

Performance Assessment of Selected Public Sector Banks in India: A Balanced Scorecard Analysis

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Abstract: This study examines the performance of selected Indian public sector banks — State Bank of India (SBI), Bank of Baroda (BOB), Canara Bank, Union Bank of India, and United Commercial Bank (UCO Bank) — using the Balanced Scorecard (BSC) framework. The BSC assesses banks across four perspectives: Financial, Customer, Internal Business Process, and Learning & Growth. Each perspective provides insights into a bank's strategic strengths and areas for improvement. Results indicate that financial stability is well-maintained, though variations in customer engagement and internal processes suggest opportunities for operational enhancement.

Keywords: Balanced Scorecard, Indian Public Sector Banks, Performance Evaluation, Financial Perspective, Customer Perspective, Internal Business Processes, Learning and Growth

I. INTRODUCTION

The Indian banking sector plays a crucial role in economic development, evolving rapidly with technological advancements and regulatory pressures. The Balanced Scorecard framework offers a holistic performance measurement tool, integrating both financial and non-financial metrics to track banks' alignment with strategic goals. This study employs the BSC to evaluate the overall effectiveness of five major public sector banks in India over the fiscal years 2018-19 to 2022-23, focusing on long-term sustainability and competitiveness in a dynamic financial landscape.

II. OBJECTIVES

- To evaluate the performance of Public Sector Banks on Financial Perspective of BSC.
- To assess the functioning of Public Sector Banks on Customer Perspective of BSC.
- To review the effectiveness of Public Sector Banks on Internal Business Perspective of BSC.
- To appraise the performance of Public Sector Banks on Learning & Growth and Innovation Perspective of BSC

III. LITERATURE REVIEW

Dr. Ashok Kumar Gupta, Dr. Meenu Maheshwari, and Mrs. Sudarshana Sharma (2018): The study titled "Performance Evaluation Using Balanced Scorecard Model in Banking Industry: A Case Study of HDFC Bank" evaluated HDFC Bank's performance from 2011-12 to 2015-16. Results revealed that HDFC's profit growth slow down, likely due to increased infrastructure and technology costs, but a skilled workforce and strong stakeholder engagement have aided boost its customer base and profitability.

Tuan Tran Trung's (2020) : The study, *The Impact of Balanced Scorecard on Performance: The Case of Vietnamese Commercial Banks*, used a comprehensive metric set across financial, customer, internal process, and learning perspectives. Utilizing surveys and statistical analyses (descriptive statistics, ANOVA, regression), it found that the Balanced Scorecard significantly enhances bank performance. The research underscores BSC's importance as Vietnamese banks increasingly compete in global markets.

Sudarshana Sharma (2020) : A research thesis "Application of Balanced Scorecard in Measuring Performance of Banks-A Comparative Study of Public and Private Sector Banks in India" - studied 10 Indian public banks using the Balanced Scorecard. Results showed no bank achieved an outstanding rating, with State Bank of India leading public

banks and HDFC topping private banks. HDFC maintained the highest average score, while City Union Bank scored lowest over the study period.

IV. METHODOLOGY

This secondary data-driven research analysed bank performance data from annual reports, RBI publications, and online sources over five fiscal years. Metrics under each BSC perspective were selected based on their relevance and data availability, ensuring comprehensive coverage of both financial and non-financial factors. Data analysis tools included trend analysis, averages, and standard deviation to identify patterns and deviations and Kruskal Wallis Test.

KEY ANALYSIS AND FINDINGS

FINANCIAL PERSPECTIVE

The financial analysis focuses on Return on Average Assets (ROA), Net Interest Margin (NIM), Cash-Deposit Ratio, Capital Adequacy Ratio, and asset quality (Net NPAs to Advances).

Based on the overall analysis of financial perspectives, SBI, UCO Bank, and Bank of Baroda have demonstrated strong financial performance among public sector banks in India, with mean ranks of 16.10, 13.00, and 12.10, respectively. Their success is accredited to excelling in key performance indicators such as Net Interest Margin (NIM), Capital Adequacy Ratio (CAR), Return on Average Assets (ROAA), and Cash-Deposit Ratio (CDR). These findings are depicted in the tables below:

DESCRIPTIVE STATISTICS					
	N	MEAN	STD. DEVIATION	MINIMUM	MAXIMUM
GRADES	25	133.2	18.868	100	160
BANKS	25	3	1.443	1	5

RANKS			
GRADES	BANKS	N	MEAN RANK
1		5	16.1
2		5	12.1
3		5	11.9
4		5	11.9
5		5	13
	TOTAL	25	

TEST STATISTICS	
	GRADES
Kruskal-Wallis H	1.233
df	4
Asymp. Sig.	0.873

From the above Kruskal Wallis test table, p-value was found to be 0.873 at 0.05 significance level. Henceforth Ho being accepted, and we can infer that there is no significant difference in the performance of Public Sector Banks on the financial perspective over the last 5 years.

CUSTOMER PERSPECTIVE

Customer-centric metrics assess banks' engagement with low-cost funds and service quality, using parameters like CASA ratio, complaints redressal, deposits growth and customer growth rate. The tables below lead us to the following

insights - SBI, Bank of Baroda, and Union Bank of India secured the top three positions, with mean ranks of 18.1, 16.6, and 13.7, respectively.

SBI's superior performance can be attributed to its CASA i.e., Current Account Savings Account ratio, considerable deposits, and effective complaints redressal mechanism followed by the banks. These metrics contribute to SBI's lower cost of funds, as the bank typically offers no interest on current account deposits and low interest rates on savings deposits, resulting to a higher profit margin.

DESCRIPTIVE STATISTICS					
	N	MEAN	STD. DEVIATION	MINIMUM	MAXIMUM
GRADES	25	152.8	26.223	110	210
BANKS	25	3	1.443	1	5

RANKS			
	BANKS	N	MEAN RANK
GRADES	1	5	18.1
	2	5	16.6
	3	5	12.8
	4	5	13.7
	5	5	3.8
	TOTAL		25

TEST STATISTICS	
	GRADES
Kruskal-Wallis H	11.698
df	4
Asymp. Sig.	0.02

From the above Kruskal Wallis test table, p-value was found to be 0.02 at 0.05 significance level. Henceforth H1 being accepted, and we can infer that there is a significant difference in the performance of Public Sector Banks on the customer perspective over the last 5 years.

INTERNAL BUSINESS PROCESS PERSPECTIVE

This perspective evaluates operational efficiency through metrics like business per employee, Ratio of Wage Bills to Total Cost, Ratio of Intermediation cost to Total Assets, and Growth in ATM's. The result of the statistical analysis is as follows - SBI, Bank of Baroda, and Canara Bank have emerged as the top three banks with mean ranks of 18.8, 14.9, and 11.9, respectively. These banks have been ranked top because of its exceptional business growth per employee measure, indicating that these banks achieve higher productivity by utilizing their human resources.

DESCRIPTIVE STATISTICS					
	N	MEAN	STD. DEVIATION	MINIMUM	MAXIMUM
GRADES	25	121.2	36.437	70	210
BANKS	25	3	1.443	1	5

RANKS			
GRADES	BANKS	N	MEAN RANK
	1	5	18.8
	2	5	14.9
	3	5	11.9
	4	5	8.6
	5	5	10.8
	TOTAL	25	

TEST STATISTICS	
	GRADES
Kruskal-Wallis H	5.867
df	4
Asymp. Sig.	0.209

From the above Kruskal Wallis test table, p-value was found to be 0.209 at 0.05 significance level. Henceforth H_0 being accepted, and we can infer that there is no significant difference in the performance of Public Sector Banks on the internal business process perspective over the last 5 years.

LEARNING AND GROWTH PERSPECTIVE

This area assesses talent management, technological innovation, and customer service channels. Metrics include Growth in Branches, Growth in Number of Skilled Employees, Growth in Revenue per employee, Growth in Number of Debit Cards issued, and Growth in Number of Credit Cards issued. The inferences derived from the below tables include - Bank of Baroda, Canara Bank, and Union Bank of India have achieved the highest mean ranks of 17.8, 15.3, and 13.1, respectively as per the analysis. These banks have productively built strong customer confidence and notably enhanced digital financial inclusion. They are making considerable efforts to transition to cashless transactions and are promoting higher consumer spending by issuing smart cards in the forms of debit and credit cards to their customers, further supporting the shift towards a more digital economy.

DESCRIPTIVE STATISTICS					
	N	MEAN	STD. DEVIATION	MINIMUM	MAXIMUM
GRADES	25	86.8	46.343	20	230
BANKS	25	3	1.443	1	5

RANKS			
GRADES	BANKS	N	MEAN RANK
	1	5	12.7
	2	5	17.8
	3	5	15.3
	4	5	13.1
	5	5	6.1
	TOTAL	25	

TEST STATISTICS	
	GRADES
Kruskal-Wallis H	7.093
df	4
Asymp. Sig.	0.131

From the above Kruskal Wallis test table, p-value was found to be 0.131 at 0.05 significance level. Henceforth H_0 being accepted, and we can infer that there is no significant difference in the performance of Public Sector Banks on the learning and growth perspective over the last 5 years.

V. FINDINGS

- **State Bank of India (SBI):** SBI demonstrated strong geographical expansion through extensive ATM growth, contributing to improved accessibility and customer reach.
- **Bank of Baroda (BOB):** BOB showed effective management of low-cost funds, as reflected in a high CASA ratio, indicating success in attracting and retaining customer deposits.
- **Canara Bank:** Canara Bank excelled in business efficiency, with high growth in business per employee, reflecting effective resource utilization and operational productivity.
- **Union Bank of India:** Union Bank showed potential for improvement in customer complaint resolution, indicating a need to strengthen customer service processes.
- **UCO Bank:** UCO Bank faced challenges in employee retention and skill development, suggesting a need to focus on talent management to enhance workforce stability and productivity.

VI. CONCLUSION

The study concludes that while financial stability across these banks is robust, customer engagement and internal efficiency vary significantly. SBI and BOB are relatively strong in maintaining customer satisfaction and operational efficiency, while Union Bank and UCO Bank would benefit from strategic investment in technology and process improvements. By aligning operational goals with the Balanced Scorecard's comprehensive approach, public sector banks in India can achieve sustainable growth and adaptability in the evolving banking landscape.

LIMITATIONS

The study's reliance on secondary data from annual reports and its focus on public sector banks limit the generalizability of findings. Future studies could include primary data on customer and employee perceptions to provide a more nuanced view.

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