Axis Bank: An Overview

Dr. Ruchira Prasad[1], Ritika Swaroop[2], Dr. Anisha Satsangi[3]
[1]SPCJIM, DBRAU, Agra (U.P.) India.
[2]Student, DEI, Agra (U.P.) India.
[3]Faculty of Commerce, DEI, Agra (U.P.) India.

ABSTRACT

Axis Bank is the third largest private sector bank in India. The Bank offers the entire spectrum of financial services to customer segments covering Large and Mid-Corporate, MSME, Agriculture and Retail Business. Mission of this research work is related to **Customer Certainty, Ethics, Transparency, Teamwork, and Ownership.** *Axis Bank is one of the first new generation private sector banks to have begun operations in 1994. The Bank was promoted in 1993, jointly by Specified Undertaking of Unit Trust of India (SUUTI) (then known as Unit Trust of India), Life Insurance Corporation of India (LIC), General Insurance Corporation of India (GIC), National Insurance Company Ltd., The New India Assurance Company Ltd., The Oriental Insurance Company Ltd. and United India_Insurance Company Ltd. The shareholding of Unit Trust of India was subsequently transferred to SUUTI, an entity established in 2003.With a balance sheet size of Rs. 5, 25,468 corers as on 31st March 2016, Axis Bank has achieved consistent growth and stable asset quality with a 5 year CAGR (2010-11 to 2015-16) of 17% in total assets, 14% in total deposits, 19% in total advances and 19% in net profit. Under this study the researcher include the few major areas of AXIS Bank such as HRD Cell, Organization Structure, promoters, capital structure, distribution network, retail banking Corporate Credit, information Technology, financial inclusion etc.*

Key Word: Axis bank, Distribution network, capital structure, Interest, Loan etc.

I INTRODUCTION

Axis Bank is the third largest private sector bank in India. The Bank offers the entire spectrum of financial services to customer segments covering Large and Mid-Corporate, MSME, Agriculture and Retail Business._The Bank has a large footprint of 2904 domestic branches (including extension counters) and 12,743 ATMs spread across the country as on 31st March 2016. The overseas operations of the Bank are spread over nine international offices with branches at Singapore, Hong Kong, Dubai (at the DIFC), Colombo and Shanghai; representative offices at Dhaka, Dubai, Abu Dhabi and an overseas subsidiary at London, UK. The international offices focus on corporate lending, trade finance, syndication, and investment banking and liability businesses.

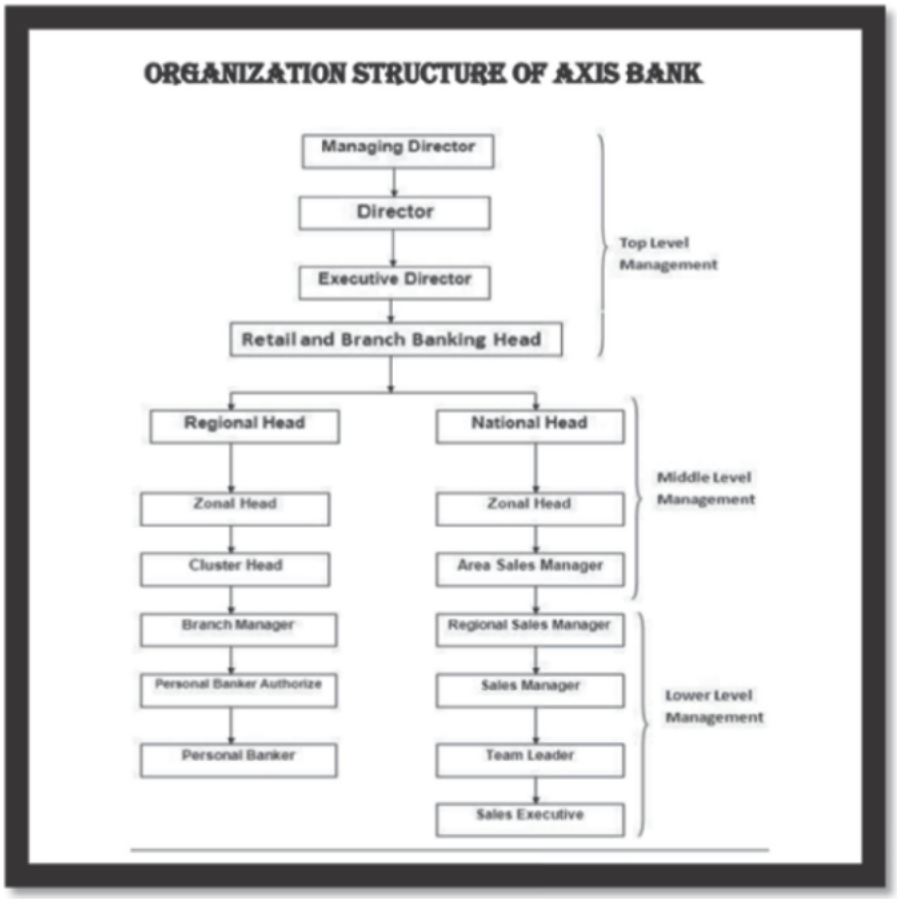
With a balance sheet size of Rs. 5, 25,468 corers as on 31st March 2016, Axis Bank has achieved consistent growth and stable asset quality with a 5 year CAGR (2010-11 to 2015-16) of 17% in total assets, 14% in total deposits, 19% in total advances and 19% in net profit. In this study the researcher does not include the Loan department. Objective of this Study it to analyze the functioning of Axis Bank in present environment.

II ORGANIZATIONAL STRUCTURE

(a) Human Resources

The Human Resources (HR) function is instrumental in creating and developing human capital in alignment with the Bank's vision. Talent Management with particular focus on grooming future leaders, learning and development and employee engagement have been the key focus areas in the Bank's HR objectives.

The Bank has built a learning infrastructure to ensure availability of skilled and empowered workforce. The Learning Maps aligned to the overall development plan of employees are designed to facilitate learning process across all levels through a blended learning approach of classroom programmes, external programs, certification programs as well as e-learning modules. The Bank also creates alternate talent pipelines by entering into arrangements with Training and Education Institutes and continues to maintain a strong employer brand in the financial services sector especially on the campuses of the premier business schools of the country. Apart from having a strong presence in the talent market, the Bank also believes in maintaining a strong image internally by keeping its workforce engaged at all levels.



(b) Capital Structure

The Bank has authorized share capital of Rs. 850 crores comprising 4,250,000,000 equity shares of Rs.2/- each. As on 31st March 2016, the Bank has issued, subscribed and paid-up equity capital of Rs. 476.67 crores, constituting 2,38,28,31,826 equity shares of Rs.2/- each. The Bank's shares are listed on the National Stock Exchange of India Limited and the BSE Limited. The GDRs issued by the Bank are listed on the London Stock Exchange (LSE). The Bonds issued by the Bank under the MTN programme are listed on the Singapore Stock Exchange

III MAIN BANKING SEGMENTS

(a) Retail Banking

The Retail Banking segment continues to be a key driver of the Bank's overall growth strategy. It encompasses a wide array of products and services across deposits, loans, investments and payment solutions which are delivered through multiple channels to the Bank's customers.

During the year, the Bank continued to focus on increasing its retail deposits base, particularly demand deposits. Savings Bank deposits crossed Rs. One lac crores and have grown at a Compounded Annual Growth Rate (CAGR) of 21% over the last five years. As on 31 March, 2016, the Bank had over 172 lac savings account customers, registering a growth of 15%. As on 31 March, 2016, the retail term deposits grew 14.42% and stood at Rs. 121,955 crores, constituting 64.69% of the total term deposits compared to 59.86% last year. The Retail Assets portfolio has grown at a Compounded Annual Growth Rate (CAGR) of 31% over the last five years. The Bank continued to increase its share of retail loans to total advances which stood at 41% compared to 29% in March 2012. Including SME loans that qualify as regulatory retail, the share of retail loans to total loans would be 46%. The retail loans portfolio continues to be focused on secured products, predominantly mortgages. Secured loan products accounted for 86% of retail loans, of which Home loans accounted for 45%, retail agricultural loans accounted for 17%, auto loans 9%, loans against property 8%, personal loans and credit cards were 11%, while non-schematic loans

comprising loan against deposits and other securities accounted for 10%.

During the year, the Bank added 315 branches and its geographical reach extends to 29 states and 6 Union Territories, covering 1,855 centres and 608 districts. As on 31 March, 2016, the Bank had a network 2,904 branches/ECs as compared to 2,589 last year. Around 20% of the Bank's branches are in rural areas and 74% of the Bank's rural branches are in unbanked locations. As on 31 March, 2016, the Bank had 12,743 ATMs. The Bank has also deployed 1,181 Automated Deposit Machines (for cash deposits into customer accounts) and has extended this facility for 24x7 availabilities in certain branches, which have integrated self-service lobbies. Axis Bank was the first private sector Bank to introduce recyclers and first bank in India to have 1000+ recyclers which can accept and dispense cash. As on 31 March, 2016, the Bank had deployed 1,148 recyclers. The Bank continues to see strong momentum towards the adoption of digital channels by customers. Electronic channels now contribute 87% of all customer induced transactions in the Bank's retail base. The Bank's Internet Banking user base is growing at 23% and transaction volumes are growing at 17% YoY. The Mobile Application further continued its growth with close to 25 lac users generating a monthly transaction value of over Rs.54,932 crores. The transaction volumes on Axis Mobile have increased almost 4.35 times over last year, outpacing every other channel by a wide margin.

(b) Business Banking

Business Banking offers transactional banking services, leveraging upon the Bank's network and technology. Its initiatives focus on procurement of low-cost funds by offering a range of current account products and cash management solutions across all business segments covering corporate, institutions, central and state government ministries and undertakings as well as small and retail business customers. Product offerings of this business segment aim at providing customized transactional banking solutions to fulfill customer's business requirement. Cross-sell of transactional banking products, product innovation and a customer-centric approach have succeeded in growing current account balances and realization of transaction banking fees. As on 31st March 2013, balances in current accounts increased by 21.55% and stood at Rs. 48,322 crores compared to Rs. 39,754 crores last year. On a daily average basis, current accounts balances grew by 4.73% to Rs. 28,698 crores compared to Rs. 27,403 crores last year.

(c) Corporate Credit

In the backdrop of a subdued macro-economic environment, capital expenditure by corporate remained lackluster during the year. Loans for working capital and the drawdown on committed sanctions in existing projects under implementation contributed to the growth in corporate credit during the year. The corporate credit portfolio of the Bank comprising advances to large and mid-corporate including infrastructure) grew 7.89% to Rs. 98,239 crores from Rs. 91,053 crores last year. This includes advances at overseas branches amounting to Rs. 29,972 crores (equivalent to USD 5.52 billion) comprising mainly the portfolio of Indian corporate and their subsidiaries as also trade finance. The advances at overseas branches accounted for 15.22% of total advances. The Bank's infrastructure business includes project and bid advisory services, project lending, debt syndication, project structuring and due diligence, securitization and structured finance.

(d) International Banking

The international operations of the Bank have generally catered to Indian corporate who have expanded their business overseas. The overseas network of the Bank currently spans the major financial hubs in Asia. The Bank now has a foreign network of four branches at Singapore, Hong Kong, DIFC-Dubai and Colombo (Sri Lanka), and three representative offices at Shanghai, Dubai and Abu Dhabi, besides strategic alliances with banks and exchange houses in the Gulf Co-operation Council (GCC) countries. While branches at Singapore, Hong Kong, DIFC-Dubai and Colombo enable the Bank to partner with Indian corporate doing business globally and primarily offer corporate banking, trade finance, treasury and risk management solutions, the Bank also offers retail liability products from its branches at Hong Kong and Colombo. The representative offices and strategic alliances with banks and exchange houses in the GCC countries cater to the large Indian Diasporas and promote the Bank's NRI products. With management of liquidity being a major challenge in the present global markets, the Bank consciously restrained its asset growth at the overseas centres to report an asset size of USD 6.84 billion as at 31st March 2013 vis-à-vis USD 6.35 billion as at 31st March 2012. Further, interactions are also in progress with China Banking Regulatory Commission (CBRC) for upgrade of the Shanghai Representative Office into a branch.

IV STRONG SOCIAL INNITTATIVES

(a) Information Technology

Technology is one of the key enablers for business and for delivering customised financial solutions. The Bank continued to focus on introducing innovative banking services through investments in scalable, robust and function-rich technology platforms to enable delivery of efficient and seamless services across multiple channels for customer convenience and cost reduction. The Bank has also focused on improving the governance process in IT. During the year, the Bank has received certification of ISO 27001:2005 by BSI (ANAB accredited) for complying with the standards of Information Security Management System for its data centres located in Navi Mumbai and Bengaluru. The Bank has also successfully completed migration of its data centre to a co-hosted location during the year. The new premises offer a category IV data center that complies with the highest benchmarking standards applicable to data centres promising built-in redundancy of infrastructure. A robust Project Management framework is used to ensure that investments in IT are based on good gate-keeping principles and result in appropriate payback in value terms.

(b) Agriculture

Apart from lending to farmers, the Bank also actively participates in awareness campaigns and forming farmer's clubs in many of its upcountry branches in co-ordination with National Bank for Agriculture and Rural Development (NABARD). The Bank allies with reputed corporate in agro based industries to provide value to the farmers. The Bank will continue to increase its reach in rural and semi-urban areas by increasing the number of agriculture clusters and ABCs as per requirement and bring more and more branches under agriculture lending.

The Bank also supports the weaker sections of society through its lending to Micro Finance Institutions (MFIs). To improve credit delivery to the target customers through smart use of technology, the Bank in the current year has started Axis Sahyog, a social collateral lending initiative wherein economically active weaker section individuals are provided with micro loans for agriculture and micro enterprises. Biometric enabled IT architecture is used for enrolment and for authorizing transactions. Presently, Axis Sahyog has been implemented in two states: Bihar and Madhya Pradesh. The Bank also uses the services of institutional Business Correspondents for sourcing and servicing micro loans in a southern state. The Bank pioneered first ever listing of Multi Originator Securitization (MOSEC) transaction of microloans in the country. This initiative will go a long way in developing an alternate source of funding for the microfinance sector.

As on 31st March 2013, the Bank's outstanding loans in the agricultural sector was Rs. 14,845 crores, constituting 7.54% of the Bank's total advances

(c) Financial Inclusion

The Bank regards financial inclusion not merely as a corporate social responsibility initiative but as an integral component of its rural strategy. The financial inclusion initiatives of the Bank are aimed at enabling customers in rural markets to use formal banking channels for their banking needs such as savings, payments, credit and insurance. Apart from savings, payments are the major requirement of such customers due to migration of workforce. The Bank offers no-frills accounts, tailor-made fixed deposits and recurring deposit products to meet the savings requirements of customers. As on 31st March 2013, the Bank had opened 61.61 lac no-frills accounts covering 42,338 villages.

The Bank also actively participates in electronic/direct benefit transfer for disbursal of benefits under various government schemes using smart cards and biometric authentication technology. The Bank has made significant investments in technology, and is integrated with the Aadhar platform through NPCI to enable transfer of Aadhar based social welfare benefits. The Bank has launched several programmes to deliver micro-loans to rural customers through its business correspondents in Tamil Nadu, Bihar and Madhya Pradesh. It has also tied up with leading corporate to deliver credit to their end consumers through their rural supply chain partners.

V ACTIVITIES UNDER CSR

The Bank has decided to contribute up to one percent of its net profit annually to the Foundation under its CSR initiatives. The Foundation is constantly engaged in identifying the right target group and ensuring that support reaches the ultimate beneficiary. Presently, the Foundation is running 40 programs across 163 districts in 19 states, targeting 7, 27,059 beneficiaries.

The Foundation has been providing support to various initiatives in education, targeting underprivileged children. Presently, 23 programs are running in the field of education covering 33 districts in 13 states promoting supplementary education, education for the mentally/physically challenged, hearing impaired, visually challenged etc. During the year, the Foundation has disbursed Rs 6.23 crores for various education programs. The Foundation also works for providing highway

trauma care and rural medical relief. The Foundation has been working with Lifeline Foundation since 2007 for supporting the highway rescue projects in the states of Maharashtra, Kerala, Gujarat and Rajasthan. It has provided aid to around 7,500 critical accident victims and more than 15,000 minor accident victims. The Foundation aims to provide one million livelihoods to the underprivileged in some of the most backward regions of the country by 2017, 50% of the beneficiaries being women. The Foundation has so far partnered with 17 NGOs to provide sustainable livelihoods and has launched projects in partnership with these NGOs in the states of West Bengal, Odisha, Tamil Nadu, Maharashtra, Jharkhand, Chhattisgarh, Bihar, Uttar Pradesh and Madhya Pradesh. These programs aim at alleviating poverty and help in providing sustainable livelihood options. Presently, 17 programs are running in the field of livelihood covering 136 districts in 17 states. During the year, an amount of Rs 31.09 crores was disbursed towards various livelihood programs.

The Foundation is also actively involved in implementing several initiatives in Green Banking. In line with the Bank's initiative in Green Banking with the theme of 'Reduce, Reuse and Recycle', the Foundation has initiated the process of collecting all the dry waste, generated in the Corporate Office and seventeen offices of the Bank in Mumbai and recycles it into notebooks, notepads and envelopes. This initiative was launched in August 2011, has helped recycle around 87,206 kilograms since inception. The Foundation also has an Officer Engagement Program, which encourages officers of the Bank to get involved in various volunteering activities. The Bank launched an employee payroll program titled 'Axis Cares'. As on 31st March 2013, 7,524 officers of the Bank have enrolled for Axis Cares with a monthly collection of Rs. 14.64 lacs. The funds collected under this initiative are utilized for the programs of the Foundation and the details of utilization are shared with the officers every month. Under the aegis of 'Basket of Hope', the Foundation organizes collection drives for clothes, books and toys for distribution to the needy. The Foundation has also launched a new initiative titled 'Gift of Life'. During the year, 27 blood donation drives have been organized across the country, through which 1,934 units of blood has been collected. Exhibitions of various NGOs are held at the Corporate Office and other offices of the Bank, to provide a platform to these NGOs for exhibiting their products and popularize their work. Conducting the exhibitions has also promoted volunteering among our officers with NGO partners. During the financial year, 56 such exhibitions have been organized which has helped these NGOs to generate sales over Rs. 14.40 lacs.

VI CONCLUSION

The Axis Bank has over the years developed long-term relationships with its customers by being their preferred financial solutions partner on account of its excellent customer delivery through insights and superior services. The Bank has also succeeded in making banking simple for masses by smart use of technology. The Bank has always focused on meeting the financial needs of its customers by providing high quality products and services through regular customer engagement in convenient manner.

BIBLIOGRAPHY

[1] Annual Report of Axis Bank

[2] Notes provided by the bank to us

[3] Various case studies on the Bank

[4] https://www.axisbank.com/