

Necessity of Universal Banking Services with Comparison Between SBI and ICICI Bank

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Abstract: Why the necessity of study of universal banking services because the universal banking has witnessed a unique growth over the past ten years. Universal banking system has become the boon to the banking sector. The rise of universal banking offers a unique setting for investigating the banking firm-level real effects of financial development. Universal banking refers to a financial institution offering commercial as well as investment banking services which also include services related to savings, loans and investments but in real practice, institutions which offer a wide range of financial services, beyond commercial banking, investment banking and various other activities including insurance are regarded as universal banking. The result that the comparisons of both banks have universal banking system which is affecting the profitability and efficiency of the banks. The objectives of the study are to identify the various factors which affect universal banking in India, to check the relationship of universalisation on efficiency and profitability of State Bank of India and *ICICI Bank* and also to compare the efficiency and profitability between State Bank of India and *ICICI Bank*.

Keywords: Commercial, Efficiency, Investment banking, Profitability, Universal banking.

I. INTRODUCTION

Universal banking is a combination of commercial banking, investment banking, development banking, insurance and other financial activities and all financial products are available under one roof. So we can say that a universal bank is that bank which offers commercial bank functions plus other functions such as merchant banking, mutual funds, factoring, credit cards, finance for housing loan, auto loan, retail loans, and insurance etc.

Universal banking is running with very large banks. These banks provide a large number of finance to various companies, and also contribute in the Corporate Governance (Management) of these companies. Universal banking has a large network of branches all over the country and all over the world. They provide many different financial services to their customers.

The rise of universal banking offers a unique setting for investigating the firm-level real effects of financial development.

It is a well known fact that economic growth implies a long term rise in per capita national output and such increases are very much associated with extreme and extraordinary changes in technology, institutional setup, psychological environment, organizational behavior, socio culture and attitude of common people for social development economic is necessary and for industrial growth efforts, capital and knowledge are three important elements and between these elements capital is the most crucial component. However, metamorphic environmental developments in and outside the political boundary and the open market policy with the hedge cocooning the economy has been abolished by the computer and telecommunication revolution. The net communications have explored geographical and functional integration of international financial markets further deregulation of financial market merchant banking, mutual banking and universal banking.

In fact, it is a multipurpose and multi-functional financial supermarket providing both 'Banking and Financial Services' through a single window. In universal banking, large banks operate extensive network of branches, provide many different services, hold several claims on firms (including equity and debt) and participate directly in the Corporate Governance of firms that rely on the banks for funding or as insurance underwriters.

In general perception the term of universal banking refers to a financial institution offering commercial as well as investment banking services which also include services related to savings, loans and investments but in real practice, institutions which offer a wide range of financial services, beyond commercial banking, investment, investment banking and various other activities including insurance are regarded as universal banking. It is like a coordinated financial super market supplying innovative and multifarious products under one roof.

It is necessity of globally universal banking is functioning in various forms 'like' in house fully integrated universal banking which is known as purest form of universal banking. In this form of universal banking single institution offers a complete range of banking and other products to the customers. Under this form bank's different departments operate under one roof and perform various activities such as commercial banking, investment banking, insurance, leasing etc. in order to satisfy the consumer need.

According to the world bank “Universal banks operate extensive network of branches, provide many different services, and hold several claims on firms (including equity and debt) and participate directly in the Corporate Governance of firm that rely on the banks for funding or as insurance underwriters”.

The concept of Universal Banking is most relevant in the United Kingdom and the United States, where historically there was a distinction drawn between pure investment banks and commercial banks, in the US, this is a result of the Glass-Steagall Act of 1933, in both countries, however, the regulatory barrier to the combination of investment banks and commercial banks has largely been removed, and a number of universal banks have emerged in both jurisdictions. However, at least until the global financial crisis of 2008, there remained a number of large, pure investment banks.

II. DEFINITION OF UNIVERSAL BANKING

According to Investopedia: A banking system in which banks provide a wide variety of financial services, including both commercial and investment services. Universal banking is a common in some European countries, including Switzerland. In the United States, however, banks are required to separate their commercial and investment banking services. Proponents of universal banking argue that it helps banks better diversify risk. Detractors think dividing up bank’s operations is a less risky strategy.

III. FUNCTIONS OF UNIVERSAL BANKING

A universal bank has two kinds of main functions for which first is to operate as a commercial bank and second is to operate as an investment bank. Mainly in the United Kingdom and the United States of America, these two institution types are likely to be kept separately. Although with the recent removal of legal and technical barriers, the possibility of universal bank has become perceptible. After the global financial crisis of 2008, universal banks have become more popular as the number of pure investment banks has fallen. In other major countries, almost all type of large financial institutions operates as universal banks, with some smaller firms specializing in either commercial or investment banking. From the discussion we can explain the concept of commercial banking and investment banking to understand the scope and range of universal banking.

A. Commercial Banking - Commercial banks are the most important constituents of banking system. These are the banks which do banking business to earn profit. In accordance with Gold Field and Chandler the term “Commercial” with regard to these banks refers to commercial loan theory, and according to this theory, in the asset of banks are included short term loans in addition to cash. Therefore, commercial banks are those

banks which offer advance loans for short period and commercial banking involves meeting of the financial needs of regular consumers and also offer features such as Savings Account, Current Accounts, and Credit in order to meet the needs of a range of customers. The extent to which they are willing to work with a particular consumer will depend upon the individual’s credit rating. Those with better credit scores will have more access to loans and current accounts with substantial overdraft facilities.

B. Investment Banking - Investment banks provide most often work with firms, or consumers with large quantities of savings. They will work with money of customer and invest it in different areas, often in firms listed on the Financial Times Stock Exchange 100 (FTSE 100). Most investment banks offer a range of investment portfolios with varying levels of risk. According to advise of experts these financial institutions will aim to get the most out of investment opportunities as possible i.e. customers hand over their savings in order to gain returns. Certainly, this method of making money is not always successful, and can result in huge losses.

IV. OBJECTIVES OF UNIVERSAL BANKING

Universal banking is a term which is related to other banks for providing both investment services and savings and also options for loan to their customers. In Europe so many banks function on the source of the universal banking model. Therefore, the main objectives such a model are on increased participation in investment strategies securing customers through saving and loan schemes, development of private sectors and cutting costs of financial services.

As per the above mentioned the objective of universal banking is of four types, which are as under:

- Participation in investments
- Savings and loans
- Development of private sector
- Cutting the costs

V. UNIVERSAL BANKING SYSTEMS

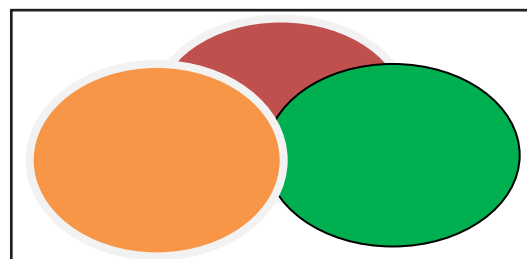


Fig. 1: Universal Banking Process

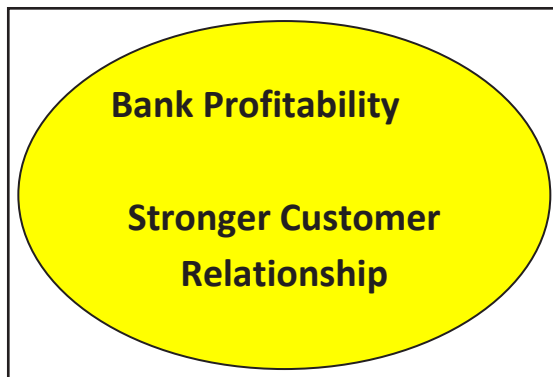


Fig. 2: Integration Functionality

Universal banking system has three components viz. access, integration and functionality which makes banks profitable since the profitability of banks depend on the customer these components also helpful making stronger customer relationship.

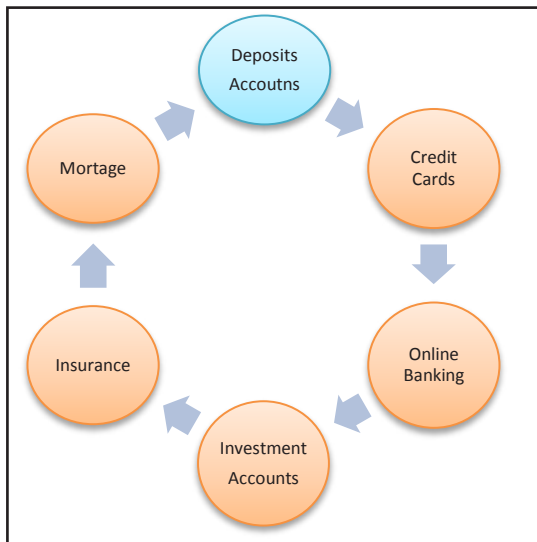


Fig. 3: Universal Banking Components

VI. REVIEW OF LITERATURE

Following literature gives us an idea about the necessity and studies of universal banking with reference to private and public sector banks. It also gives us an idea about the comparison of both private and public sector banks.

Adalet Muge (2009) examined that German banking crisis using a bank-level data set near about the period of 1931. It specifically focused on the link among banking structure and financial stability. The universality of banks, a key characteristic of the German banking system, it showed, to increase the probability of bank failure after controlling for other bank-level characteristics and macroeconomic variables. Dash Priyadarshi and Bhole L. M. observed that, universal banking is rising like workable model of business for banks in India which gives functional diversification and also generates efficiency and productivity gains. Nationalized bank have been found less

universalized compared to India private and Foreign Banks. It was also found that the duration of 1997 to 2002 performance of foreign banks well as for as universal banking is concern. Loranth Gyongyi and Morrison Alan D. (2011) examined the tying of lending to investment banking business by universal banks, because tying may alleviate credit rationing by assuring the lender of an adequate share of the social surplus that its lending generates however tying raises the profitability of loans to troubled entrepreneurs, softening entrepreneurial budget constraints and reducing effort levels. Thus, investment banking is uncompetitive the former effect dominates, and there is too little tying and resulted to the authority structure of the universal bank is the appropriate focus for regulations. More Prof. Dr. J. B. (2010) observed that impacts of universal banking that UB refers to those banks which offer a wide range of financial services, including investment banking, commercial banking, insurance etc. and it includes not only services related to savings and loans but also investments and insurance so universal bank doing the traditional banking of excepting deposits and providing loans, bill offer, insurance products, mutual funds, advisory services and a number of investment banking products. Universal banking is one of the latest functional banks. In other words, universal banking environment is marketing and selling various financial products and also promotes the business for Government of India by marketing and selling Government bond, infrastructure bonds etc. Puri (1996) and Ber *et al.* (2001) found that, the value addition in bank underwriting of securities in the market which has been the exclusive preserve of investment banks. This particular piece of finding rejects the classical notion of comparative advantage in specialization. Even though banks primarily deal in intermediation, there is scope for enhancement from functional diversification too. In the changing market environment, besides intermediation banks and other financial institutions are trying to strategically identify their business models to reap the benefits of functional diversification.

VII. NEED OF THE STUDY

Universal Banking provides a wide range of services and products to the customers. Importance of universal banking concept due to its effective features, efficient economic services, high output, lower cost and better products and offerings has gained surprising success. This importance and utility of the banks become the effectiveness and banks able to maximize its earning and returns. At present banks are not only providing commercial services to its customers but they are also providing some other services which make banks as universal banks. Deposits and investment are not restricted to customer savings and need of the borrower but these can be invested in the financial products not only in the domestic market but in the international market, and lend and borrow from or to international customers. There is a great need to see the correlation between profit of the universal banks and amount of deposits and investment. Therefore, the margin of profit can be calculated from the commercial and universal banking view

point. In India there are both private and public sector banks and the services and products which these banks are providing may be different. In our study we have selected one bank from Public Sector and other from the Private Sector. Thus, comparison can be made which one is efficient by offering universal banking services and see the relationship. There was also necessity to understand the profitability and efficiency position of both the sample banks and to check which one is more profitable and managing its deposits and investment in which services other than commercial banking services are contributing.

VIII. OBJECTIVES OF THE STUDY

- To identify the various factors which affect universal banking in India.
- To check the relationship of universalisation on efficiency and profitability of State Bank of India.
- To check the relationship of universalisation on efficiency and profitability of ICICI Bank.
- To compare the efficiency and profitability of State Bank of India and ICICI Bank.

IX. HYPOTHESIS

- H₀1: There is no effect of Net profit margin, Return on Long term funds, Return on Net Worth and Return on Assets on EPS of State Bank of India.
- H₀2: There is no relationship between deposits and investments of State Bank of India.
- H₀3: There is no effect of Net profit margin, Return on

of State Bank of India.

Long term funds, Return on Net Worth and Return on Assets on EPS of ICICI Bank.

- H₀4: There is no relationship between deposits and investments of ICICI Bank.

X. SAMPLE DESIGN

- *The Study*: The study is empirical in nature.
- *Sample Size*: Two highest capitalization banks one from public sector (State Bank of India) and one from private sector (ICICI Bank) were selected as sample.

XI. TOOLS FOR DATA COLLECTION

Data have been collected from secondary sources and this data have been collected from Annual Reports of the State Bank of India and ICICI Bank. The data from Handbook of Statistics on Indian Economy published by the Reserve Bank of India have also been used appropriately in relevant parts of the analysis.

XII. TOOLS FOR DATA ANALYSIS

For the purpose of the study, we have applied Correlation to check the relationship between two means and regression analysis to check the impact of one variable on another.

XIII. RESULTS AND DISCUSSION (REGRESSION ANALYSIS)

H₀1: There is no effect of Net profit margin, Return on Long term funds, Return on Net Worth and Return on Assets on EPS

TABLE I: SHOWING THE MODEL SUMMARY OF REGRESSION ANALYSIS

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
dimension0	1	.994 ^a	.989	.980	6.11510

a. Predictors: (Constant), Return.on.assets, Net.profit.margin, Return.on.LTF, Return.on.NW

b. Dependent Variable: EPS

The model fit output consists of a model summary. The correlation coefficient R is .994 indicates that independent variable i.e. Net profit margin, Return on Long term funds,

Return on Net Worth and Return on Assets is 99.4% variance in EPS. It indicates that there is effect on Net profit margin, Return on Long term funds, Return on Net Worth and Return on Assets on EPS of State Bank of India.

TABLE II: SHOWING THE ANOVA OF REGRESSION ANALYSIS

ANOVA ^b						
Model	Sum of Squares	Df	Mean Square	F	Sig.	
1	Regression	16756.345	4	4189.086	112.024	.000 ^a
	Residual	186.972	5	37.394		
	Total	16943.317	9			

a. Predictors: (Constant), Return.on.assets, Net.profit.margin, Return.on.LTF, Return.on.NW

b. Dependent Variable: EPS

ANOVA Table provides an F-test for the null hypothesis that there is no effect of Net profit margin, Return on Long term funds, Return on Net Worth and Return on Assets on EPS of State Bank of India. Here, we can reject null hypothesis

(F=112.024) at 5% level of significance and found that there is effect of Net profit margin, Return on Long term funds, Return on Net Worth and Return on Assets on EPS of State Bank of India.

TABLE III: SHOWING THE COEFFICIENT OF REGRESSION ANALYSIS

Coefficients ^a						
Model B		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		Std. Error	Beta			
1	(Constant)	-202.957	81.086		-2.503	.054
	Net.profit.margin	8.401	3.015	.210	2.786	.039
	Return.on.LTF	.771	.880	.150	.876	.421
	Return.on.NW	2.284	2.400	.172	.952	.385
	Return.on.assets	.148	.008	1.207	18.001	.000

a. Dependent Variable: EPS

The Beta value is positive in all cases; it indicates that there is effect of Net profit margin, Return on Long term funds, Return on Net Worth and Return on Assets on EPS of State Bank of India. The B regression coefficient representing that there would be change of 21% in Net Profit Margin, 15% in Return

on Long term Funds, 17.2% in Return on Net Worth and 120% in return on assets if there is a change of 1 unit in EPS.

H₀2: There is no relationship between deposits and investments of State Bank of India.

TABLE IV: SHOWING THE MODEL SUMMARY OF REGRESSION ANALYSIS

Model Summary ^b					
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate
dimension0	1	.954 ^a	.911	.900	99506.65661

a. Predictors: (Constant), Investments

b. Dependent Variable: Deposits

The model fit output consists of a model summary. The correlation coefficient R is .954 indicates that independent variable i.e. Investment is 95.4% variance in Deposits.

TABLE V: SHOWING THE ANOVA OF REGRESSION ANALYSIS

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.085E11	1	8.085E11	81.655	.000 ^a
	Residual	7.921E10	8	9.902E9		
	Total	8.877E11	9			

a. Predictors: (Constant), Investments

b. Dependent Variable: Deposits

ANOVA Table provides an F-test for the null hypothesis that there is no relationship between deposits and investments of State Bank of India. Here, we can reject null hypothesis

(F=81.655) at 5% level of significance and found that there is a relationship between deposits and investments of State Bank of India.

TABLE VI: SHOWING THE COEFFICIENT OF REGRESSION ANALYSIS

Coefficients ^a						
Model B		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		Std. Error	Beta			
1	(Constant)	-336013.315	116385.449		-2.887	.020
	Investments	4.211	.466	.954	9.036	.000

a. Dependent Variable: Deposits

The Beta value is positive in this case, it indicates that there is a relationship between deposits and investments of State Bank of India. The B regression coefficient representing that there would be change of 95.4% in Investment if there is a change of 1 unit in deposits.

H₀3: There is no effect of Net profit margin, Return on Long term funds, Return on Net Worth and Return on Assets on EPS of ICICI Bank.

TABLE VII: SHOWING THE MODEL SUMMARY OF REGRESSION ANALYSIS

Model Summary					
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate
dimension0	1	.977 ^a	.954	.918	4.15136

Predictors: (Constant), Return.on.assets, Net.profit.margin, Return.on.LTF, Return.on.NW

Dependent variable: EPS

The model fit output consists of a model summary. The correlation coefficient R is .977 indicates that independent variable i.e. Net profit margin, Return on Long term funds,

Return on Net Worth and Return on Assets is 97.7% variance in EPS. It indicates that there is effect on Net profit margin, Return on Long term funds, Return on Net Worth and Return on Assets on EPS of ICICI Bank.

TABLE VIII: SHOWING THE ANOVA^B OF REGRESSION ANALYSIS

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1793.901	4	448.475	26.023	.002 ^a
	Residual	86.169	5	17.234		
	Total	1880.069	9			

a. Predictors: (Constant), Return.on.assets, Net.profit.margin, Return.on.LTF, Return.on.MW

b. Dependent Variable: EPS

ANOVA Table provides an F-test for the null hypothesis that there is no effect of Net profit margin, Return on Long term funds, Return on Net Worth and Return on Assets on EPS of

ICICI Bank. Here, we can reject null hypothesis (F=26.023) at 5% level of significance and found that there is effect of Net profit margin, Return on Long term funds, Return on Net Worth and Return on Assets on EPS of ICICI Bank.

TABLE IX: SHOWING THE COEFFICIENT OF REGRESSION ANALYSIS

*Coefficients ^a						
Model B		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		Std. Error	Beta			
1	(Constant)	-56.042	14.678		-3.818	.012
	Net.profit.margin	.303	2.416	.056	.126	.905
	Return.on.LTF	.125	.328	.166	.381	.719
	Return.on.NW	2.413	2.654	.762	.909	.405
	Return.on.assets	.144	.041	1.551	3.523	.017

a. Dependent Variable: EPS

The Beta value is positive in all cases; it indicates that there is effect of Net profit margin, Return on Long term funds, Return on Net Worth and Return on Assets on EPS of ICICI Bank. The B regression coefficient representing that there would be change of 5.6% in Net Profit Margin, 16.6% in Return on Long

term Funds, 76.2% in Return on Net Worth and 155% in return on assets if there is a change of 1 unit in EPS.

H₀4: There is no relationship between deposits and investments of ICICI Bank.

TABLE X: SHOWING THE MODEL SUMMARY OF REGRESSION ANALYSIS

Model Summary					
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate
dimension0	1	.906 ^a	.822	.799	31396.95647

a. Predictors: (Constant), Investments

The model fit output consists of a model summary. The correlation coefficient R is .906 indicates that independent variable i.e. Investment is 90.6 % variance in Deposits.

TABLE XI: SHOWING THE ANOVA OF REGRESSION ANALYSIS

ANOVA ^b						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.632E10	1	3.632E10	36.847	.000 ^a
	Residual	7.886E9	8	9.858E8		
	Total	4.421E10	9			

a. Predictors: (Constant), Investments

b. Dependent Variable: Deposits

ANOVA Table provides an F-test for the null hypothesis that there is no relationship between deposits and investments of

ICICI Bank. Here we can reject null hypothesis (F=36.847) at 5% level of significance and found that there is there is a relationship between deposits and investments of ICICI Bank.

TABLE XII. SHOWING THE COEFFICIENT OF REGRESSION ANALYSIS

Coefficients ^a						
Model B Std. Error		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		Beta				
1 Investments	(Constant)	44373.673	27524.338		1.612	.146
	1.474	.243	.906	6.070	.000	

a. Dependent Variable: Deposits

The Beta value is positive in this case, it indicates that there is a relationship between deposits and investments of ICICI Bank. The B regression coefficient representing that there would be

change of 90.6% in Investment if there is a change of 1 unit in deposits.

XIV. CORRELATION ANALYSIS

TABLE XIII: SHOWING THE CORRELATION BETWEEN DIVIDEND PER SHARE AND NET OPERATING PROFIT OF SBI

Correlations			
		DPS.SBI	NOP.SBI
DPS.SBI	Pearson Correlation	1	.982**
	Sig. (2-tailed)		.000
	N	10	10

Correlations			
		DPS.SBI	NOP.SBI
NOP.SBI	Pearson Correlation	.982**	1
	Sig. (2-tailed)	.000	
	N	10	10

** . Correlation is significant at the 0.01 level (2-tailed).

We have calculated correlation between Dividend Per Share and Net Operating Profit of State Bank of India and table shows

the value .982 hence, there is strong correlation between DPS and NOP of SBI.

TABLE XIV: SHOWING THE CORRELATION BETWEEN TOTAL ASSETS AND TOTAL DEPOSITS OF SBI

Correlations			
		Total.Deposits.SBI	Total.Assets.SBI
Total.Deposits.SBI	Pearson Correlation	1	1.000**
	Sig. (2-tailed)		.000
	N	10	10
Total.Assets.SBI	Pearson Correlation	1.000**	1
	Sig. (2-tailed)	.000	
	N	10	10

** . Correlation is significant at the 0.01 level (2-tailed).

We have calculated correlation between Total Assets and Total Deposits of State Bank of India and table shows the value 1.000

hence, there is perfect correlation between Total Assets and Total Deposits of State Bank of India.

TABLE XV: SHOWING THE CORRELATION BETWEEN DIVIDENDS PER SHARE AND NET OPERATING PROFIT OF ICICI BANK

Correlations			
		DPS.ICICI	NOP.ICICI
DPS.ICICI	Pearson Correlation	1	.537
	Sig. (2-tailed)		.109
	N	10	10
NOP.ICICI	Pearson Correlation	.537	1
	Sig. (2-tailed)	.109	
	N	10	10

We have calculated correlation between Dividend Per Share and Net Operating Profit of State Bank of India and table shows

the value .537 hence, there is correlation between DPS and NOP of ICICI.

TABLE XVI: SHOWING THE CORRELATION BETWEEN TOTAL ASSETS AND TOTAL DEPOSITS OF ICICI BANK

Correlations			
		Total.Asset.ICICI	Total.Deposits.ICICI
Total.Asset.ICICI	Pearson Correlation	1	.974**
	Sig. (2-tailed)		.000
	N	10	10
Total.Deposits.ICICI	Pearson Correlation	.974**	1
	Sig. (2-tailed)	.000	
	N	10	10

** . Correlation is significant at the 0.01 level (2-tailed).

We have calculated correlation between Total Assets and Total Deposits of State Bank of India and table shows the value .974

hence, there is perfect correlation between Total Assets and Total Deposits of ICICI.

TABLE XVII: SHOWING THE CORRELATION BETWEEN TOTAL INCOME AND TOTAL INVESTMENT OF SBI

Correlations			
		Investment.SBI	Income.SBI
Investment.SBI	Pearson Correlation	1	.943**
	Sig. (2-tailed)		.000
	N	10	10
Income.SBI	Pearson Correlation	.943**	1
	Sig. (2-tailed)	.000	
	N	10	10

** . Correlation is significant at the 0.01 level (2-tailed).

We have calculated correlation between Total Income and Total Investments of State Bank of India and table shows the value

.943 hence, there is correlation between Total Income and Total Investments of State Bank of India.

TABLE XVIII: SHOWING THE CORRELATION BETWEEN TOTAL INCOME AND TOTAL INVESTMENT OF ICICI BANK

Correlations			
		Investment.ICICI	Income.ICICI
Investment.ICICI	Pearson Correlation	1	.916**
	Sig. (2-tailed)		.000
	N	10	10
Income.ICICI	Pearson Correlation	.916**	1
	Sig. (2-tailed)	.000	
	N	10	10

** . Correlation is significant at the 0.01 level (2-tailed).

We have calculated correlation between Total Income and Total Investments of ICICI and table shows the value .916 hence,

there is correlation between Total Income and Total Investments of ICICI.

TABLE XIX(COMPARATIVE): SHOWING REGRESSION RESULTS WITH HYPOTHESIS

Null Hypothesis	SBI Bank (A/R)	ICICI Bank (A/R)
There is no effect of Net profit margin, Return on Long term funds, Return on Net Worth and Return on Assets on EPS.	R	R
There is no relationship between deposits and investments.	R	R

From the Table XIX shows a comparison of regression results with null hypothesis there is no effect of net profit margin, return on long term funds, return on net worth and return on assets on EPS, where EPS is the dependent variable while others are independent. In case of SBI and ICICI null hypothesis is rejected and we can say that there is effect of net profit margin, return on long term funds, return on net worth and return on assets on EPS. Since we know that in our study profit includes from both commercial and universal banking services therefore

EPS is directly or indirectly influenced by both commercial and universal banking.

In second hypothesis, there is no relationship between deposits and investments, in case of both bank the hypothesis was rejected and we can clarify that there is relationship between deposit and investment in case of both banks that is SBI and ICICI. As already mentioned bank deposits and investments both includes the funds based and invested on the basis of commercial and universal banking services.

TABLE XX (COMPARATIVE): SHOWING CORRELATION RESULTS

Correlation	SBI Bank (Value)	ICICI Bank (Value)
Correlation between Dividend per share and Net Operating Profit.	.982	.537
Showing the correlation between Total Assets and Total Deposits.	1.000	.974
Correlation between Total Income and Total Investment.	.943	.916

From the Table XX it was revealed that there is a strong relationship Dividend per share and Net Operating Profit in case of SBI bank (.982) in comparison to ICICI Bank (.537).

It is also showing the correlation between Total Assets and Total Deposits. in case of SBI bank (1.000) in comparison to ICICI Bank (.974). It shows that correlation is stronger in case of SBI Bank than ICICI Bank.

It is also showing Correlation between Total Income and Total Investment in case of SBI it is .943 which is greater than ICICI Bank (.916).

Result shows that SBI is having stronger correlation than ICICI Bank.

XV. CONCLUSION

At present, the necessity of universal banking system has become the boon to the banking sector. The banking scenario has changed drastically. The changes which have taken place in the last ten years are more than the changes took place in last fifty years because of the institutionalization, liberalization, globalization and automation in the banking industry.

Universal banking system is a banking system in which banks provide a wide variety of financial services, including both commercial and investment services. For the purpose of the necessity of the study we have selected two banks i.e. State Bank of India (Public sector) and ICICI Bank (Private Sector). The objectives of the study are to identify the various factors which affect universal banking in India, to check the relationship of universalisation on efficiency and profitability of State Bank of India, to check the relationship of universalisation on efficiency and profitability of ICICI Bank and to compare the efficiency and profitability between State Bank of India and ICICI Bank. Data have been collected from secondary sources and this data have been collected from Annual Reports of the State Bank of India and ICICI Bank. For the purpose of the study we have applied Correlation to check the relationship between two means and regression analysis to check the impact of one variable on another. From the extensive review of literature we found factors of universal banking i.e. diversified range of financial product retail deposit, asset management fund, financial services & insurance, investment banking, trading, brokerage and portfolio management activities. From the regression analysis study revealed that there is effect of Net Profit Margin, Return on Long Term Funds, Return on Net Worth and Return

on Assets on EPS of State Bank of India and ICICI bank, there is relationship between deposits and investments of State Bank of India and ICICI Bank. Therefore, we can conclude that both banks have universal banking system which is affecting the profitability and efficiency of the banks. Correlation between dividend per share and net operating profit, correlation between total assets and total deposits, correlation between total income and total investment is greater in SBI than ICICI Bank.

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