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A comparative study on the financial performance of ICICI bank and HDFC bank in India

Neetu Dongre and Dr. OP Gupta

Abstract
The Banking sector is the strong pillar of our economy and banks play a pivotal role in the stability and growth of the Indian Economy. In the context of India's rapidly evolving banking landscape, this research paper delves into a comprehensive comparative analysis of two major players, ICICI Bank and HDFC Bank, with the primary objective of assessing their financial performance. These two institutions, characterized by their Pan-Indian presence and diverse banking products, have been instrumental in shaping the country's banking industry over the years. The study employs a multi-dimensional approach to assess and compare the financial performance of ICICI Bank and HDFC Bank, using a time series analysis of key financial metrics. Various financial indicators, including Asset Quality, Liquidity, Profitability and Capital Adequacy are examined to gain an understanding of the overall financial healthiness and stability of these banks. In addition, the paper explores the implications of the regulatory environment and economic conditions on the banks' performance.

Keywords: Financial sector, financial performance, asset quality, liquidity, profitability

Introduction

The evolution of the mammoth Indian banking system is evidence of the nation's adaptability and flexibility, straddling from its ancient roots in indigenous banking practices to the significant impact of British colonial rule. Post-independence, nationalization played a crucial role, offering banking services to the unbanked and deprived, bringing into line with social and economic objectives. The 1990s ushered in a new era of liberalization and globalization, resulting in increased competition, technological advancements, and the introduction of private and foreign banks. Today, India's banking landscape is a vibrant combination of public sector banks, private sector banks, co-operative banks and foreign banks, reproducing the country's economic growth and development while showcasing the banking sector's essential role in helping the diverse financial needs of the large Indian populace. This journey highlights the ongoing adaptation and transformation of the Indian banking system, mirroring the ever-changing economic and social dynamics of the nation.

Indian banks play a critical role in the economic landscape of the country, and their significance is underlined by a multitude of critical figures and data. First and foremost, the economic contribution of the banking and financial services sector to India's GDP is substantial, accounting for over 8%. Beyond mere economic contributions, Indian banks have exhibited a compelling commitment to financial inclusion, exemplified by the opening of more than 410 million Jan Dhan accounts by the end of the financial year 2020-2021, with a particular focus on extending services to rural and underserved regions. The extensive reach of Indian banks is also demonstrated by their branch network, which exceeded 90,000 branches in 2021, ensuring accessibility to banking services for a vast cross-section of the population.

Furthermore, Indian banks are instrumental in deposit mobilization, with the total bank deposits surpassing Rs. 15 trillion in 2021, signifying the trust and confidence placed in the banking system by the public. These financial institutions facilitate the flow of credit into productive sectors, with outstanding credit from scheduled commercial banks in India exceeding Rs. 11 trillion in 2021. The collaborative role of banks in implementing government initiatives, such as the Pradhan Mantri Mudra Yojana (PMMY), is noteworthy, as PMMY has facilitated the disbursement of over Rs. 5 trillion in loans by 2021 to support small businesses and entrepreneurs. Also, Indian banks have been at the pole position of the digital revolution, evidenced by the exponential growth in digital banking transactions, which enhance convenience and financial inclusion.

Additionally, the sector's stability is regularly supervised by the Reserve Bank of India (RBI), which conducts stress tests and enforces robust regulatory measures to ensure financial stability. Foreign investment in Indian banks has surged, reflecting global confidence in the nation's financial sector, while the banking industry remains a significant source of employment, directly offering livelihoods to hundreds of thousands of individuals.

ICICI Bank

ICICI Bank Limited is an Indian banking and financial services company which operates in different countries with its headquarters in Mumbai, Maharashtra. ICICI Bank became a public company in 1998, and its stock is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange of India (NSE). ICICI Bank is one of the largest banks in India by both assets and market capitalization. The bank has over 5,275 branches and 15,589 ATMs all over India. The bank also has its operation in 17 countries, including the United States, the United Kingdom, Canada etc.

ICICI Bank offers a varied assortment of banking and financial services to its customers, comprising retail banking, corporate banking, investment banking and insurance. The bank's retail banking division provides a range of products and services to individuals and families, such as savings accounts, current accounts, loans, credit cards etc. The bank's investment banking segment provides a variety of products and services to corporations, such as mergers and acquisitions, initial public offerings (IPOs), and debt underwriting. The bank's insurance section provides a selection of insurance products such as life, health and motor insurance.

ICICI Bank is a principal player in the Indian banking scenario. The bank has a robust track record of growth and profitability. ICICI Bank is also a leader in innovation and technology in the field of banking. The bank has presented several advanced products and services, such as m-banking, internet banking, and contactless payments.

HDFC Bank

HDFC Bank Limited is the largest private sector bank by both assets and market capitalization in India. It was founded in 1994 as a subsidiary of Housing Development Finance Corporation (HDFC), and later became a public company in 1995. The bank's headquarters are in different cities across India including Mumbai, and Maharashtra, and it has over 5,500 branches and nearly 16,000 ATMs across India.

HDFC Bank deals in a variety of banking and financial services which include retail banking, banking for corporates, investment banking, insurance etc.. The HDFC bank's retail banking segment offers a number of products & services to different types of customers. The bank's corporate banking focuses on providing products and services to businesses and corporations, such as loans for working capital, term loans, and project finance. The bank also provides investment banking services such as mergers and acquisitions, initial public offerings (IPOs), and debt underwriting.

Review of Literature

(Hajeema and Beevi, 2018 [1] The researchers analysed the financial health of selected public and private sector banks using the CAMELS Model. The results indicated that the financial performance of public banks was superior than private banks. They also discussed the importance of the banking sector in the growth and development of the Indian economy.

(Lyngdoh, 2017) [3] The researchers compared the performance of HDFC Bank and ICICI Bank from the years 2012-13 to 2016-17. They used the Ratio Analysis to analyse and compare the financial performance and banking business of the selected banks. Mean and Compound Growth Rates (CGR) were used to analyse the trends in profitability. It was found in the study that HDFC Bank was a better performer than ICICI Bank.

(Mohanty, 2021) [4] This research focused on evaluating the economic stimulus of selected public sector banks and private sector banks in India by analyzing their financial health over five years (2016-17 to 2020-21). Using key financial measures such as profitability ratios, liquidity ratios and asset quality ratios, the study employed T-tests, mean values, and graphs for comparative analysis. Descriptive statistics showed that there were significant differences in the overall performance of the selected banks, with Indian Overseas Bank (IOB) demonstrating a strong liquidity position. However, the comparative analysis highlights ICICI Bank's superior performance over the research period.

(Agrawal & Meena, 2020) [5] The study analyzed the financial performance of the Bank of Baroda (public sector bank) and HDFC (private sector bank) using the CAMEL model. The research utilizes secondary sources of data from the yearly reports of both banks spanning the financial years 2008-09 to 2017-18. A number of Statistical measures such as ratio analysis, mean, standard deviation (SD) and student’s t-test are employed to assess financial performance. The evaluation is based on five ratios namely capital adequacy, Quality of assets, managerial efficiency, earning capability and liquidity. The findings revealed that HDFC Bank's performance is healthier than BOB over the ten years, indicating superior financial performance in the specified dimensions.

(Pattanaik & Patjoshi, 2022) [6] This research examined the performance of India's leading two private sector banks namely HDFC Bank and ICICI Bank over five years from 2014-15 to 2018-19. This study relies on secondary data obtained from annual reports. Despite both banks meeting statutory standards and demonstrating profitability, the analysis revealed HDFC Bank as the superior performer compared to ICICI Bank.

(Abdulkareem, 2020) [7] The study evaluated the profitability performance of two major private banks in India, namely HDFC Bank and ICICI Bank. The objective is to compare their profitability performances, to obtain a comprehensive understanding of emerging banking strategies. The research utilizes mathematical and statistical tools such as ratios, trends, and simple and multiple correlations for data analysis. Parametric and non-parametric statistics are applied, and results are presented through graphs and tables. It was concluded that HDFC Bank's profitability performance is healthier than ICICI Bank's.

Objectives of the study

1. To study the inception and growth of ICICI Bank and HDFC Bank

2. To Analyse the Financial Performance of ICICI Bank and HDFC Bank
3. To Compare the Financial Performance of ICICI Bank and HDFC Bank

Hypothesis of the Study

H01: There is no significant difference in Return on Asset Ratio of ICICI Bank and HDFC Bank.

H02: There is no significant difference in Net Interest Margin of ICICI Bank and HDFC Bank.

H03: There is no significant difference in Net Profit Margin of ICICI Bank and HDFC Bank.

H04: There is no significant difference in CASA Ratio of ICICI Bank and HDFC Bank

H05: There is no significant difference in Capital Adequacy ICICI of HDFC Bank and HDFC Bank

Research Methodology

- **Nature of Study:** The present study is descriptive & analytical in nature and it is based on secondary data. The data has been collected from the annual reports of the ICICI Bank and HDFC Bank.
- **Data Collection:** The data has been gathered from the annual reports of the ICICI Bank and HDFC Bank and moneycontrol.com
- **Period of the Study:** The duration of the study is five financial years from 2018-19 to 2022-23.
- **Variables used for analysis:** Five financial ratios are taken as variables for assessing the performance of the selected banks. The following ratios are used in the study:

1. Return on Asset (ROA) Ratio.
2. Net Interest Margin (NIM) Ratio.
3. Net Profit Margin (NPM) Ratio.
4. CASA Ratio.
5. Capital Adequacy Ratio (CAR).

- **Tools used for Analysis:** Ratio analysis, percentage, and mean are used for analyzing the Data. The data has been analysed with SPSS Version 23.

Data Analysis and Interpretation

The data obtained from the financial reports are analysed with the help of various statistical tools. The result obtained are presented as follows:

Return on Asset

The Return on Assets (ROA) ratio is a financial metric which is used to measure how effectively a company has employed and using its assets to make profits. It provides valuable insights into a company's effectiveness in converting its investments in assets into earnings. The ROA formula calculates this ratio by apportioning a company's net income (profit after all expenses and taxes) by its total assets (the sum of all assets, both current and non-current, owned or controlled by the company).

ROA is typically depicted in percentage. A greater ROA percentage indicates that a company is efficient at using its assets to make profits, which is generally considered a positive sign. On the other hand, a lower ROA signifies that the company is less effective in making its assets into earnings.

Table 1: ROA Ratio of ICICI Bank and HDFC Bank from 2018-19 to 2022-23

Years	2018-19	2019-20	2020-21	2021-22	2022-23
ICICI	1.73	1.43	1.16	0.69	0.34
HDFC	1.63	1.45	1.27	0.84	0.50

Source: Annual Reports of ICICI Bank and HDFC Bank

The table 1 shows the Return on Assets Ratio for the fiscal years from 2018-19 to 2022-23, For ICICI Bank, the ROA started at 1.73 in 2018-19 but exhibited a consistent decline over the subsequent years, reaching 0.34 in 2022-23. In comparison, HDFC Bank's ROA, starting at 1.63 in 2018-19, also experienced a decreasing trend, reaching 0.50 in 2022-23. The table highlights a general decline in profitability for both banks, with ICICI Bank consistently having lower ROA values compared to HDFC Bank throughout the specified period.

Table 1 (a): Group Statistics

	Type of bank	N	Mean	Std. Deviation	Std. Error Mean
Return on assets ratio	ICICI	5	1.0700	.55915	.25006
	HDFC	5	.9580	.43654	.19523

The table 1 (a) provides a detailed appraisal of the Return on Asset (ROA) Ratio for two banks, ICICI and HDFC. ICICI Bank shows an average ROA of 1.0700 with a higher standard deviation of 0.55915, suggesting greater variability in its annual ROA values. HDFC Bank, with an average ROA of 0.9580, exhibits a lower standard deviation of 0.43654. The standard error of the mean provides an estimate of the precision of the sample means, indicating that the average ROA for ICICI Bank is based on a less precise estimate compared to HDFC Bank.

Table 1(b): Result of Levene's Test and t-test of ROA Ratio of ICICI Bank and HDFC Bank

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	DF	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Equal variances assumed	.402	.544	.353	8	.733	.11200	.31724	-.61957	.84357
Equal variances not assumed			.353	7.555	.734	.11200	.31724	-.62713	.85113

The above table shows the results of Levene's test. The table shows that the assumption of equal variances was met as the p-value (0.544) is greater than conventional alpha level of 0.05. Therefore, the test proceeded with the assumption of equal variances. The result of t-test indicates that the p-value (0.733) is greater than the significance level of 0.05, Hence, we fail to reject the null hypothesis that “There is no significant difference in the means of the profit per employee ratio.”

Hence H_{01}: There is no significant difference in the Return on Asset Ratio of ICICI Bank and HDFC Bank is accepted.

Net Interest Margin

Net Interest Margin (NIM) is an important financial measure in the banking sector that evaluates the profitability of primary lending and investment operations. It signifies the variance between the interest income a bank or financial entity earns and the interest expenses it faces, relative to its interest-earning assets.

NIM = (Interest Income -Interest Expenses) / Average Earning Assets

Table 2: NIM Ratio of ICICI Bank and HDFC Bank from2018-19 to 2022-23

Years	2018-19	2019-20	2020-21	2021-22	2022-23
ICICI	3.60	3.09	2.95	2.91	2.64
HDFC	3.67	3.64	3.85	3.79	3.97

***Source*:** Annual Reports of ICICI Bank and HDFC Bank

The table presents Net Interest Margin (NIM) data for two Indian banks, ICICI and HDFC, spanning the fiscal years from 2018-19 to 2022-23. HDFC Bank demonstrates a notably higher average NIM (3.78) compared to ICICI Bank (3.03), signifying HDFC's consistent advantage in maintaining a stronger NIM, which is a key indicator of profitability in banking. Additionally, the standard deviation values reveal that ICICI's NIM data exhibits higher variability (0.35), suggesting fluctuations in its NIM performance, while HDFC's NIM data displays less variability (0.13), indicating a more stable NIM trend over the given years.

Table 2 (a): Group Statistics

	Type of bank	N	Mean	Std. Deviation	Std. Error Mean
Net Interest Margin	ICICI	5	3.0380	.35394	.15828
	HDFC	5	3.7840	.13483	.06030

The table provides a detailed comparison of the Net Interest Margin (NIM) for two banks, ICICI and HDFC. NIM represents the profitability derived from interest income and expenses related to a bank's core lending and investment activities. ICICI, with an average NIM of 3.0380, is compared to HDFC, which boasts a higher average NIM of 3.7840, suggesting that HDFC, on average, is more profitable in this aspect. Additionally, the standard deviation, which measures the spread of NIM values, is higher for ICICI (0.35394) compared to HDFC (0.13483), indicating greater variability in ICICI's NIM. On the other hand, the standard error of the mean, representing the precision of the sample mean, is smaller for HDFC (0.06030) than for ICICI (0.15828), suggesting that HDFC's mean NIM is likely a more accurate estimate due to the smaller standard error. In essence, the table highlights HDFC's stronger average NIM and a more precise estimate compared to ICICI.

Table 2(b): Result of Levene’s Test and t-test NIM ratio of ICICI Bank and HDFC Bank

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	DF	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Equal variances assumed	1.852	.211	-4.404	8	.002	-.74600	.16938	-1.13659	-.35541
Equal variances not assumed			-4.404	5.137	.007	-.74600	.16938	-1.17794	-.31406

The above table shows the result of Levene’s Test and t-test. The result of Levene's test indicate that the important assumption of equal variances was met as the p-value (0.211) is greater than the conventional alpha level of 0.05. Therefore, the test proceeded with the assumption of equal variances.

The result of t-test shows that the calculated p-value (0.002) is lower than the significance level of 0.05, Hence, we reject the null hypothesis, that there is no significant difference in the means of the Net Interest Margin ratio.

Hence H_{02}: There is no significant difference in the Net Interest Margin Ratio of ICICI Bank and HDFC Bank is rejected.

Net Profit Margin

The Net Profit Margin (NPM) Ratio is a profitability metric which assesses a company's ability to convert its revenue into net profit. This ratio is expressed as a percentage and it is calculated by dividing net profit by the total revenue. The NPM Ratio provides insights into how well a company has been able to control its costs and make profit from its core operations. A greater NPM ratio indicates that the company is efficient in managing its expenses in relation to its revenue. Conversely, a lower NPM ratio advocates lower efficiency in converting revenue into profit.

NPM = Net Profit/Total Revenue

Table 3: NPM Ratio of ICICI Bank and HDFC Bank from2018-19 to 2022-23

Years	2018-19	2019-20	2020-21	2021-22	2022-23
ICICI	28.46	27.02	22.67	13.23	7.90
HDFC	27.02	28.06	24.78	22.33	21.34

***Source*:** Annual Reports of ICICI Bank and HDFC Bank

The table presents Net Profit Margin (NPM) ratios for ICICI Bank and HDFC Bank across the fiscal years from 2018-19 to 2022-23. Notably, ICICI Bank's NPM started at 28.46% in 2018-19, gradually decreasing to 7.90% in 2022-23. This decline may indicate challenges in sustaining high profitability. In contrast, HDFC Bank exhibited a more stable performance, with NPM ratios ranging from 27.02% to 21.34% over the same period. The consistently positive NPM values for both banks suggest overall profitability, but the decreasing trend in ICICI Bank's NPM merits attention and may warrant further analysis of factors influencing its financial performance.

Table 3(a): Group Statistics

	Type of bank	N	Mean	Std. Deviation	Std. Error Mean
Net Profit Margin	ICICI	5	31.8560	31.85828	14.24746
	HDFC	5	24.7060	2.89762	1.29585

The above table 3(a) shows the group statistics of the NPM Ratio of ICICI Bank and HDFC Bank. It can be seen from the above table that ICICI Bank has a higher NPM than HDFC Bank. The average net profit margin for ICICI Bank is 31.8560%, while the average net profit margin for HDFC Bank is 24.7060%. This means that ICICI Bank is more profitable than HDFC Bank, as it generates more profit from every dollar of revenue.

Table 3(b): Result of Levene’s Test and t-test of the NPM Ratio of ICICI Bank and HDFC Bank

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	DF	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Equal variances assumed	4.788	.060	.500	8	.631	7.15000	14.30627	-25.84031	40.14031
Equal variances not assumed			.500	4.066	.643	7.15000	14.30627	-32.31691	46.61691

The above table 3(b) shows the result of Levene’s Test and t-test. The result of Levene's test indicate that the important assumption of equal variances was met as the p-value (0.500) is greater than the conventional alpha level of 0.05. Therefore, we can proceed with the independent sample t-test.
Assuming a significance level of 0.05, the p-value in the t-test table for the comparison of the ICICI and HDFC Bank on the Net Profit Margin Ratio is 0.631 which is less than 0.05 ($p < 0.05$). This means that there is significant difference between the Net Profit Margin Ratio of ICICI and HDFC Bank.
Hence the $H_{03:}$ there is no significant difference between the Net Profit Margin Ratio of ICICI and HDFC Bank is rejected.

CASA Ratio: The CASA ratio also known as Current Account Saving Account Ratio is a financial metric used to measure the part of a bank's deposits that come from current and savings accounts in relation to its total deposits. The CASA ratio is a way to figure out how much of a bank's money comes from regular savings and checking accounts compared to all the money it holds.

CASA Ratio = CASA Deposit / Total Deposit

Table 4: CASA Ratio of ICICI Bank and HDFC Bank from 2018-19 to 2022-23

Years	2018-19	2019-20	2020-21	2021-22	2022-23	Mean	SD
ICICI	45.47	48.60	46.16	44.83	48.77		
HDFC	44.37	48.13	46.07	42.18	42.35		

***Source*:** Annual Reports of ICICI Bank and HDFC Bank

Table 4(a): Group statistics

	Type of bank	N	Mean	Std. Deviation	Std. Error Mean
CASA Ratio	ICICI	5	45.9680	1.57470	.70423
	HDFC	5	44.6920	2.52563	1.12950

Based on the above table 4(a), ICICI Bank has a higher CASA ratio as compared to HDFC Bank. The average CASA ratio for ICICI Bank is 45.9680%, while the average CASA ratio for HDFC Bank is 44.6920%. This means that ICICI Bank has a higher proportion of low-cost deposits (CASA deposits) in its overall deposit base than HDFC Bank. HDFC Bank has a higher standard deviation of CASA ratio than ICICI Bank (2.52563% vs. 1.57470%). This suggests that HDFC Bank's CASA ratio has been more volatile over time.

Table 4(b): Result of Levene’s Test and t-test of CASA Ratio of ICICI Bank and HDFC Bank

	Levene's test for equality of variances		t-test for Equality of Means						
	F	Sig.	t	DF	Sig. (2-tailed)	Mean Diff.	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Equal variances assumed	1.292	.289	.959	8	.366	1.27600	1.33105	-1.79341	4.34541
Equal variances not assumed			.959	6.702	.371	1.27600	1.33105	-1.90007	4.45207

The result of Levene's test shows that the significance value is 0.289 which is greater than 0.05. Thus it can be made assured that the assumption of equality of equal variance is fulfilled. Thereafter independent sample t-test is applied. The result of t-test reveals that there is no significant difference between the CASA Ratio of HDFC Bank and ICICI Bank as the calculated p-value (0.366) is greater than the conventional p-value 0.05.
Hence, the $H_{04:}$ there is no significant difference between the CASA Ratio of HDFC Bank and ICICI Bank is accepted.

Capital Adequacy Ratio

The Capital Adequacy Ratio (CAR) which is also referred as Capital to Risk-Weighted Assets Ratio (CRAR), is a measure of a bank's financial strength. It is calculated by dividing the bank's capital by its risk-weighted assets. The ratio is used by bank regulators to assess a bank's ability to absorb losses and remain solvent.

CAR = (Tier 1 Capital + Tier 2 Capital) / Risk-Weighted Assets

Table 5: CAR Ratio of ICICI Bank and HDFC Bank from2018-19 to 2022-23

Years	2018-19	2019-20	2020-21	2021-22	2022-23
ICICI	18.34	19.16	19.12	16.11	16.89
HDFC	19.26	18.90	18.79	18.52	17.11

***Source*:** Annual Reports of ICICI Bank and HDFC Bank

The above table presents the Capital Adequacy Ratios (CAR) for ICICI Bank and HDFC Bank from the fiscal years 2018-19 to 2022-23. In 2018-19, HDFC Bank had a slightly higher CAR of 19.26%, compared to ICICI Bank's 18.34%. Over the subsequent years, both banks maintained robust capital adequacy, with fluctuations in their CAR values. Notably, HDFC Bank's CAR decreased gradually, reaching 17.11% in 2022-23, while ICICI Bank experienced some fluctuations but showed a slight increase to 16.89% in the same period.

Table 5(a): Group Statistics

	Bank	N	Mean	Std. Deviation	Std. Error Mean
Capital Adequacy Ratio	ICICI	5	17.9240	1.36848	.61200
	HDFC	5	18.5160	.82960	.37101

The above table shows that capital adequacy ratio of HDFC Bank higher than ICICI Bank. The average CAR for HDFC Bank is 18.516%, while the average CAR for ICICI Bank is 17.924%. This means that HDFC Bank has a higher proportion of capital to risk-weighted assets than ICICI Bank. The standard deviation of CAR is also lower for HDFC Bank than for ICICI Bank. This indicates that HDFC Bank has a more consistent CAR performance than ICICI Bank. Overall, the table suggests that HDFC Bank has a solider financial position than ICICI Bank. This is due to its higher average CAR and lower standard deviation of CAR.

Table 5(b): Result of Levene's test and t-test of CAR of ICICI Bank and HDFC Bank

	Levene's test for equality of variances		t-test for equality of means						
	F	Sig.	t	DF	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Equal variances assumed	3.061	.118	-.827	8	.432	-.59200	.71568	-2.24235	1.05835
Equal variances not assumed			-.827	6.590	.437	-.59200	.71568	-2.30587	1.12187

The table shows that The p-value for Levene's Test of Equality of Variances is 0.118, indicating that there is no robust evidence to suggest that the variances of the groups are significantly different when equal variances are assumed. The t-test result demonstrates that the p-value is 0.432, which is greater than the typical significance level of 0.05 which signifies that there is no significant difference between the capital adequacy ratio of ICICI and HDFC Bank
Hence, $H_{05:}$ there is no significant difference between the capital adequacy ratio of ICICI and HDFC Bank is accepted.

Findings

It is clear from the above analysis that these two giant private banks have been instrumental in contributing to the economy and they are a large part of the banking industry in India. The analysis of data revealed that the financial performance of both the banks are phenomenal and has improved over the years. Regarding the financial ratios, no significant differences were found between the ICICI and HDFC banks for the CASA, ROA and CAR ratios as null hypothesis were accepted at 0.05 significance level. While the null hypothesis was disproven for the NIM and NPM ratios, indicating a notable distinction between the two banks in terms of these ratios.

Suggestions

Constructed on the above data analysis and the findings it could be suggested that these banks could further improve their financial performance by various initiatives. To enhance the financial ratios of HDFC and ICICI Bank, both banks could consider focusing on operational efficiency by optimizing costs and improving asset quality through rigorous risk management. By accelerating digital transformation to enhance customer experience, and exploring opportunities for revenue diversification they could substantially increase their customer base and improve their interest earning. As the number of customers increases and they bid on a wide range of products to satisfy and retain those customers, these banks would increase their market share in the banking industry. Additionally, maintaining transparent communication with investors and stakeholders, along with continuous monitoring of industry

trends and regulatory changes would be crucial for sustained financial improvement.

Conclusion

Both ICICI Bank and HDFC Bank have made important contributions to the Indian banking industry, playing pivotal roles in shaping the financial landscape of the country. As two of the largest private sector banks, they have been instrumental in fostering financial inclusion, providing innovative and customer-centric banking solutions, and driving economic growth. Both banks have demonstrated resilience and adaptability in the face of dynamic market conditions. HDFC Bank, with its focus on technology-driven banking and customer service excellence, has set industry benchmarks. ICICI Bank which is known for its diverse range of financial products and services, has been a key player in the evolution of banking practices. Together, they have added to the modernization of the Indian banking sector, emphasizing efficiency, transparency, and customer satisfaction. As their operational efficiency improves over time, they are poised to make a more substantial contribution to both the banking industry and the overall Indian economy.

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