

## **BRAND EQUITY OF AXIS BANK AND BANDHAN BANK: A COMPARATIVE STUDY**

---

Sarala M S\*

### **ABSTRACT**

Banks fosters growth among all industries by supplying money at the right time thereby supporting the businesses. They also provide safe custody of public money. Businesses and common people depend on banks on routine basis. As such banks have to inculcate certain level of trust, confidence and belief in the minds of people. It certainly takes time for any organisation or for an institution to develop trust, confidence and belief among its customers. And for an organisation like banks it's a big challenge since it's the place where customers take the risk of parking their hard earned money.

**KEYWORDS:** Banking System, Economic Development, Liberalisation, SME, Micro Finance.

### **Introduction**

A well-developed banking system is the backbone for the economic development of any country. Though, the Indian banking sector is dominated by the public sector banks, however, after liberalisation the private sector banks have grown faster and bigger using the latest technology, providing contemporary innovations and monetary tools and techniques. At present there are totally 31 private sector banks in India among which are 12 are old private sector banks and 9 are new private sector banks. Axis bank one of the third largest private sector bank belongs to the old private sector category whereas the Bandhan banks belongs to the new private sector bank category.

### **Axis Bank**

Axis bank is the third largest private sector banks in India. It offers a wide range of financial products to the customers. It has its headquarters situated in Mumbai and the registered office situated in Ahmedabad. The activities of the bank have wide spread all over the country through 3,304 branches, 14,000 ATM's and 9 international offices. It provide financial services to large and medium size corporates, SME and retail businesses.

### **Bandhan Bank**

Bandhan banks became the eighth largest private sector bank in India (27<sup>th</sup> March 2018) by market capital (Rs. 56,920 crores). It provides both banking and financial services. It has its headquarters in Kolkata, West Bengal. Bandhan, started as a micro finance co, in 2001, received banking licence by Reserve Bank of India in 2014. Consumer banking, loans, mortgage loans, private banking, micro finance are the products offered by the banks. It branches numbered to 840 by March 2018 and 936 ATM's serving in 34 states including union territories.

### **Statement of the Problem**

Brand is one of the factors influencing purchasing decision among customers. For an entity like a bank, brand plays a significant role, since, bankers are the custodians of hard earned money of the

---

\* Assistant Professor, Department of Commerce & Management, Government First Grade College (GFGC), Rajajinagar, Bengaluru, Karnataka, India.

people. Brand positioning can be done through various means however, it differs from bank to bank. For an established bank it would be like reinforcing among the public whereas for a new bank it would be creating brand awareness. Researchers have found that a positive brand image enhances customer loyalty, positively influence their purchasing decisions, directly impacting your profitability. Therefore, this study attempts to apply

Profitability ratios, Solvency ratios, and Management efficiency ratios for Axis and Bandhan Bank are in order to compare their brand positioning among the customers.

#### **Objectives of the Study**

- To compare the financial performance of Axis Bank and Bandhan Bank.
- To know and compare the profitability position of Axis Bank and Bandhan Bank.
- To know and compare the managerial efficiency of Axis Bank and Bandhan Bank.
- To offer findings and suggestions to strengthen the brand image thereby enhance the financial performance of Axis Bank and Bandhan Bank.

#### **Scope of the Study**

- This study will provide valuable information for both the academicians as well as general public about the overall efficiency at which the old and the new private sector banks are serving.
- This study will also help to understand the financial performance of both old and new private sector banks.
- This study will throw light on the level of brand positioning achieved by the Axis bank which fetches competitive advantage over the Bandhan bank.

#### **Research Methodology**

- **Research Design**

The study essentially involves a fact finding approach and as such Descriptive Research Design is used. It aims to explain the characteristics of an individual or group characteristics and to determine the frequency with which the same things occurs.

- **Sample Design**

This study uses deliberate sampling technique method. This sampling method involves purposive or deliberate selection of particular units of the world for constituting a sample that represents the population.

- **Selection of the sample units**

Banking sector in India is considered as having more responsibility towards its stakeholders and the general public in the world. Using purposive sample, Axis Bank and Bandhan Bank were selected as the sample units for the study. The sample units selected were considered, as one belong to old private sector category banks and an established brand whereas the other belongs to the new private sector banks category and an establishing brand.

- **Data Collection**

The data were collected through annual report from sources that are secondary in nature such as internet, magazines, websites, books, and journals.

- **Period of the study**

This study covers a period of three years, i.e., from 2015-16 to 2017-18.

- **Tools Applied**

The data collected were moderated for the study. The major tools applied for the analysis of the data are ratios and percentages.

#### **Review of Literature**

**According to Janet (2001)**, in her research paper entitled 'Branding: seeing the light, Bank Marketing' concludes that, strategic brand building is the single most powerful tool that any company has to build to remain competitive. In today's competitive environment, it is important to occupy a space in the consumer's mind.

**Srivastava and Shocker**, in their working paper, 'Brand equity: A Perspective on its Meaning and Measurement' concludes that, the value of a brand is measured not only in terms of the advantages it provides in its present competitive arena but also the potential advantages it offers in untapped markets. Marketers often attempt to leverage the strength of the existing brand'

**Ghosal (2008)** in his article 'Branding as a strategy for organic growth of banks', has studied the subject of Brand Management in Banks and has come out with a –Model for Brand Management in Banks and derived a conclusion that brand building strategy helps banks grow organically by providing more innovative products and services, achieving higher level of motivation among employees, adopting up-to-date technology, creating awareness and creating a direct link with customers.

**Barney and Hansen, 1994**, 'Trust worthiness as a source of competitive advantage' suggests that trust has competitive advantage in building long-term relationships with the customers.

Worcester, (1997) in his research paper entitled, 'Managing the Image of Banks: The Glue that binds' suggests that corporate image is the net result of the interaction of all experiences, impressions, beliefs, feeling and knowledge that people have about a company.

**Balaji and Supriya, (2006)**, 'Understanding Corporate Brands and Corporate Branding', concludes that, Corporate Branding is a cross-disciplinary construct, building on marketing(image), strategy (vision) and organization theory(culture and identity). This will help in creating a strong corporate brand that adds depth and value to a company's product/service and will set the tone for future development of the company.

#### Analysis and Interpretation of Data

**Table 1: Net Profit Ratio**

Year	Axis Bank (Rs. In crores)			Bhandhan Bank (Rs. In crores)		
	Net Profit	Net Sales	Net Profit Ratio	Net Profit	Net Sales	Net Profit Ratio
2015-16	8224	29585	27.79	275.25	15813.6	1.740
2016-17	3679	29784	12.35	1111.95	39087	2.844
2017-18	276	26204	1.05	1346	48022.9	2.802
	Average		13.73	Average		2.462

Table 1 demonstrates that for the study period, Net Profit Ratio of Axis bank is decreasing from 27.29% in 2015-16 to 1.05% during 2017-18 and the reason for this being, huge provisioning for NPAs. Whereas, the Net Profit Ratio of Bandhan bank is fluctuating, which was 2.844% being the highest in 2016-17 and 1.740% being the lowest during 2015-16. The average Net Profit Ratio of Axis bank is 13.73% and that of Bandhan bank is 2.462%, which implies that the Net Profit Ratio of Axis bank is 11.27%, which is more than that of the Bandhan bank.

**Table 2: Operating Profit Ratio**

Year	Axis Bank (Rs. In Crores)			Bhandhan Bank (Rs. In Crores)		
	Operating Profit	Net Sales	Operating Profit Ratio	Operating Profit	Net Sales	Operating Profit Ratio
2015-16	16104	29585	54.43	795.27	15813.6	5.03
2016-17	17585	29784	59.04	4320.12	39087.0	11.05
2017-18	15594	26204	59.50	5508.48	48022.9	11.47
	Average		57.65	Average		9.18

Table 2 demonstrates that in the given study period, the Operating Profit Ratio of both Axis bank and Bandhan bank are increasing. The highest Operating Profit Ratio of Axis bank during the year 2017-18 was 59.50% and that of Bandhan bank was 11.47% in 2017-18. Whereas the lowest Operating Profit Ratio of both Axis and Bandhan bank in the year 2015-16 was 54.80% and 8.0% respectively. The average Operating Profit Ratio of Axis bank is 47.41% and that of Bandhan bank is 10.59%, which implies that the Operating Profit Ratio of Axis is 36.82%, which is more than that of the Bandhan bank.

**Table 3: Total Assets Turnover Ratio**

Year	Axis Bank (Rs. In crores)			Bandhan Bank (Rs. In crores)		
	Net sales	Total Assets	Total Assets turnover ratio	Net sales	Total Assets	Total Assets turnover ratio
2015-16	29585	539821	5.48	1581.36	197565	0.80
2016-17	29784	601468	4.95	3908.70	302360	1.29
2017-18	26204	691330	3.79	4802.29	443100	1.08
	Average		4.74	Average		1.06

Table 3 displays that for the study period, Total Assets Turnover Ratio of both Axis and Bandhan bank had fluctuating trend. The highest Total Assets Turnover Ratio of Axis bank is in the year 2015-16 which was 5.48 times, whereas the lowest Total Assets Turnover Ratio in the year 2017-18 was 3.79 times. The highest Total Assets Turnover Ratio of Bandhan bank is in the year 2016-17 which was 1.29 times, whereas the lowest Total Assets Turnover Ratio in the year 2015-16 was 0.80 times. The average Total Assets Turnover Ratio of Bandhan bank is 1.06 times and of Axis bank is 4.74 times, which implies that the average Total Assets of Axis bank is 3.68 times more than that of the Bandhan bank.

**Table 4: Earnings per Share [EPS]**

Year	Axis Bank (Rs. In crores)	Bhandhan Bank (Rs. In crores)
	Earnings per share	Earnings per share
2015-16	34.59	3.40
2016-17	15.36	10.15
2017-18	1.07	12.26
	Average -17.00	Average -8.60

Table 4 illustrates that for the study period, Earnings per Share of both Axis and Bandhan bank were fluctuating. The highest Earnings per Share of Axis bank was 34.59 in the year 2015-16 and that of Bandhan bank was 12.26 in 2017-18. Whereas, the lowest Earnings per Share of Axis bank in the year 2017-18 was 1.07 and that of Bandhan bank in the year 2015-16 was 3.40. The average Earnings per Share of Axis bank is 17.00 and Bandhan bank is 8.60, which implies that the average Earnings per Share of Axis bank is 8.4, which is more than that of the Bandhan bank.

#### Findings, Suggestions and Conclusions

##### • Findings

The study provides key findings according to the data analysis and arrives on some conclusions based on the findings.

- The average Net Profit Ratio of Axis bank is 13.73% and that of Bandhan bank is 2.462%, which implies that the Net Profit Ratio of Axis bank is 11.27%, which is more than that of the Bandhan bank.
- The average Operating Profit Ratio of Axis bank is 47.41% and that of Bandhan bank is 10.59%, which implies that the Operating Profit Ratio of Axis is 36.82%, which is more than that of the Bandhan bank.
- The average Total Assets Turnover Ratio of Bandhan bank is 1.06 times and of Axis bank is 4.74 times, which implies that the average Total Assets of Axis bank is 3.68 times more than that of the Bandhan bank.
- The average Earnings per Share of Axis bank is 17.00 and Bandhan bank is 8.60, which implies that the average Earnings per Share of Axis bank is 8.4, which is more than that of the Bandhan bank.
- The average net profit ratio, operating profit ratio, total turnover ratio and earnings per share of Axis bank is greater than that of Bandhan bank. Therefore, it is inferred that there is a significant difference in the performance of Axis and Bandhan Bank in terms of operating revenue, Net Profit, earnings per share and Total Assets. Axis bank showed a more satisfactory operation in those variables than Bandhanbank.
- Suggestions
- The net profit ratio of Bandhan bank is low as compared to Axis bank. Therefore, Bandhan bank may take some measures to increase net sales through proper marketing and branding strategies.
- The operating profit ratio of Bandhan bank is low as compared to Axis bank. It is suggested that Bandhan bank should take proper measures to decrease the operating expenses.
- The net profit of Axis bank shows a decreasing trend, reason being provisioning for NPAs. It is therefore, suggested that the bank should take precautionary measures before advancing loans.

- The total assets turnover ratio of Bandhan bank is low as compared to Axis bank. Therefore, it is suggested that Bandhan bank should advance its activities all over the country for which financial inclusion programme can be undertaken. Even creating brand awareness and brand positioning can be undertaken to market its products.

### Conclusion

Axis bank and Bandhan bank are the successfully running old private sector bank and new private sector bank respectively. To compare the financial performance of the banks, various ratios have been used to measure the banks' profitability, solvency position, and management efficiency. According to the analysis, both the banks are maintaining the required standards and running profitably. The comparison of the performance of Axis and Bandhan Bank indicates that there are significant difference between the performance of Axis and Bandhan Bank in terms of Net sales, Operating Profit, Net Profit, and Total Assets. It is inferred that Axis bank have an extensive operation than Bandhan bank. And since Axis bank has positioned its brand among its customers than compared to Bandhan bank, Axis bank is more competitive than Bandhan bank. Brand awareness, brand image and brand position plays a significant role for any bank to remain competitive in the market. This study will help enhance further research on the subject by researchers and academicians.

### References

- ~ Balaji M and Supriya M (2006), 'Understanding Corporate Brands and Corporate Branding', Marketing Mastermind, Dec., India.
- ~ Barney J B and Hansen M H (1994), - Trust worthiness as a source of Competitive Advantage, Strategic Management Journal, Vol.15, pp. 175-190.
- ~ D.Padma and V.Arulmathi (2013), 'Financial Performance of State Bank of India and ICICI bank- A Comparative Study' International Journal on Customer Relations, Volume 1 Issue 1 March 2013.
- ~ Ghosal S N, (2008), 'Branding as a strategy for organic growth of banks', Marketing Mastermind, March, India, pp.14-23.
- ~ Grace Kavengi Onyancha, (2013), The Impact of Bank Brand Image on Customer Satisfaction and Loyalty: A Case of Kenya Commercial Bank, European Journal of Business and Management, Vol.5, No.21, 2013.
- ~ Janet Bigham Bernstel (2001), - 'Branding: seeing the Light, Bank Marketing', May, p.14-18.
- ~ Malhotra, Naresh (1996), Marketing Research, 2nd ed. Upper Saddle River, N.J.: Prentice Hall.
- ~ Pai, V. S. (2006). Trends in the Indian Banking Industry: Analyses of Inter-Regional Trends in Deposits and Credits. The ICFAI Journal of Management Research, January, 5(1), pp. 65-72.
- ~ Prabakkar Rajkumar k (2007) , "The Earning Performance of Private Sector Banks During 2005-2006" The Journal Accounting and Finance, Vol.21, No.2, Apr-Sep 2007, Pg.66-77.
- ~ Srivastava. R, & Shocker, (1991), 'Brand equity: A perspective on its meaning & measurement', Marketing Science Institute, working paper series, Report NO.91-124, Cambridge.
- ~ Websites
- ~ Worcester R M (1997), -Managing the Image of Bank: The Glue that Binds, International Journal of Bank Marketing, Vol.15, NO.5, pp.146-152.
- ~ [www.Axis.com](http://www.Axis.com)
- ~ [www.balabanis.com/marketresearch/brand](http://www.balabanis.com/marketresearch/brand).
- ~ [www.Bandhan.com](http://www.Bandhan.com)
- ~ [www.google.com](http://www.google.com)

