances with Banks Money at Call and Short Notice	18,244.63	34,584.02	16,339.39	89.56
Investments	2,42,200.24	2,90,587.88	48,387.64	19.98
Advances	6,58,333.09	8,19,401.22	1,61,068.13	24.47
Fixed Assets	3,607.20	4,030.00	422.80	11.72
Other Assets	36,878.70	49,173.95	12,295.25	33.34
Total Assets	10,63,934.33	12,44,540.69	1,80,606.36	16.98

Comparative study of Balance sheet of ICICI Bank for the Financial Year 2018 - 2019 (In Crores)				
Equity And Liabilities	As on 31st March 2018	As on 31st March 2019	Increase / Decrease	%
Equity Share Capital	1,285.81	1,289.46	3.65	0.28
Reserves & Surplus	1,03,873.12	1,07,078.58	3,205.46	3.09
Deposits	5,60,975.21	6,52,919.67	91,944.46	16.39
Borrowings	1,82,858.62	1,65,319.97	-17,538.65	-9.59
Other Liabilities & Provisions	30,196.40	37,851.46	7,655.06	25.35
Total Capital and Liabilities	8,79,189.16	9,64,459.14	85,269.98	9.70
Cash and Balances with Reserve Bank of India	33,102.38	37,858.01	4,755.63	14.37
Balances with Banks Money at Call and Short Notice	51,067.00	42,438.27	-8,628.73	-16.90
Investments	2,02,994.18	2,07,732.68	4,738.50	2.33
Advances	5,12,395.29	5,86,646.58	74,251.29	14.49
Fixed Assets	7,903.51	7,931.43	27.92	0.35
Other Assets	71,726.80	81,852.17	10,125.37	14.12
Total Assets	8,79,189.16	9,64,459.14	85,269.98	9.70

Overall, HDFC Bank's balance sheet for the year 2018 to 2019 shows that it has been able to maintain a strong financial position and grow its operations. The balance sheet of ICICI Bank for the financial year 2018-2019 shows that the bank has been able to maintain its stability, liquidity, and profitability.

Table 3: For the years 2019 to 2020:

Comparative study of Balance sheet of HDFC Bank for the Financial Year 2019 - 2020 (In Crores)				
Equity And Liabilities	As on 31st March 2019	As on 31st March 2020	Increase / Decrease	%
Equity Share Capital	544.66	548.33	3.67	0.67
Reserves & Surplus	1,48,661.69	1,70,437.70	21,776.01	14.65
Deposits	9,23,140.93	11,47,502.29	2,24,361.36	24.30
Borrowings	1,17,085.12	1,44,628.54	27,543.42	23.52
Other Liabilities & Provisions	55,108.29	67,394.40	12,286.11	22.29
Total Capital and Liabilities	12,44,540.69	15,30,511.26	2,85,970.57	22.98
Cash and Balances with Reserve Bank of India	46,763.62	72,205.12	25,441.50	54.40
Balances with Banks Money at Call and Short Notice	34,584.02	14,413.60	-20,170.42	-58.32
Investments	2,90,587.88	3,91,826.66	1,01,238.78	34.84
Advances	8,19,401.22	9,93,702.87	1,74,301.65	21.27
Fixed Assets	4,030.00	4,431.92	401.92	9.97
Other Assets	49,173.95	53,931.09	4,757.14	9.67
Total Assets	12,44,540.69	15,30,511.26	2,85,970.57	22.98

Comparative study of Balance sheet of ICICI Bank for the Financial Year 2019 - 2020 (In Crores)				
Equity And Liabilities	As on 31st March 2019	As on 31st March 2020	Increase / Decrease	%
Equity Share Capital	1,289.46	1,294.76	5.30	0.41
Reserves & Surplus	1,07,078.58	1,15,209.65	8,131.07	7.59
Deposits	6,52,919.67	7,70,968.99	1,18,049.32	18.08
Borrowings	1,65,319.97	1,62,896.76	-2,423.21	-1.47
Other Liabilities & Provisions	37,851.46	47,994.99	10,143.53	26.80
Total Capital and Liabilities	9,64,459.14	10,98,365.15	1,33,906.01	13.88
Cash and Balances with Reserve Bank of India	37,858.01	35,283.96	-2,574.05	-6.80
Balances with Banks Money at Call and Short Notice	42,438.27	83,871.78	41,433.51	97.63
Investments	2,07,732.68	2,49,531.48	41,798.80	20.12
Advances	5,86,646.58	6,45,289.97	58,643.39	10.00
Fixed Assets	7,931.43	8,410.29	478.86	6.04
Other Assets	81,852.17	75,977.67	-5,874.50	-7.18
Total Assets	9,64,459.14	10,98,365.15	1,33,906.01	13.88

Overall, HDFC Bank's balance sheet shows for the year 2019 to 2020 that it has been able to grow its operations and maintain a strong financial position. Furthermore, the bank's overall strong liquidity position, as indicated by the significant increase in balances with banks and cash and balances with the Reserve Bank of India, puts ICICI Bank in a favourable position to weather any unexpected market turbulence.

Table 4: For the years 2020 to 2021:

Comparative study of Balance sheet of HDFC Bank for the Financial Year 2020 - 2021 (In Crores)				
Equity And Liabilities	As on 31st March 2020	As on 31st March 2021	Increase / Decrease	%
Equity Share Capital	548.33	551.28	2.95	0.54
Reserves & Surplus	1,70,437.70	2,03,169.55	32,731.85	19.20
Deposits	11,47,502.29	13,35,060.22	1,87,557.93	16.34
Borrowings	1,44,628.54	1,35,487.32	-9,141.22	-6.32
Other Liabilities & Provisions	67,394.40	72,602.15	5,207.75	7.73
Total Capital and Liabilities	15,30,511.26	17,46,870.52	2,16,359.26	14.14
Cash and Balances with Reserve Bank of India	72,205.12	97,340.74	25,135.62	34.81
Balances with Banks Money at Call and Short Notice	14,413.60	22,129.66	7,716.06	53.53
Investments	3,91,826.66	4,43,728.29	51,901.63	13.25
Advances	9,93,702.87	11,32,836.62	1,39,133.75	14.00
Fixed Assets	4,431.92	4,909.32	477.40	10.77
Other Assets	53,931.09	45,925.89	-8,005.20	-14.84
Total Assets	15,30,511.26	17,46,870.52	2,16,359.26	14.14

Comparative study of Balance sheet of ICICI Bank for the Financial Year 2020 - 2021 (In Crores)				
Equity And Liabilities	As on 31st March 2020	As on 31st March 2021	Increase / Decrease	%
Equity Share Capital	1,294.76	1,383.41	88.65	6.85
Reserves & Surplus	1,15,209.65	1,46,125.77	30,916.12	26.83
Deposits	7,70,968.99	9,32,522.16	1,61,553.17	20.95
Borrowings	1,62,896.76	91,630.96	-71,265.80	-43.75
Other Liabilities & Provisions	47,994.99	58,770.37	10,775.38	22.45
Total Capital and Liabilities	10,98,365.15	12,30,432.67	1,32,067.52	12.02
Cash and Balances with Reserve Bank of India	35,283.96	46,031.19	10,747.23	30.46
Balances with Banks Money at Call and Short Notice	83,871.78	87,097.06	3,225.28	3.85
Investments	2,49,531.48	2,81,286.54	31,755.06	12.73
Advances	6,45,289.97	7,33,729.09	88,439.12	13.71
Fixed Assets	8,410.29	8,877.58	467.29	5.56
Other Assets	75,977.67	73,411.21	-2,566.46	-3.38
Total Assets	10,98,365.15	12,30,432.67	1,32,067.52	12.02

Overall, HDFC Bank's balance sheet shows that it has been able to maintain a strong financial position and grow its operations despite the challenging economic conditions due to the COVID-19 pandemic. Overall, the balance sheet indicates that the bank is in a strong financial position with a healthy balance of assets and liabilities.

Table 5: For the years 2021 to 2022:

Comparative study of Balance sheet of HDFC Bank for the Financial Year 2021 - 2022 (In Crores)				
Equity And Liabilities	As on 31st March 2021	As on 31st March 2022	Increase / Decrease	%
Equity Share Capital	551.28	554.55	3.27	0.59
Reserves & Surplus	2,03,169.55	2,39,538.38	36,368.83	17.90
Deposits	13,35,060.22	15,59,217.44	2,24,157.22	16.79
Borrowings	1,35,487.32	1,84,817.21	49,329.89	36.41
Other Liabilities & Provisions	72,602.15	84,407.46	11,805.31	16.26
Total Capital and Liabilities	17,46,870.52	20,68,535.04	3,21,664.52	18.41
Cash and Balances with Reserve Bank of India	97,340.74	1,29,995.64	32,654.90	33.55
Balances with Banks Money at Call and Short Notice	22,129.66	22,331.29	201.63	0.91
Investments	4,43,728.29	4,55,535.69	11,807.40	2.66
Advances	11,32,836.62	13,68,820.93	2,35,984.31	20.83
Fixed Assets	4,909.32	6,083.66	1,174.34	23.92
Other Assets	45,925.89	85,767.83	39,841.94	86.75
Total Assets	17,46,870.52	20,68,535.04	3,21,664.52	18.41

Comparative study of Balance sheet of ICICI Bank for the Financial Year 2021 - 2022 (In Crores)				
Equity And Liabilities	As on 31st March 2021	As on 31st March 2022	Increase / Decrease	%
Equity Share Capital	1,383.41	1,389.97	6.56	0.47
Reserves & Surplus	1,46,125.77	1,69,122.01	22,996.24	15.74
Deposits	9,32,522.16	10,64,571.61	1,32,049.45	14.16
Borrowings	91,630.96	1,07,231.36	15,600.40	17.03
Other Liabilities & Provisions	58,770.37	68,982.79	10,212.42	17.38
Total Capital and Liabilities	12,30,432.67	14,11,297.74	1,80,865.07	14.70
Cash and Balances with Reserve Bank of India	46,031.19	60,120.82	14,089.63	30.61
Balances with Banks Money at Call and Short Notice	87,097.06	1,07,701.54	20,604.48	23.66
Investments	2,81,286.54	3,10,241.00	28,954.46	10.29
Advances	7,33,729.09	8,59,020.44	1,25,291.35	17.08
Fixed Assets	8,877.58	9,373.82	496.24	5.59
Other Assets	73,411.21	64,840.12	-8,571.09	-11.68
Total Assets	12,30,432.67	14,11,297.74	1,80,865.07	14.70

Overall, the comparative study of the balance sheet shows that HDFC Bank has experienced significant growth in its capital, liabilities, and assets, which indicates that the bank has been performing well and has been able to generate profits. Overall, the bank's balance sheet shows a positive growth trend, indicating a healthy financial position.

IX. FINDINGS:

HDFC Bank:

HDFC Bank's balance sheet from 2017-2018 showed a 23.16% increase in total capital and liabilities, driven by an increase in deposits, borrowings, and cash reserves. The financial year 2018-2019 saw a 16.98% increase in total capital and liabilities, with a focus on reserves and surplus, deposits, and advances. HDFC Bank's 2019-2020 balance sheet reported a 22.98% increase in total capital and liabilities, with deposits, borrowings, and investments as the main contributors. The financial year 2020-2021 showed a 14.14% increase in total capital and liabilities, attributed to an increase in reserves and surplus, deposits, and advances. A comparative study of HDFC Bank's 2021-2022 balance sheet suggests significant growth in capital and liabilities, driven by increased deposits and borrowings, and a profitable performance.

ICICI Bank:

The balance sheet of ICICI Bank for FY 2017-2018 indicates growth in equity share capital, reserves & surplus, deposits, borrowings, and other liabilities & provisions, signifying positive financial performance. The balance sheet of ICICI Bank for FY 2018-2019 showed a 9.7% increase in total capital and liabilities, driven mainly by deposits and improved utilization of funds, demonstrating stability, liquidity, and profitability.

The balance sheet of ICICI Bank for FY 2019-2020 indicates significant growth in total capital and liabilities, with substantial increases in deposits and other liabilities and provisions, improving liquidity and strengthening the bank's position to face market turbulence. The balance sheet of ICICI Bank for FY 2020-2021 demonstrates a balanced approach to expansion, with a decrease in borrowings and growth in investments and advances, indicating a robust financial position. In FY 2021-22, ICICI Bank's balance sheet showed a 14.70% increase in both its total capital and liabilities and assets, with growth in deposits, borrowings, reserves and surplus, advances, and investments, signifying positive growth trends.

X. SUGGESTION:

- Maintain a balanced approach to expansion: Both banks have demonstrated a balanced approach to expansion, which has led to their sustained growth. They should continue to focus on this approach to ensure long-term sustainability and profitability.
- Focus on increasing profitability: Both banks should focus on increasing profitability by utilizing their funds effectively and investing in profitable assets. This can be achieved by identifying new revenue streams, improving operational efficiency, and reducing costs.

XI. CONCLUSION:

The comparative analysis suggests that HDFC Bank has demonstrated higher growth rates in total income and reserves and surplus, while ICICI Bank has shown consistent growth in total capital and liabilities. Both banks have maintained a strong liquidity position and have focused on effective management of provisions and contingencies. Therefore, the banks should continue to diversify their revenue streams, monitor loan-to-deposit ratios, and explore partnerships with fintech companies to improve their efficiency and customer experience.

XII. REFERENCE:

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