**Porter’s Five Forces Analysis on the Banking/Finance Sector**

Bargaining power of the Buyers (Moderate Impact)

* The buyers have a lot of options in terms of selecting a bank.
* The cost of switching from one bank to another is minimal.
* Most customers have multiple accounts at different banks.
* Loss of an individual customers do not largely affect the banks.
* Banks are an indispensable source of fund in India.
* High quality service provided.
* Lower transaction fees and other costs as a result of competition.

Bargaining power of the Suppliers (Moderate Impact)

* Individual depositors don’t have a huge impact with the exception of large accounts.
* Largely, customers prefer banks for its reliability.
* Overtime customers have hedged inflation by investing in other riskier avenues like stocks.
* Employees with specialised skills and knowledge are required.
* Suppliers can lure away employees.
* Suppliers power often depends on the market conditions.

Rivalry among Existing Competitors (High Impact)

* Low switching cost.
* Rivalry is much aggressive in metropolitan areas.
* At present public sector banks, led by SBI & associates, control 77.3 percent of the banking sector
* Issuing of new licenses will increase competitive rivalry in rural areas over medium to long term.
* Undifferentiated product/service offerings.
* Emergence of non-traditional players.
* High exiting barriers.

Threat of Substitutes Products (High Impact)

* For deposits the substitutes include investment in gold, real estate, equity etc.
* Other alternative financing and investment options like Mutual Funds and NBFCs
* For advances substitutes include issuing bonds, IPO/FPO1, etc.
* Largely undifferentiated services.
* Services offered by non-industry players like e-wallets.

Threat of new entrants (Low Impact)

* High entry barriers, as RBI & Central Bank control the issuance of licenses.
* New licenses may reduce market share of public banks.
* High Capital Investment.
* Preferences of existing customer base.
* Emergence of neo-banks.