

Opinion of Bankers Regarding Factors Affecting the Financial Performance of Banks in India: An Analytical Study

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Abstract

Sound financial health of a bank is the guarantee not only to its depositors but is equally significant for the shareholders, employees and whole economy as well. As a sequel to this maxim, efforts have been made from time to time, to measure the financial position of each bank and manage it efficiently and effectively. In the present study an attempt was made to analyze the bankers' viewpoints (on the basis of their experience) regarding the factors responsible for the financial performance of the banks in India. By adopting non-probability judgment sampling, a survey of 352 bankers from private sector banks, public sector banks and foreign sector banks was carried out in the state of Haryana and analysis of the data through various statistical techniques such as mean, percentage & frequency and for testing the hypothesis, ANOVA has been applied. It is found that the number of major factors were responsible for the performance of the banks in India.

Keywords : Financial health, banks, performance public sector Bank

Introduction

A sound financial system is indispensable for a healthy and vibrant economy. The Banking sector constitutes a predominant component of the financial service industry and the performance of any industry, to a large extent, is dependent on the performance of banks. The banking sector plays a pivotal role in any economy for they provide the flow of funds to the various sectors. The Indian banking sector has played an important role in the economic development of the country. With the passage of time they have travelled a long journey and have face tremendous challenges in their operation. With the era of globalization and with the emergence of banking sector reforms, Indian banks started operating in public, private and foreign collaboration. These new entries had brought technology, new banking culture, innovative products, mergers and amalgamations and there is a need to measure the financial performance of the banks in the continuous period of time.

The banking system of India should not only be hassle free but it should be able to meet new challenges posed by the technology and any other external and internal factors. For the past three decades, India's banking system has several outstanding achievements to its credit. The most striking is its extensive reach; it is no longer confined to only metropolitans or cosmopolitans in India. In fact,

Indian banking system has reached even the remote comers of the country. This is one of the main reasons of India's growth process.

The present research paper is divided into five sections. The following section presents the sketch of review of literature followed by research methodology. Section IV gives the analysis of data on the basis of data collected from the respondents. And the last section provides the conclusions and suggestions.

Review of Literature

Kosmas Njanike (2009) evaluated the extent to which failure to effectively manage credit risk led to Zimbabwe's banks' demise in 2003/2004 bank crisis. It also seeks to establish other factors that led to the banking crisis and to outline the components of an effective credit risk management system. The study found that the failure to effectively manage credit risk contributed to a greater extent to the banking crisis and also identified poor corporate governance, inadequate risk management systems, ill planned expansion drives, chronic liquidity challenges, foreign currency shortages and diversion from core business to speculative non-banking activities as other factors that caused the crisis.

Patnaik, Satpathy and Pradhan (2011) studied the customer satisfaction in banks under study in Orissa. A total of 350 questionnaires were served and 284 customers responded. This includes 103 respondents are of AXIS bank customers, 94 are PNB bank customers and rest are of UCO bank of various branches in Orissa. Creditability, customization, consistency in service components, innovation, employee behavior, record maintenance, responsiveness and reliability are identified as key factors influencing customer's service quality.

OmoAregbeyen, (2011) studied the determinants of banks selection criteria by banking and business customers in Nigeria. A total of 1750 respondents from six most metropolitan cities across the six geo-political zones and the FCT were sampled and data analyzed by percentage and ranking method. The findings of the study reveal that the safety of funds and the availability of technology based service(s) are the major reasons for customers' choice of banks.

Almajali (2012) investigated the factors that mostly affect financial performance of Jordanian Insurance Companies. The results showed that variables (Leverage, liquidity, Size, Management competence index) have a positive statistical effect on the financial performance of Jordanian Insurance Companies. The researcher recommended that a high consideration of increasing the company assets will lead to a good financial performance and there is a significant need to have highly qualified employees in the top managerial staff.

Osasu and Okafor (2013) focused on the relationship between corporate governance and audit quality in the Nigerian Banking sector. Data for the study were gathered from both the primary and the secondary sources. The result revealed that corporate governance has significantly influence on the quality of audit work and that corporate governance significant influences the rapid growth and development of the Nigeria Banking sector.

Sharma and Kumar(2013) analyzed the impact of banking sector reforms on the performance of 15 foreign banks in India in the pre-reform (1987- 1995), post-reform period (1996-2010) and whole study period (1987-2010). The study has included all the twenty-six public sector banks working in India. The study has the variables namely Total Assets, Net Interest Margin, Total Expenditure, Total Business, Non-Interest Income, Establishment Expenses, Number of Employees, Number of Branches and Net Worth. The study summed that growth and efficiency criteria, all explanatory variables had shown significant impact on the performance of foreign banks. More than 90 percent of variation in total income was on account of undertaken explanatory variables and a very little proportion of variation could be attributed to disturbance variable.

Bhaveet. al. (2013) analyzed the Indian public sector banks on the basis of their financial characteristics and to assess their financial performance with reference to deposit, advances, profit per employee, business per employee and return on assets. The years selected for analysis are 2008-2012 and sample size is 20 public sector banks operating in India. This study may help the decision makers of Indian Public sector banks and other categories of banks in Indian Banking sector to concentrate on banking activities and thereby to increase the bank ranking and financial performance of the banks. It may help the management in formulating appropriate strategies for achievement of objectives.

Kushalappa and Kunder (2013) evaluated the financial performance of top five public and private sector banks of India was based on the secondary data, procured and extracted from the financial statements from 2007 to 2011. For the purpose of analyzing the financial performance of the banks under study and to test the hypothesis, two kinds of tools have been used. They are statistical tools and financial ratios. The study clearly showed that there is significant difference among public and private sector banks with regard to the financial performance.

Chhikara and Suraksha(2013) measured the technical efficiency, overall technical efficiency and scale efficiency of selected public and private sector banks in India, through the application of Data Envelopment Analysis (DEA). A sample of 16 banks (8 each from public sector and private sector) was selected. The study found that SBI, Bank of Baroda, ICICI Bank and Axis Bank were having no such problem which may result into the downgrading of their ratings, though, the PNB, Canara Bank, IDBI Bank and 4 other private banks stood short of their claims of efficiency, which needs to be addressed immediately in the interest of the nation, in general, and banking sector in particular.

Frederick (2014) studied the factors responsible for performance of domestic commercial banks in Uganda. The factors are analyzed in the light of structure-conduct performance (SCP) and Efficiency hypotheses (ES). This is supplemented by Global Advantage Theory together with Home Field Theory. Using Linear multiple regression analysis over the period 2000-2011, the study found that management efficiency, asset quality, interest income, capital adequacy and inflation are factors affecting the performance of domestic commercial banks in Uganda over the period 2000-2011.

Murerwa (2015) evaluated the determinants of banks financial performance in developing economies with a focus on Kenyan commercial banks. The population of study was all the 44 commercial bank licensed to operate in Kenya as at 31st December 2013. A census study was carried out where primary data from the banks and secondary data from relevant central bank data was used. The study found out that industry factors relating to competition, product innovation and the development of mobile banking mostly affected the profitability of the banks.

Research Methodology

The objective of the present research paper is to analyze the bankers' viewpoints (on the basis of their experience) regarding the factors responsible for the financial performance of the banks in India. To achieve the objective of the study, the following hypothesis is formulated and tested:

H_{01} : There is no significant difference between experiences-wise opinion of bankers with regards to factors responsible for the performance of the Indian banks.

The present study is analytical in nature. By adopting non-probability judgment sampling, a survey of 352 bankers from private sector banks, public sector banks and foreign sector banks was carried out in the state of Haryana and the data was collected through the questionnaire prepared with the help of experts. For analysis of the data, various statistical techniques such as mean, percentage and frequency and for testing the hypothesis, ANOVA has been applied.

Data Analysis

Table 1 show that the demographic profile of the bankers (respondents). Majority of the respondents i.e. 68.7 percent is male and rest is female in the study.

Further, most of the respondents (49.9 percent) belongs to age group of up to 30 years followed by 32.4 percent belonging to 30-40 years age group and rest (18.2 percent) belongs to age group of above 41 years.

As for as the educational qualification of the respondents is concerned, most of the respondents (44.3 percent) are professional such as MBA, B.Tech, MCA followed by 29.3 percent are graduate and rest (26.4 percent) are post graduate in the study.

Regarding the experience of the respondents, it is evident from **Table 1** that majority of the respondents (64.3 percent) have experience up to 5 years, 24.7 percent respondents are having experience of 5-10 years, 8.2 percent respondents having experience of 11-15 years and few respondents (2.8 percent) are having total experience of above 15 years.

Further as concern for the location of bank branches in which respondents are working **Table 1** clearly depicts that majority of the branches are established in urban area (71 percent) and only 29 percent of the bank branches are established in rural area.

Table 1. Profile of Respondents

S.No.	Gender	Frequency	Percent
1	Male	242	68.7
2	Female	110	31.3
	Total	352	100.0
Age groups of Respondents (in years)			
1	Up to 30 years	174	49.4
2	30-40 years	114	32.4
3	Above 41 years	64	18.2
	Total	352	100.0
Education Qualification of Respondents			
1	Graduate	103	29.3
2	Post graduate	93	26.4
3	Professionals	156	44.3
	Total	352	100.0
Experience of Respondents			
1	0-5 years	226	64.3
2	5-10 years	87	24.7
3	10-15 years	29	8.2
4	Above 15 years	10	2.8
	Total	352	100.0
Location of the Bank			
1	Urban	250	71.0
2	Rural	102	29.0
	Total	352	100.0

Experience-Wise response of the Bankers

The following section explains the experience-wise response of the bankers' viewpoints regarding the factors affecting the performance of the banks in India.

Table 2 : Experience-wise responses on Organizational Factors

S. No.	Organizational Factor	F	Sig.
1	Location of bank branch	0.422	0.037*
2	Adequate availability of staff	0.417	0.041*
3	Facilities provided in the banks	1.005	0.001*
4	Quality and Effectiveness of the banks	11.088	0.000*
5	Work quality in the bank	0.078	0.002*
6	Working hour flexibility or not	1.449	0.228
7	Employee in bank are judge on the basis of their performance	1.382	0.048*
8	Bank is open to New Ideas	0.729	0.035*
9	The decision making climate at Bank is Participative	0.907	0.038*

Source: Survey

df= 3

*Significant at 5 percent level

Table 2 depicts the experience-wise response of the bankers towards the organizational factors affecting the performance of the banks in India. It is noticed that there is significant association in location of bank branch, adequate availability of the staff, facilities provide by the banks, quality and effectiveness of the banks, work quality of bank, employees in banks are judge on the basis of their performance, bank is open to new idea and the decision making climate at bank is participative on that are significant at 5 percent level of significance. There is no significant association working hours flexibility or not ($F=1.449$, $p=0.228$).

On the basis of above, it can be concluded that the null hypothesis H_{01} is rejected (in case of location of bank branch, adequate availability of the staff, facilities provide by the banks, quality and effectiveness of the banks, work quality of bank, employees in banks are judge on the basis of their performance, bank is open to new idea and the decision making climate at bank is participative) as p-value is less than 0.005

Table 3 : Experience-wise responses on Internal Factors

S. No.	Internal Factor	F	Sig.
1	Misappropriation of Asset	1.776	0.151
2	Tax evasion	1.725	0.015*
3	Intentional mismarking of position	0.886	0.449
4	Execution errors	0.234	0.008*
5	Documentary error	1.292	0.002*
6	Security risk	0.460	0.711
7	Product complexity	0.838	0.474
8	Poor security of records	0.598	0.017*
9	Weak internal control system	0.015	0.007*
10	Non- up gradation of customers' accounts	0.164	0.920
11	Alteration of data by the employees to draw funds from customers' accounts	1.240	0.005*
12	Criminal activity by employee	0.333	0.001*
13	Outdated recruitment, selection and placement of employee	0.375	0.771
14	Outdated policies	0.438	0.026*
15	Lack of timely and proper training and development facilities	0.450	0.018*

Source: Survey

df=3

*Significant at 5 percent level

The analysis of bankers' viewpoints with regard to internal factors is given in **Table3**, in which experience-wise ANOVA result shows there is significant association (at 5 percent level of significance, degree of freedom is 2) in tax evasion ($F= 1.725$, $p= 0.015$), execution of errors ($F=0.234$, $p= 0.008$), documentary error ($F= 1.292$, $p= 0.002$), poor security of records ($F=0.598$, $p=0.017$), weak internal control system ($F= 0.015$, $p=0.007$), alteration of data by the employees to draw funds from customers' accounts ($F=1.240$, $p=0.005$), criminal activity by employee ($F=0.333$, $p=0.001$), outdated policies ($F=0.438$, $p=0.026$) and lack of timely and

proper training and development facilities($F=0.450, p=0.018$) whereas no significant association in misappropriation of asset ($F= 1.776, p=0.151$), intentional mismarking of position ($F= 0.886, p=0.449$), security risk($F= 0.460, p=0.711$), product complexity ($F= 0.838, p=0.474$), non- up gradation of customers' accounts ($F= 0.164, p=0.920$), and outdated recruitment, selection and placement of employee($F= 0.375, p=0.771$).

On the basis of above, it can be concluded that the null hypothesis (H_{01}) is rejected [in case of tax evasion ($F= 1.725, p= 0.015$), execution of errors ($F=0.234, p=0.008$), documentary error($F= 1.292, p= 0.002$), poor security of records ($F=0.598, p=0.017$), weak internal control system($F= 0.015, p=0.007$), alteration of data by the employees to draw funds from customers accounts ($F=1.240, p=0.005$), criminal activity by employee ($F=0.333, p=0.001$), outdated policies ($F=0.438, p=0.026$) and lack of timely and proper training and development facilities($F=0.450, p=0.018$)] because p - value is less than 0.05, therefore, Alternative hypothesis accepted.

Table 4 : Experience-wise responses on External Factors

S. No.	External Factor	F	Sig.
1	Hacking	2.186	0.009*
2	Theft of information	0.473	0.001*
3	Third party theft and forgery	0.106	0.050*
4	Political pressure	1.577	0.035*

Source: Survey

df=3

*Significant at 5 percent level

Analytically, the result of ANOVA is given in **Table 4**, depicts experience-wise response of external factors affect the financial performance of the banks. It is found that there is significant association in hacking ($F= 2.186, p=0.009$), theft of information ($F= 0.473, p=0.001$), third party theft and forgery ($F= 0.106, p=0.050$) and political pressure ($F= 1.577, p=0.035$) at 5 percent significant level with degree of freedom is 2.

On the basis of above, it can be concluded that the null hypothesis (H_{01}) is rejected in hacking ($F= 2.186, p=0.009$), theft of information ($F= 0.473, p=0.001$), third party theft and forgery ($F= 0.106, p=0.050$) and political pressure ($F= 1.577, p=0.035$) as p -valve less than 0.05, therefore alternative hypothesis accepted.

Table 5 : Experience-wiseresponses on Market related Factors

S. No.	Market related Factor	F	Sig.
1	Liquidity	0.699	0.003*
2	Interest rate changes	0.365	0.009*
3	Foreign exchange rate changes	0.808	0.010*
4	Selling of assets before maturity	0.393	0.008*
5	Fluctuation in the price of instruments used in capital and money market	0.658	0.009*

Source: Survey

df=3

*Significant at 5 percent level

Table 5 presents the experience-wise response of bankers with regard to market related factors. The ANOVA results at 5 percent level of significance and 2 degree of freedom shows that there is significant association in liquidity ($F=0.699, p=0.003$), interest rate changes ($F=0.365, p=0.009$), foreign exchange rate changes ($F=0.808, p=0.010$), selling of assets before maturity ($F=0.393, p=0.008$) and fluctuation in the price of instruments used in capital and money market ($F=0.658, p=0.009$) as p-value is less than 0.05, therefore the null hypothesis (H_{01}) rejected and alternative hypothesis is accepted.

Table 6 : Experience-wiseresponses on Liquidity factors

S. No.	Liquidity Factor	F	Sig.
1	Structure of the source and use of funds	2.371	0.030*
2	Competition among commercial banks	1.484	0.019*
3	Political situation	0.441	0.024*
4	Government policy	0.579	0.029*
5	Overseas money market conditions	1.712	0.064
6	Financial crises	0.909	0.037*

Source: Survey

df=3

*Significant at 5 percent level

Table 6 depicts the experience-wise response of the bankers towards the liquidity factors affecting the performance of the banks in India. It is noticed that there is significant association in structure of the source and use of funds ($F=2.371, p=0.030$), competition among commercial banks ($F=1.484, p=0.019$), political situation ($F=0.441, p=0.024$), government policy ($F=0.579, p=0.029$), and financial crises ($F=0.909, p=0.037$) on that are significant at 5 percent level of significance as p-value is less than 0.05, therefore the null hypothesis (H_{01}) rejected and alternative hypothesis is accepted while there is no significant association in overseas money market conditions ($F=1.712, p=0.064$).

Table 7 : Experience-wiseresponses on Interest rate factors

S. No.	Interest rate Factor	F	Sig.
1	Monetary policy adopted by banks	0.356	0.005*
2	Competition among banks on market share	0.492	0.688
3	Narrow spread between deposit and lending interest rates	0.373	0.013*
4	Structured product crises	1.058	0.367

Source: Survey

df=3

*Significant at 5 percent level

Analytically, the result of ANOVA is given in **Table 7**, presents experience-wise response of interest rate factors affect the financial performance of the banks. It is found that there is no significant association at 5 percent level of significance in competition among banks on market share ($F=0.492, p=0.688$) and structured product crises ($F=1.058, p=0.367$) as p-value is greater than 0.05, therefore null hypothesis H_{01} is accepted where as there is significant association in monetary

policy adopted by banks ($F=0.356, p=0.005$) and narrow spread between deposit and lending interest rates ($F=0.373, p=0.013$) as p-value is less than 0.05, therefore null hypothesis is rejected and alternative hypothesis accepted.

Table 8 : Experience-wiseresponses on Foreign exchange rate changes Factors

S. No.	Foreign exchange rate changes Factor	F	Sig.
1	Increasing volatility	1.476	0.221
2	Sub-prime mortgage	1.122	0.040*
3	Depreciation of the US Dollar against Asian currencies	1.588	0.192

Source: Survey

df=3

*Significant at 5 percent level

The analysis of bankers' viewpoints with regard to foreign exchange rate changes factors is given in **Table 8**, in which experience-wise ANOVA result shows there is significant association (at 5 percent level of significance, degree of freedom is 2) in sub-prime mortgage ($F=1.122, p=0.040$) as p-value is less than 0.05, therefore null hypothesis is rejected and alternative hypothesis accepted while there is no significant association in increasing volatility ($F=1.476, p=0.221$) and depreciation of the US Dollar against asian currencies ($F=1.588, p=0.192$).

Table 9 : Experience-wiseresponses on Technological Factors

S. No.	Technological Factors	F	Sig.
1	Business disruption and system failure	1.263	0.852
2	Execution delivery and process management	1.295	0.829
3	Transactional errors	2.536	0.007*

Source: Survey

df=3

*Significant at 5 percent level

Analytically, the result of ANOVA at 5 percent level of significant is given in **Table 9**, shows that there is significant association in transactional errors ($F=2.536, p=0.007$) as p-value is less than 0.05, therefore null hypothesis is rejected and alternative hypothesis is accepted. While no significant association in business disruption and system failure ($F=1.263, p=0.852$) and execution delivery and process management ($F=1.295, p=0.829$) and transactional errors ($F=0.176, p=0.000$).

Table 10 : Experience-wiseresponses on Business disruption and system failure Factors

S. No.	Business disruption and system failure Factor	F	Sig.
1	Utility descriptions	1.433	0.033*
2	Software failure	1.305	0.822
3	Hardware failure	1.112	0.344

Source: Survey

df=3

*Significant at 5 percent level

Analytically, the result of ANOVA at 5 percent level of significant is given in **Table 10**, shows that there is significant association in utility descriptions ($F=1.433, p=0.033$) while no significant association in software failure ($F=1.305, p=0.822$) and hardware ($F=1.112, p=0.344$).

On the basis of above, it can be concluded that the null hypothesis rejected (H_{01}) as p-value is less than 0.05 in case of utility descriptions ($F=1.433$, $p=0.033$) therefore alternative hypothesis accepted.

Table 11 : Experience-wiseresponses on execution delivery and process management factors

S. No.	Execution delivery and process management Factor	F	Sig.
1	Data entry errors	1.634	0.001*
2	Accounting errors	1.022	0.013*
3	Failed mandatory reporting	1.076	0.050*

Source: Survey

df=3

*Significant at 5 percent level

Table 11 highlights the result of ANOVA test, applied at 5 percent level of significant and 2 degree of freedom, that there is significant association in data entry errors ($F=1.634$, $p=0.001$), accounting errors ($F=1.022$, $p=0.013$) and failed mandatory reporting ($F=1.076$, $p=0.050$) as p-value is less than 0.05, therefore null hypothesis (H_{01}) is rejected and alternative hypothesis is accepted.

Table 12 : Experience-wise responses on transactional errors factors

S. No.	Transactional errors Factor	F	Sig.
1	Frauds/hackers	0.443	0.023*
2	Processing errors	0.561	0.041*
3	Bank System disruptions	1.204	0.008*
4	Inadequate information	0.350	0.019*
5	Threats and viruses into the bank system	0.918	0.432

Source: Survey

df=3

*Significant at 5 percent level

Table 12 shows the result of ANOVA at 5 percent level of significance and it is noticed that there is no signification association in threats and viruses into the bank system ($F=0.918$, $p=0.432$) while significant association in frauds/hackers ($F=0.443$, $p=0.023$), processing errors ($F=0.561$, $p=0.041$), bank system disruptions ($F=1.204$, $p=0.008$) and Inadequate information ($F=0.350$, $p=0.019$), as p-value is less than 0.05, therefore null hypothesis (H_{01}) is rejected and alternative hypothesis is accepted.

Table 13 : Experience-wise responses on employment practice and workplace safety factors

S. No.	Employment practice and workplace safety Factors	F	Sig.
1	Discrimination	0.125	0.945
2	Workers compensation	1.202	0.009*
3	Employee health and safety	0.952	0.015*
4	High morale	1.179	0.018*
5	Training to employees for self-development	0.521	0.048*

Source: Survey

df=3

*Significant at 5 percent level

The analysis of bankers' viewpoints with regard to employment practice and workplace safety factors is given in **Table 13**, in which experience-wise ANOVA result shows there is no significant association (at 5 percent level of significance, degree of freedom is 2) in discrimination ($F=0.125, p=0.945$) while there is significant association in workers compensation ($F=1.202, p=0.009$), employee health and safety ($F=0.952, p=0.015$), high morale ($F=1.179, p=0.018$) and training to employees for self-development ($F=0.521, p=0.048$).

On the basis of above, the null hypothesis (H_{01}) is rejected in workers compensation ($F=1.202, p=0.009$), employee health and safety ($F=0.952, p=0.015$), high morale ($F=1.179, p=0.018$) and training to employees for self-development ($F=0.521, p=0.048$) as p-value is less than 0.05 and alternative hypothesis is accepted.

Table 14 : Experience-wise responses on clients, products and business practice factors

S. No.	Clients, products and business practice Factors	F	Sig.
1	Market manipulation	0.554	0.036*
2	Anti-trust	1.356	0.785
3	Improper trade, product defect	0.793	0.009*

Source: Survey

df=3

*Significant at 5 percent level

Analytically, the result of ANOVA at 5 percent level of significant is given in **Table 14**, shows the bankers experience-wise response of clients, products and business practice errors factors affect the financial performance of the banking sector in India. There is significant association in market manipulation ($F=0.554, p=0.036$) and improve trade, product defect ($F=0.793, p=0.009$) while no significant association in antitrust ($F=1.356, p=0.785$). As p-value is less than 0.05 in market manipulation and improper trade, product defect so null hypothesis (H_{01}) rejected and alternative hypothesis is accepted.

Table 15 : Experience-wiseresponses on damage to physical assets factors

S. No.	Damage to Physical Assets Factors	F	Sig.
1	Natural disaster	0.725	0.537
2	Terrorism	1.347	0.259
3	Vandalism	0.065	0.978

Source: Survey

df=3

*Significant at 5 percent level

Table 15 depicts experience-wise response of damage to physical assets factors. As result of ANOVA at 5 percent level there is no significant association in natural disaster, Terrorism and vandalism. As p-value is greater than 0.05, therefore null hypothesis (H_{01}) is accepted.

Table 16 : Experience-wise responses on credit factors

S.No.	Credit Factors	F	Sig.
1	Problem in verifying Customer's identity Online	1.130	0.037*
2	Monitoring Problem due to Increased Volume	2.253	0.042*
3	Problem in valuing collateral due to Geographic area	0.538	0.657
4	Problem in collecting loans due to wider geographic Area	0.385	0.764

Source: Survey

df=3

*Significant at 5 percent level

Analytically, the result of ANOVA at 5 percent level of significant and degree of freedom is 2 is given in **Table 16**, shows the bankers experience-wise response of credit factors which affect the financial performance of banking sector in India. So, there is significant association in problem in verifying customer's identity online ($F=1.130$, $p=0.037$), monitoring problem due to increased volume ($F=2.253$, $p=0.042$) as the p-value is less than 0.05, therefore the null hypothesis (H_{01}) is rejected and alternative hypothesis is accepted whereas no significant association in problem in valuing collateral due to geographic area ($F=0.538$, $p=0.657$) and problem in collecting loans due to wider geographic area ($F=0.385$, $p=0.764$).

Table 17 : Experience-wise responses on others related factors

S. No.	Others related Factors	F	Sig.
1	Difficult macroeconomic environment	0.801	0.004*
2	Inadequate risk management systems	0.899	0.002*
3	Poor corporate governance	1.113	0.004*
4	Nonperforming assets	2.915	0.034*
5	Chronic liquidity challenges	0.532	0.041*
6	Diversion from core banking to speculative activities	2.852	0.037*
7	Foreign exchange shortages	2.516	0.058
8	Rapid expansion drives	0.349	0.010*
9	Unsustainable earnings	1.387	0.763
10	Creative accounting	2.855	0.037*
11	Insufficient regulatory framework	0.084	0.009*
12	Ineffective credit risk system	1.161	0.024*

Source: Survey

df=3

*Significant at 5 percent level

The analysis of bankers' viewpoints with regard to others related factors is given in **Table 17**, in which experience-wise ANOVA result shows there is significant association (at 5 percent level of significance, degree of freedom is 2) in difficult macroeconomic environment, inadequate risk management systems, poor corporate governance, nonperforming assets, chronic liquidity challenges, diversion from core banking to speculative activities, rapid expansion drive, creative accounting, insufficient regulatory framework and ineffective credit risk system whereas no significant association in foreign exchange shortages ($F=2.516$, $p=0.058$), and unsustainable earnings ($F=1.387$, $p=0.763$).

On the basis of above, the null hypothesis (H_{01}) is partially rejected as p-value is less than 0.05 in case of difficult macroeconomic environment, inadequate risk management systems, poor corporate governance, nonperforming assets, chronic liquidity challenges, diversion from core banking to speculative activities, rapid expansion drive, creative accounting, insufficient regulatory framework and ineffective credit risk system. Therefore, alternative hypothesis is accepted.

Conclusions and Suggestions

Through an empirical investigation, this study has identified the major factors responsible for the performance of the banks in India. From the analysis, it can be concluded that organizational factors such as location of bank branch, adequate availability of staff, facilities provided in the banks, quality and effectiveness of the banks, work quality in the banks, employees in banks are judge on the basis of their performance, bank is open to new ideas and the decision making climate at the bank is participative have significant effect on the performance of the banks. As far as bankers viewpoints regarding internal factors like as tax evasion, executions errors, documentary errors, poor security of records, weak internal control system, alteration of data by employees, criminal activity by employees, outdated policies, lack of timely and proper training and development facilities responsible for the performance of the banks. Experience-wise response of bankers towards external factors includes hacking, theft of information, third party theft and forgery and political pressure and market related factors as liquidity, interest rate changes, foreign exchange rate changes, selling of assets before maturity and fluctuation in the period of instruments used in capital and money market have significant role to affect the performance of Indian banks. And transactional errors such as frauds/hackers, processing errors, bank system disruptions, and inadequate information play major role to affect the performance of banks. As far as consider workers compensation, employees health and safety, high morale, training to employees for self development, improper trade, product defect, credit factors also affect the performance of banks in India. Some other factors such as macroeconomic environment, inadequate risk management systems, poor corporate governance, NPA, chronic liquidity challenges, diversion from core banking to speculative activities, rapid expansion drive, creative accounting, insufficient regulatory framework and ineffective credit risk system play major role in the financial performance of the banks. So, major suggestion and recommendation from the above study, to consider these factors for planning the financial strategies, Human resource management strategies and market strategies for achieve the excellent financial performance, growth of banking sector and exploring the further opportunities in India.

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