* + Web Integration
  + Project Demonstration & Documentation

### Literature Survey

A literature survey for the financial analysis of banks would involve researching and reviewing previous studies, articles, and reports on the topic. This could include information on the methods and techniques used for financial analysis of banks, as well as the results and conclusions of these studies. Some potential areas of focus for a literature survey on financial analysis of banks could include:

Ratio analysis, which involves comparing different financial metrics (such as return on assets, return on equity, etc.) to assess a bank's performance and compare it to industry averages or other benchmarks.

Stress testing, which involves simulating adverse economic scenarios to evaluate a bank's ability to withstand financial shocks.

Risk management, which involves identifying, assessing, and mitigating the various risks facing a bank, such as credit risk, market risk, and operational risk.

Basel III, which is a set of international regulatory standards for banks that includes measures for capital adequacy, liquidity, and leverage.

## Techniques of Financial Analysis

The process of assessing a company’s financial performance and health using a variety of methods and tools is known as financial analysis. Among the most popular techniques of financial analysis are:

1. **Ratio analysis**: This involves comparing different financial ratios, such as liquidity ratios, profitability ratios, and solvency ratios, to gain insight into a company’s financial performance and position.
2. **Trend analysis**: This involves analyzing a company’s financial performance over time, using historical financial data to identify trends in revenue, expenses, and other key financial metrics.
3. **Benchmarking**: This involves comparing a company’s financial performance to that of its competitors or industry peers to determine how it measures up.
4. **DuPont analysis**: This involves breaking down a company’s return on equity (ROE) into its constituent parts, such as net profit margin, asset turnover, and equity multiplier, to gain a deeper understanding of the drivers of ROE.
5. **Cash flow analysis**: This involves examining a company’s cash inflows and outflows, both from its operating activities and from its investment and financing activities, to get a comprehensive view of its cash position.
6. **Budgeting and forecasting**: This involves creating a financial plan for the future, using historical financial data, industry trends, and company-specific information to estimate future revenue, expenses, and cash flows.

These are just a few of the many techniques used in financial analysis. The specific techniques used will depend on the goals of the analysis and the type of financial information being analyzed.

## What is ratio analysis?

Ratio analysis is an accounting method that uses financial statements, like balance sheets and income statements, to gain insights into a company's financial health. Ratio analysis will help determine various aspects of an organization including profitability, liquidity and market value.

Ratio analysis is a helpful tool to determine from the outside what is going on inside of a business because the financial statements required to perform ratio analysis are available to the general public. Company insiders typically do not use ratio analysis because they already have access to much more detailed information that will give them a better view of the company's financial status.

## Uses of ratio analysis

Ratio analysis compares a company's financial state to other companies or to its own financial history. The results of ratio analysis are just static data, so you'll need to compare it to other data for it to be useful. Here are two ways you can use ratio analysis to calculate business trends and to compare one company against others in its industry:

## Stress Testing

**Stress Testing** is a type of software testing that verifies stability & reliability of software application. The goal of Stress testing is measuring software on its robustness and error handling capabilities under extremely heavy load conditions and ensuring that software doesn’t crash under crunch situations. It even tests beyond normal operating points and evaluates how software works under extreme conditions.

## **Need for Stress Testing**

Consider the following real-time examples where we can discover the usage of Stress Testing-

* During festival time, an online shopping site may witness a spike in traffic, or when it announces a sale.
* When a blog is mentioned in a leading newspaper, it experiences a sudden surge in traffic.

It is imperative to perform Stress Testing to accommodate such abnormal traffic spikes. Failure to accommodate this sudden traffic may result in loss of revenue and repute.

## **Role of Risk Management in Financial Organizations**

**1.** Risk management aims at accepting, reducing, avoiding and transferring risk to secure the natural revenues of the business organisations. Risk management department focusses on the following categories of risk that an organization can be exposed to:-

* Operational, Credit and Market Risk
* Legal and Regulatory Practices
* Deterioration of inventory due to shortfalls in Quantitative discipline

An important role of Risk management in financial organizations is the deployment of financial derivatives to improve the net worth of the organization.

**2.**Risk management procedures are responsible for the transmission of monetary policy changes into the organization’s financial system and researching as to how to improve business outcomes by investigating the macro-economic indicators of the market in which they operate.

**3.** Risk Managers should be able to demonstrate the ability and knowledge to respond and provide effective solutions to top critical risk scenarios that can create havoc on the market capitalization of the company. Business managers should upgrade their skills on par with international standards by taking[financial risk management courses.](https://talentedge.com/iim-kozhikode/applied-financial-risk-management-course/)

## **Impact of Risk Management in Financial Organizations**

* Effective Risk management concentrates on assisting companies in the achievement of financial targets.
* Risk management techniques lead to the organizations enhanced earning stability which in turn motivate major stakeholders to increase investments.
* Focusing on the protection of immediate sources to finance the company’s profitable projects is a key Risk management technique to make sure that assets are not diverted that could result in loss of potential future opportunities.