PROJECT REPORT ON
A STUDY ON FINANCIAL INSTITUTION PREVAILING IN MARKET

A PROJECT SUBMITTED TO
UNIVERSITY OF MUMBAI FOR PARTIAL COMPLETION OF THE DEGREE OF
BACHLOR OF MANAGEMENT STUDY
UNDER THE FACULTY OF COMMERCE

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ACADEMIC YEAR
2020-2021

CERTIFICATE

I Principal Prof. Mohammed Tahir hereby certify that Mr./Miss. Shubhangi Harichandra Salunkhe of Akbar Peerbhoy College of Commerce & Economics TYBMS (Semester – VI) has completed the project on " the study on financial institution prevailing in market '' in the academic year 2020-21 . The information submitted is true and original to the best of my knowledge.

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DECLARATION

I the undersigned Miss. Shubhangi Harichandra Salunkhe hereby , declare that the work in this titled " the study on financial institution prevailing in market " forms my own contribution to the research work carried out under the guidance of Prof. Sadaf Shaikh is a result of my own research work and has not been previously submitted to any other university for any other degree / Diploma to this or any other university.

Whenever reference has been made to previous work of others, it has been clearly indicated as such and included in the bibliography.

I, hereby declare that all information of this document has been obtained and presented in accordance with academic rules and ethical conduct.

Name and signature of the learner

Shubhangi Harichandra Salunkhe .

Certificated by

Name and signature of guiding professor

Prof . Sadaf Shaikh

Acknowledgement

When we set goals for ourselves, there are always obstacles in the way that may deter us from accomplishing the goals. There are also people in our lives that are aware of those goals, and encourage us and also support us to continue regardless of the obstacles, it is now that I can formally thank those people for doing just that for me, before thanking anyone on this earth,

I must first thank God for being at my side during this challenging time of my life. I need God to continue as, after the desire was sometimes there to quit. The spiritual support has helped to keep me focused.

I would like to thank my principal, for providing the necessary facilities required for completion of this project.

I take this opportunity to thank our coordinator ***mrs. sadaf khan*** *for her moral support and guidance.*

Thanks to my Guide ***Sadaf shaikh*** *Professor, A.P. College for the support and encouragement through this process.*

My Guide was always ready for questions and always had answers for that. His high level of expectations made me work harder than I have ever worked in my life-thanks for your knowledge, encouragement and above all your patience during this process.

Heartfelt thanks to my Parents, who supported me in all the ways to complete my project.

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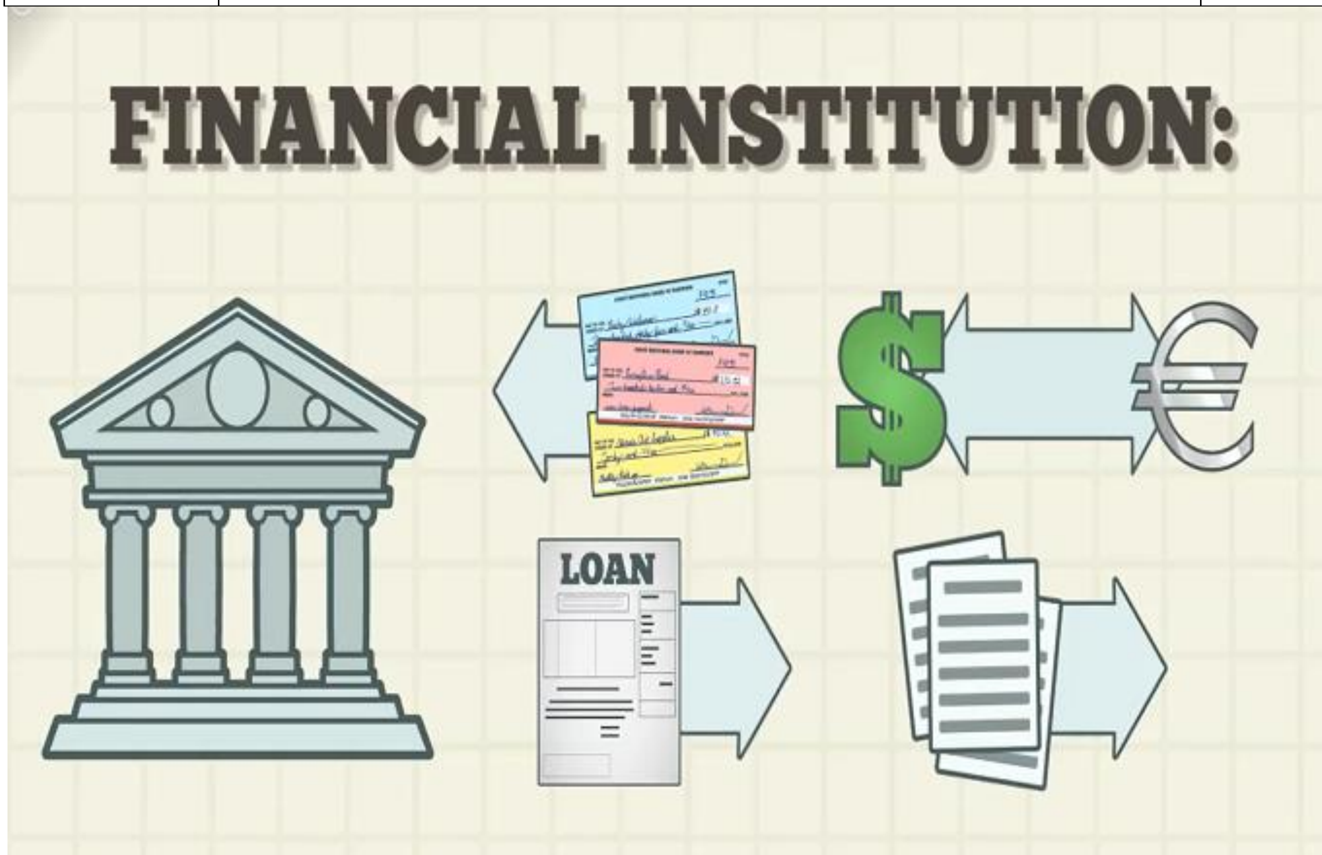


A. INTRODUCTION

A financial institution (FI) is a company engaged in the business of dealing with financial and monetary transactions such as deposits, loans, investments, and currency exchange. Financial institutions encompass a broad range of business operations within the financial services sector including banks, trust companies, insurance companies, brokerage firms, and investment dealers. Virtually everyone living in a developed economy has an ongoing or at least periodic need for the services of financial institutions.

Study on financial institution prevailing in market

The financial institution deals with finance-related services. These are gaining popularity day by day nowadays. The attractive rate of returns on the customer's investment is very demanding. It also provides specialized services like hire purchase and leasing, etc. The simple and organized procedure of the institutions is becoming very complementary. It provide a broad range of business opportunities. There are different types of financial institutions. The goal of all the institutions is different and they provide different services and have different levels of risk associated with it. All the financial institutions have unique features and it works in a specialized way. The financial institution is gaining immense popularity in broadening the finance-related services in the country.

A financial institution is responsible for the supply of money to the market through the transfer of funds from investors to the companies in the form of loans, deposits, and investments. Large financial institutions such as JP Morgan Chase, HSBC, Goldman Sachs or Morgan Stanley can even control the flow of money in an economy.

The most common types of financial institutions include commercial banks, investment banks, brokerage firms, insurance companies, and asset management funds. Other types include credit unions and finance firms. Financial institutions are regulated to control the supply of money in the market and protect consumers.

The economic development of any country depends on the growth of the business sector. The well developed financial system helps the business to achieve growth by making funds available to them. For which, the government has established financial institutions all over the country to provide finance to businesses.

These institutions aim at promoting the industrial development of a country and are called 'development banks'. The main role of a financial institution is to transfer financial resources from those who save it to those who are in need of financial resources for economic activity.

Central and state governments set up Financial Institutions. They provide both owned capital and loan capital for long and medium-term and supplement the traditional financial agencies like commercial banks. Financial institutions give technical assistance and managerial services to organisations. These institutions give large funds for a longer duration.

Example

Bank ABC is a shareholder-owned institution that offers banking and investment services to a wide range of customers. The bank acts as an intermediary between retail and institutional investors, who supply the funds through deposits and retail and institutional investors, who are looking for financing. The bank pays a 2% interest on the deposits it accepts from households and businesses from the interest earned from lending services. In addition, the bank offers fund management and health and life insurance services through its subsidiaries.

Furthermore, Bank ABC operates in the wholesale market, seeking to lend large conglomerates and corporations as well as government agencies. In this context, the bank has a highly-equipped advisory team, which offers corporate finance, forex, capital markets and investment management services.

The bank is regulated for the protection of consumers. Hence, its funds undergo strict scrutiny by the Federal Deposit Insurance Corporation (FDIC) and the Federal Reserve System. These two Federal agencies are responsible for guaranteeing that the bank will be able to repay the borrowed funds.

Any institution that collects money and puts it into assets such as stocks, bond s, bank deposits, or loans is considered afinancial institution.

Regulations

Financial institutions in most countries operate in a heavily regulated environment because they are critical parts of countries' economies, due to economies' dependence on them to grow the money supply via fractional-reserve banking. Regulatory structures differ in each country, but typically involve prudential regulation as well as consumer protection and market stability. Some countries have one consolidated agency that regulates all financial institutions while others have separate agencies for different types of institutions such as banks, insurance companies and brokers.

Countries that have separate agencies include the United States, where the key governing bodies are the Federal Financial Institutions Examination Council (FFIEC), Office of the Comptroller of the Currency - National Banks, Federal Deposit Insurance Corporation (FDIC) State "non-member" banks, National Credit Union Administration (NCUA) - Credit Unions, Federal Reserve (Fed) - "member" Banks, Office of Thrift Supervision - National Savings & Loan Association, State governments each often regulate and charter financial institutions.

Financial institutions are increasingly being scrutinized by regulators, both federal and state, about their safeguards to protect sensitive customer information. These regulatory inquiries are not only focused on the banks' internal data protection protocols and procedures but also extend to questioning whether a financial institution purchases privacy/cyber liability insurance. – *William Goett, managing principal, Integro USA Inc.*

Financial institutions have a unique set of insurance coverages available to them to address the specialized aspects of their operations. These include coverages such as mortgage impairment (to protect a bank's collateral interest in real property), all risk physical loss or damage to cash and securities (to protect against loss while these assets are in transit or at rest), safe deposit box liability (to protect against customer claims of negligence while their property is stored in a bank vault) and master trust (which is essentially a group homeowners policy to protect real property when the bank is serving in a fiduciary capacity as the trustee of that property). – *William Goett, managing principal, Integro USA Inc.*

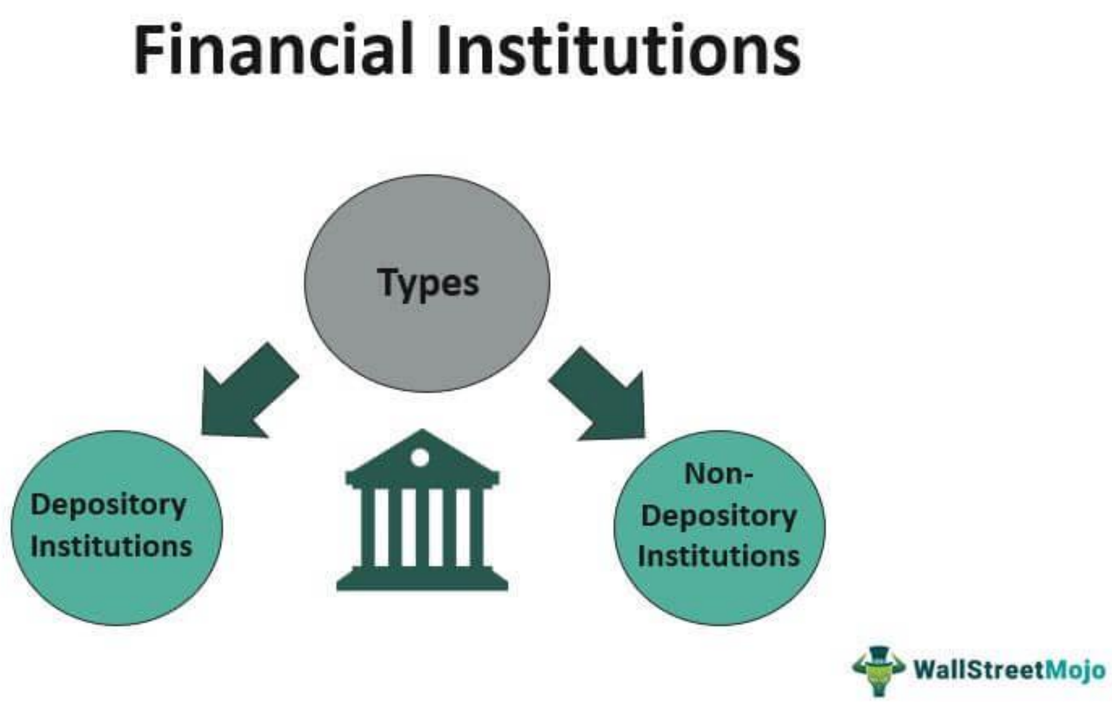
The best way for financial institutions to protect themselves against claims is to take a multi-pronged approach to compliance and risk management, stay abreast of the complex and changing issues and ensure that the organization has proper insurance in place to cover any missteps. Agents and brokers can serve as trusted advisors in an ever-evolving and risky sea of business. – Ken Chapman, senior vice president, Financial Institutions, Travelers Bond & Specialty Insurance

As financial institutions seek new sources of revenue to supplement their interest income, these new services may increase their E&O exposures. For example, adding insurance agency and stock brokerage services create potential new risks where insurance could offer some financial protection. – *Steve Ventre, vice president, The Cincinnati Insurance Companies*

Financial Institutions vs Banks

- The functions of payments of various services are done by the bank but the financial institutions will not be able to do so.
- It cannot accept the demand deposit whereas the banks can accept the demand deposit by the customers.

- Banks provide the guarantee of repayment of the deposit whereas the financial institutions may fail to do so.



There are two types of financial institutions: depository institutions and nonde pository institutions.

Depository institutions- such as banks and credit unions, pay you interest on your deposits and use the deposits to makeloans.

Nondepository institutions- such as insurance companies, brokerage firms, a nd mutual fund companies, sell financialproducts.

Many financial institutions provide both depository and nondepository service s.

Now you know why we have financial institutions: they act as intermediaries between savers and borrowers and they direct the flow of funds between them. With funds deposited by savers in checking, savings, and money market accounts, they make loans to individual and commercial borrowers. In the next section, we'll discuss the most common types of depository institutions (banks that accept deposits), including *commercial banks*, *savings banks*, and *credit unions*. We'll also discuss several nondepository institutions (which provide financial services but don't accept deposits), including finance companies, insurance companies, brokerage firms, and pension funds.

Advantages and Disadvantages

Below are the advantages and disadvantages:

Advantages

- The financial institutions help in the upliftment of the economies of our country.
- It has been proved to be more successful in terms of return earned by the customers since the rate of return is higher compared to any other place.
- It is also a smart way to invest money and keep the money rotated in the finance market.
- It provides financial services to the customers.

- The repayment facility is also very well managed in the financial institutions.
- It also provide underwriting facilities.
- whereas the financial institutions may fail to do so.

Disadvantages

- The process is very complex for some customers because they try to indulge in various businesses and end up making confusion for themselves.
- In case of default done by the management of the financial institutions, the customers will have to face major worse circumstances. The money which they have invested may not be recovered. Sometimes the principal amount is not assured to be recovered because the government in case of default announces a certain sum of money which will be repaid and most of the time the amount of government declare to be repaid is very less in comparison to the principal amount of the investment made.

Statement of Problem

The present study is accordingly, devoted to a detailed probe into the financial institution in prevailing in india. It also focuses to make a comparative study, on the basis of quality dimensions, between public sector banks and private sector banks. The study has set its scope to evaluate the nature, prospects and challenges as well as how financial institution works in India. Before embarking upon the actual conduct of the study, a survey of available and pertinent published work on the subject of this study is made in order to have an insight into the depth of financial institutions and also the specific aspects covered in the work.

Importance of financial institution

Financial institutions provide consumers and commercial clients with a wide range of services and different types of banking products. The importance of financial institutions to the wider economy is apparent during market booms and recessions. During economic upturns, financial institutions provide the financing that drives economic growth, and during recessions, banks curtail lending. This can exacerbate a country's financial problems and draw attention to the fact that economies are heavily reliant upon the financial sector.

Moneylenders and insurance companies have been lending money to people and insuring against loss for centuries, but in the 20th century, governments around the world began to recognize the importance of financial institutions and passed legislation that made it easier for more people to obtain products and services from these entities. In many countries, banks are encouraged or even compelled to lend money to home buyers and small businesses. Readily available loans encourage consumer spending, and this spending leads to economic growth.

Consumers are often either people with cash who are seeking returns on their money or people without cash who need to borrow money in order to cover their short-term expenses. Banks act as intermediaries between these two groups. People with cash lend money to the back in return for a nominal rate of interest, and banks lend that same money to consumers at a much higher rate of interest. The difference between the price a bank pays to borrow and the price it charges its own customers to borrow enables the bank to generate a profit. In many instances, the importance of financial institutions is most vivid during recessions when savers run short of cash and banks lack the cash to finance consumer lending.

Financial institutions offer various types of insurance, ranging from life insurance to insurance on mortgage contracts. Insurance firms and banks also insure other financial institutions. If one bank becomes insolvent, its losses are partially absorbed by the other institutions that insured it. In some instances, this can lead to systemic risk, which describes the danger of a major bank's collapse having a filter down effect on other banks and the economy as a whole.

When major banks and insurance firms become insolvent, government regulators are reminded of the importance of financial institutions to the economy and the dangers presented by systemic risk. Regulators in many countries regularly audit financial institutions to try to resolve short-term cash flow issues before those issues evolve into major banking industry problems. In many countries, government regulators have imposed caps on the amount of loans a bank can write and on the amount of insurance policies that any one firm can issue. Such moves are intended to ensure that no bank becomes so important to the economy that its failure could put the health of the entire economy in doubt.

Features of financial institution

- It provides a high rate of return to the customers who have invested in the financial institution.
- It reduces the cost of financial services provided.
- It is considered very important for the development of financial services in the country.
- It also advises the customers on how to deal with the equity and the other securities bought and sold in the market.
- It helps to improvise decision making because it follows a systematic approach to calculate all the risks and rewards.

Functions of financial institution

- The financial institutions provide loans and advances to the customers.
- The rate of return is very high in case of investment made in this type of institution.

- It also gives a high rated consultancy to the customers for their beneficial investments.
- It also serve as a depository for their customers.
- It can also make an effort to minimize the monitoring cost of the company.
- All the finance related work is done by the financial institution or on behalf of the customers.

Limitations Of Financial Institutions

The limitations of raising funds from financial institutions are as follows:

- Restriction on dividend payment imposed on the powers of the borrowing company by the financial institutions.
- As these institutions come under government criteria, they follow rigid rules for granting loans. Too many formalities make the procedure time-consuming
- Financial institutions may have their nominees on the Board of Directors of the borrowing company thereby restricting the powers of the company.

KEY TAKEAWAYS

- Financial institutions serve as financial intermediaries between savers and borrowers and direct the flow of funds between the two groups.
- Those that accept deposits from customers—depository institutions—include **commercial banks**,**savings banks**, and **credit unions**; those that don't—nondepository institutions—include **finance companies**, **insurance companies**, and **brokerage firms**.
- Financial institutions offer a wide range of services, including checking and savings accounts, ATM services, and credit and debit cards. They also sell securities and provide financial advice.
- A bank holds onto only a fraction of the money that it takes in—an amount called its **reserves**—and lends the rest out to individuals, businesses, and governments. In turn, borrowers put some of these funds back into the banking system, where they become available to other borrowers. The **money multiplier** effect ensures that the cycle expands the money supply.

B. DESIGH OF THE STUDY

Financial institutions can operate at several scales from local community credit unions to international investment banks.

Role of Financial Institutions

- The financial institution provides varied kinds of financial services to the customers.
- The financial institution provides an attractive rate of return to the customers.
- Promotes the direct investment by the customers and making them understand the risk associated with that as well.
- It helps in forming the liquidity of the stock in case of an emergency in the financial markets.

How Financial Institutions Work

Financial institutions serve most people in some way, as financial operations are a critical part of any economy, with individuals and companies relying on financial institutions for transactions and investing. Governments consider it imperative to oversee and regulate banks and financial institutions because they do play such an integral part of the economy. Historically, bankruptcies of financial institutions can create panic.

In the United States, the Federal Deposit Insurance Corporation (FDIC) insures regular deposit accounts to reassure individuals and businesses regarding the safety of their finances with financial institutions. The health of a nation's banking system is a linchpin of economic stability. Loss of confidence in a financial institution can easily lead to a bank run.

Special Financial Institutions

1. Industrial Finance Corporation of India (IFCI)

IFCI set up as a statutory organization under the Industrial Finance Corporation Act 1948. Its main objectives were to provide help towards supporting the local advancement and urging new business visionaries to go into the urgent and needful sectors of the economy.

2. State Financial Corporations (SFC)

The State Financial Corporations Act, 1951 made the State Governments build up State Financial Corporations in their particular areas for giving medium and short-term funds to businesses which are outside the extent of the IFCI.

3. Industrial Credit and Investment Corporation of India (ICICI)

This foundation formed in 1955 as a public organization under the Companies Act. ICICI helps the creation, development and modernisation of industrial endeavours solely in the private sector.

4. Industrial Development Bank of India (IDBI)

In 1964, it was set up under the Industrial Development Bank of India Act, 1964 with a target to facilitate the working of other financial institutions including commercial banks.

5. Industrial Investment Bank of India Ltd.

It was set up as an essential institution for the restoration of sick units and was known as Industrial Reconstruction Corporation of India. It was reconstituted and renamed as the Industrial Reconstruction Bank of India in 1985 and again in 1997, its name was changed to Industrial Investment Bank of India.

DEFINITION

"An organizations that obtain money from deposits and earn money from loan".

"Financial institutions can operate at several scales from local community credit unions to international investment banks".

"A financial institution is an intermediary between consumers and the capital or the debt markets providing banking and investment services".

"Financial institution means a bank that provides investment and depository services to customers".

Types of Financial Institutions

Financial institutions offer a wide range of products and services for individual and commercial clients. The specific services offered vary widely between different types of financial institutions.

1.Commercial Banks

A commercial bank is a type of financial institution that accepts deposits, offers checking account services, makes business, personal, and mortgage loans, and offers basic financial products like certificates of deposit (CDs) and savings accounts to individuals and small businesses. A commercial bank is where most people do their banking, as opposed to an investment bank.

Banks and similar business entities, such as thrifts or credit unions, offer the most commonly recognized and frequently used financial services: checking and savings accounts, home mortgages, and other types of loans for retail and commercial customers. Banks also act as payment agents via credit cards, wire transfers, and currency exchange.

a. How Commercial Banks Work

Commercial banks provide basic banking services to the general public—to both individual consumers and small to mid-sized businesses. As mentioned above, these services include checking and savings accounts, loans and mortgages, basic investment services such as CDs, as well as other services such as safe deposit boxes.

Banks make money from service charges and fees. These fees vary based on the products, ranging from account fees (monthly maintenance charges, minimum balance fees, overdraft fees, non-sufficient funds (NSF) charges), safe deposit box fees, and late fees. Many loan products also contain fees in addition to interest charges. Banks also earn money from interest they earn by lending out money to other clients. The funds they lend comes from customer deposits. However, the interest rate paid by the bank on the money they borrow is less than the rate charged on the money they lend. For instance, a bank may offer savings account customers an annual interest rate of 0.25%, while charging mortgage clients 5.75% in interest annually.

Commercial banks have traditionally been located in buildings where customers come to use teller window services and automated teller machines(ATMs) to do their routine banking. With the rise in technology, most banks now allow their customers to do most of the same services online that they could do in person including transfers, deposits, and bill payments. Many institutions are online-only banks. Because these banks don't have any brick-and-mortar locations, they can offer a wider range of products and services at a lower cost—or none at all—to their customers.

Commercial banks are an important part of the economy. Not only do they provide consumers with an essential service, but they also help create capital and liquidity in the market. This entails taking money that their customers deposit for their savings and lending it out to others. Commercial banks play a role in the creation of credit, which leads to an increase in production, employment, and consumer spending, thereby boosting the economy. As such, commercial banks are heavily regulated by central banks. For instance, central banks impose reserve requirements on commercial banks. This means banks are required to hold a certain percentage of their consumer deposits at the central bank as a cushion if there's a rush to withdraw funds by the general public.

b. Types of Commercial Banks:

There are three different types of commercial banks.

Private bank –: It is a type of commercial banks where private individuals and businesses own a majority of the share capital. All private banks are recorded as companies with limited liability. Such as Housing Development Finance Corporation (HDFC) Bank, Industrial Credit and Investment Corporation of India (ICICI) Bank, Yes Bank, and more such banks.

Public bank –: It is a type of bank that is nationalised, and the government holds a significant stake. For example, Bank of Baroda, State Bank of India (SBI), Dena Bank, Corporation Bank, and Punjab National Bank.

Foreign bank –: These banks are established in foreign countries and have branches in other countries. For instance, American Express Bank, Hong Kong and Shanghai Banking Corporation (HSBC), Standard & Chartered Bank, Citibank, and more such banks.

c. Examples of Commercial Banks

Few examples of commercial banks in India are as follows:

1. State Bank of India (SBI)
2. Housing Development Finance Corporation (HDFC) Bank
3. Industrial Credit and Investment Corporation of India (ICICI) Bank
4. Dena Bank
5. Corporation Bank

2.Investment Banks

Study on financial institution prevailing in market

Investment banks specialize in providing services designed to facilitate business operations, such as capital expenditure financing and equity offerings, including initial public offerings (IPOs). They also commonly offer brokerage services for investors, act as market makers for trading exchanges, and manage mergers, acquisitions, and other corporate restructurings.

An investment bank is a financial services company that acts as an intermediary in large and complex financial transactions. An investment bank is usually involved when a startup company prepares for its launch of an initial public offering (IPO) and when a corporation merges with a competitor. It also has a role as a broker or financial adviser for large institutional clients such as pension funds.

Global investment banks include JPMorgan Chase, Goldman Sachs, Morgan Stanley, Citigroup, Bank of America, Credit Suisse, and Deutsche Bank.

Many of these names also offer storefront community banking and have divisions that cater to the investment needs of high-net-worth individuals.

a. How an Investment Bank Works

The advisory division of an investment bank is paid a fee for its services. The trading division earns commissions based on its market performance. As noted, many also have retail banking divisions that make money by loaning money to consumers and businesses.

Professionals who work for investment banks may have careers as financial advisors, traders, or salespeople. An investment banking career is lucrative but typically comes with long hours and significant stress.

b. key takeaways

- Investment banks specialize in managing complex financial transactions such as IPOs and mergers for corporate clients.
- Modern investment banking is typically a division of a bigger bank institution such as Citibank and JPMorgan Chase.
- A 'Chinese wall' is supposed to separate investment banking activities from the company's trading division to prevent conflicts of internet.

Investment Banking in India – List of AIBI Member Investment Banks:

- A.K. Capital Services Ltd.
- Ambit Corporate Finance Pvt.Ltd.
- Anand Rathi Advisors Ltd.
- Ashika Capital Ltd.
- Avendus Capital Pvt.Ltd.
- Axis Bank Ltd.
- Axis Capital Ltd.
- Barclays Bank Plc
- Bcb Brokerage Pvt.Ltd.

- Birla Capital & Financial Services Ltd.
- Bnp Paribas
- Bob Capital Markets Ltd.
- Boi Merchant Bankers Ltd.
- Canara Bank
- Central Bank Of India
- Centrum Capital Ltd.
- Chartered Finance Management Ltd.
- Choice Capital Advisors Pvt.Ltd.
- Citigroup Global Markets India Pvt.Ltd.
- Credit Suisse Securities (India) Pvt.Ltd.
- Deutsche Equities India Pvt.Ltd.
- DSP Merrill Lynch Ltd.
- Edelweiss Financial Services Ltd.
- Ernst & Young Merchant Banking Services Pvt.Ltd.
- HDFC Bank Ltd.
- HSBC Securities & Capital Markets (India) Pvt.Ltd.
- ICICI Securities Ltd.
- IDBI Capital Market Services Ltd.
- IDFC Securities Ltd.
- LIFL Holdings Ltd.
- Il&Fs Capital Advisors Ltd.
- Indian Overseas Bank
- Inga Capital Pvt.Ltd.
- Jefferies India Pvt.Ltd.
- JM Financial Institutional Securities Ltd.

- JP Morgan India Pvt.Ltd.
- Karvy Investor Services Ltd.
- Keynote Corporate Services Ltd.
- KJMC Corporate Advisors (India) Ltd.
- Kotak Mahindra Capital Co.Ltd.
- Lazard India Pvt.Ltd.
- Morgan Stanley India Co.Pvt.Ltd.
- Motilal Oswal Investment Advisors Pvt. Ltd.
- Munoth Financial Services Ltd.
- Pantomath Capital Advisors Pvt.Ltd.
- Religare Capital Markets Ltd.
- Rothschild (India) Pvt.Ltd.
- Saffron Capital Advisors Pvt.Ltd.
- SBI Capital Markets Ltd.
- SMC Capitals Ltd.
- Trust Investment Advisors Pvt.Ltd.
- UBS Securities India Pvt.Ltd.
- Union Bank Of India
- Vivro Financial Services Pvt.Ltd.
- Yes Bank Ltd.

3.Insurance Companies

GENERAL INSURANCE COMPANIES

Among the most familiar non-bank financial institutions are insurance companies. Providing insurance, whether for individuals or corporations, is one of the oldest financial services. Protection of assets and protection against financial risk, secured through insurance products, is an essential service that facilitates individual and corporate investments that fuel economic growth.

Insurance is a legal contract between two parties- the insurance company (insurer) and the individual (insured), wherein the insurance company promises to compensate for financial losses due to insured contingencies in return for the premiums paid by the insured individual. In simple words, insurance is a risk transfer mechanism, where you transfer your risk to the insurance company and get the cover for financial loss that you may face due to unforeseen events. And the amount that you pay for this arrangement is called premium. There is insurance available for various risks, starting from your life to mobile phones that you use. In the end, it’s essential to protect what is ‘important’ to you.

There are various types of insurance products available in India. Mainly, insurance products are classified as:

- Life insurance products
- General insurance products
    - **Life insurance:**

As no one wants to leave their loved ones financially shattered, life coverage is one of the must-have for every individual having dependents. In case of life insurance, the sum assured or the coverage amount will be paid out to the nominee of the insured in the event of the death of the insured. Life insurance is a crucial requirement to ensure the financial well-being of your loved ones even in your absence. The coverage amount opted should be able to provide complete financial protection – to replace income loss, to repay debt and also to create a financial buffer that can be utilised by insured's family for future financial stability. Though life insurance products come in many variants, it's important to first avail the term insurance with adequate coverage.

- **Health insurance**:

Health uncertainties are part of life. Keeping in mind the rising cost of healthcare and an increasing number of diseases, it's important to have the financial cushion to protect yourself against health contingencies. Health insurance policies are of many types such as individual health insurance, family floater health insurance, critical illness health insurance and senior citizen health insurance. It's important to have adequate health insurance coverage that can protect you from financial crisis during medical emergencies.

- **Motor insurance:**

Motor insurance policies are the mandatory legal requirement in India for every vehicle owner under the Motor Vehicle Act. Be it two-wheeler, car or a commercial vehicle, its compulsory to avail third party liability motor insurance to protect oneself against the claims that may arise from another party during an accident. However, motor insurance policies come in a comprehensive package wherein your valuable assets (bike or car) are covered against the various risk of damage or loss along with the personal accidental cover to you as the owner. Keeping in mind the rising incidents of road accidents and the asset value, it’s most important to have a comprehensive motor insurance policy.

- **Accident and disability insurance:**

Accidents are unexpected and are inevitable. Sometimes accidents can result in disabilities that can further have huge impact on your earning capacity. In order to have financial stability for yourself and your family, it’s important to be insured against accidents.

- **Home insurance:**

Home is one of your most valuable possessions that also includes many precious belongings and memories. Though you try to secure it to the fullest, your property is exposed to various risks like theft, damages due to natural disasters etc. which you may not be able to mitigate completely. Hence, in order to protect your home against losses and damages that may arise due to many insurable events, availing home insurance is the most effective solution.

Though you need to be prepared for future uncertainties by availing insurance cover, you may not need all types of insurance. The priority of any insurance product may vary depending on your individual need. Insurance is a large industry with numerous product types available to cater to every sort of need. Some of them mentioned already are of top priority for every individual.

Priority of rest other types of insurance may purely depend on your unique need or situation. Let’s take a look at some of the insurance types that are of lesser priority.

- **Standalone critical illness insurance**:

Critical illness insurance plan may not be needed for every individual, specifically, if you do not have any family history of critical illness. Critical illnesses are sometimes covered in health insurance plans and also comes as a rider along with life insurance plans. Hence, a standalone cover for critical illness depends purely on the requirement of an individual.

- **Travel insurance:**

Travel insurance may be the priority for frequent travellers. But, it may not be needed for all. The need for insurance may vary depending on each individual’s unique needs. For example, if you are planning a domestic trip and your comprehensive health insurance plan covers you across the country for any medical emergencies, travel plans may not just be needed for you. More specifically, the travel insurance plan may not be your priority if you can afford to lose your pre-paid trip expenses. Sometimes travel covers also come as your credit card travel benefit.

4.Internet banking

Internet banking, also known as online banking, e-banking or virtual banking, is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution's website.

a. Advantages of Online Banking

Convenience is a major advantage of online banking. Basic banking transactions such as paying bills and transferring funds between accounts can easily be done 24 hours a day, seven days a week, wherever a consumer wishes.

Online banking is fast and efficient. Funds can be transferred between accounts almost instantly, especially if the two accounts are held at the same institution. Consumers can open and close a number of different accounts online, from fixed deposits to recurring deposit accounts that typically offer higher rates of interest.

Consumers can also monitor their accounts regularly closely, allowing them to keep their accounts safe. Around-the-clock access to banking information provides early detection of fraudulent activity, thereby acting as a guardrail against financial damage or loss.

b. Disadvantages of Online Banking

For a novice online banking customer, using systems for the first time may present challenges that prevent transactions from being processed, which is why some consumers prefer face-to-face transactions with a teller.

Online banking doesn't help if a customer needs access to large amounts of cash. While he may be able to take a certain amount at the ATM—most cards come with a limit—he will still have to visit a branch to get the rest.

Although online banking security is continually improving, such accounts are still vulnerable when it comes to hacking. Consumers are advised to use their own data plans, rather than public Wi-Fi networks when using online banking, to prevent unauthorized access.

Additionally, online banking is dependent on a reliable Internet connection. Connectivity issues from time to time may make it difficult to determine if banking transactions have been successfully processed.

5.Retail banking

Retail banking, also known as Consumer banking, refers to the offering of banking services to retail customers instead of institutional customers, such as companies, corporations and/or financial institutions.

Retail banking includes a wide range of banking services that belong to similar categories, such as savings accounts, checking accounts, consumer lending, credit cards, debit cards, mortgages, e-banking services, phone-banking services, insurance, investment and fund management.

Consumers use local branches that have the capacity to deliver all these services to retail customers. In fact, retail-banking keeps the money circulating as the Fed allows only 10% of deposits on hand. So, the retail banks have to circulate the remaining 90% either in the form of loans or in the form of investment products.

Functions of Retail Banks

From an economic standpoint, all three types of retail banks exist to:

1. Provide more liquidity by influencing the money supply in an economy

This is usually done by adjusting interest rates and periodically reviewing creditworthiness protocols.

2. Reduce the probability of default on loans by pooling together the risks of lending money

The institutions are also in better positions to cope with defaults due to federally-mandated reserve ratios. The ratio ensures that banks always have a minimum amount of cash on hand that is a percentage of total consumer deposits.

3. Lower the cost of borrowing by offering competitive interest rates

Economies that follow a Keynesian monetary policy increase profits during economic booms by increasing interest rates on loans and building cash reserves. Then, during a recession, banks are expected to lower interest rates in order to spur consumer spending and stimulate economic growth.

6.Mortage companies

A mortgage company is a firm engaged in the business of originating and/or funding mortgages for residential or commercial property. A mortgage company is often just the originator of a loan; it markets itself to potential borrowers and seeks funding from one of several client financial institutions that provide the capital for the mortgage itself.

That, in part, is why many mortgage companies went bankrupt during the subprime mortgage crisis of 2007-2008. Because they weren't funding most of the loans, they had few assets of their own, and when the housing markets dried up, their cash flows quickly evaporated.

C. REVIEW OF RELATED LITERATURE

Indian Banking industry is one of the most technologically advanced industries with vast networks of branches empowered by strong banking systems, their wide range of product and effective distribution channel capabilities. However, regulatory, structural and technological factors are significantly changing the banking environment throughout the world. One of the most important factors that is motivating the growth of the Indian banking institutions is the liberalization. The financial sector reforms in India were designed to infuse greater competitive vitality in the banking system. To achieve this objective, the “Narsimhan Committee” was formed. The Narsimhan Committee report suggested wide ranging reforms for the Indian banking sector in 1992, including the important one to introduce internationally accepted banking practices so as to enable Indian banks to achieve service excellence. The Committee recommended a liberal policy towards the entry norms of private sector banks and foreign banks into the Indian banking sector.

The Interest rate structure has been deregulated to a great extent and banks have been given a great degree of freedom in determining their rate structure for deposits and advances, as well as their other product range. Banking has also become more competitive in respect of branch network. The end result is that market power is getting shifted from banks to their customers. Financial liberalization has led to intense competitive pressures, and retail banks are consequently directing their strategies towards increasing customer satisfaction and loyalty through improved service quality. With such a high potential in the Indian banking industry, all leading banks are looking ahead to establish themselves as the most preferred bank by the customers and this can only happen when they are able to differentiate themselves on the basis of service quality being offered by their competitors. Retail Banking has immense opportunities in a growing economy like India. As the growth story further unfolds in India, retail banking is going to emerge a major driver of economic growth. A.T. Kearney, a global management consulting firm, recently identified India as the second most attractive retail distribution centre of 30 emergent markets.

The present study is accordingly, devoted to a detailed probe into the financial institution in prevailing in india. It also focuses to make a comparative study, on the basis of quality dimensions, between public sector banks and private sector banks. The study has set its scope to evaluate the nature, prospects and challenges as well as how financial institution works in India. Before embarking upon the actual conduct of the study, a survey of available and pertinent published work on the subject of this study is made in order to have an insight into the depth of financial institutions and also the specific aspects covered in the work.

Benefits of using a financial institution

Safety: It’s risky to keep your money in cash. It could easily get lost, stolen, or even destroyed in an unexpected event such as a house fire. By keeping your money in a financial institution, you’ll have the peace of mind knowing your funds are safe.

Convenience: By using financial institution, you don’t have to carry large amounts of cash, but you can conveniently get cash when you want it at bank branches, ATMs, grocery stores, and many other convenient locations — even when you travel away from home.

Saves money: Many people who don’t have a bank account use check cashing stores instead. Most of these stores charge very high fees. You can usually save a lot by using a bank account with no fees.

Security: Are you worried that a bank might mismanage your money, or even go out of business? All U.S. banks have to follow federal and state laws and regulations. And at most banks, your funds are insured by the Federal Deposit Insurance Corporation, or FDIC. At most credit unions, your funds are insured by the National Credit Union Administration or NCUA. That means that if anything ever happened to the bank, your money up to $250,000 is insured or protected.

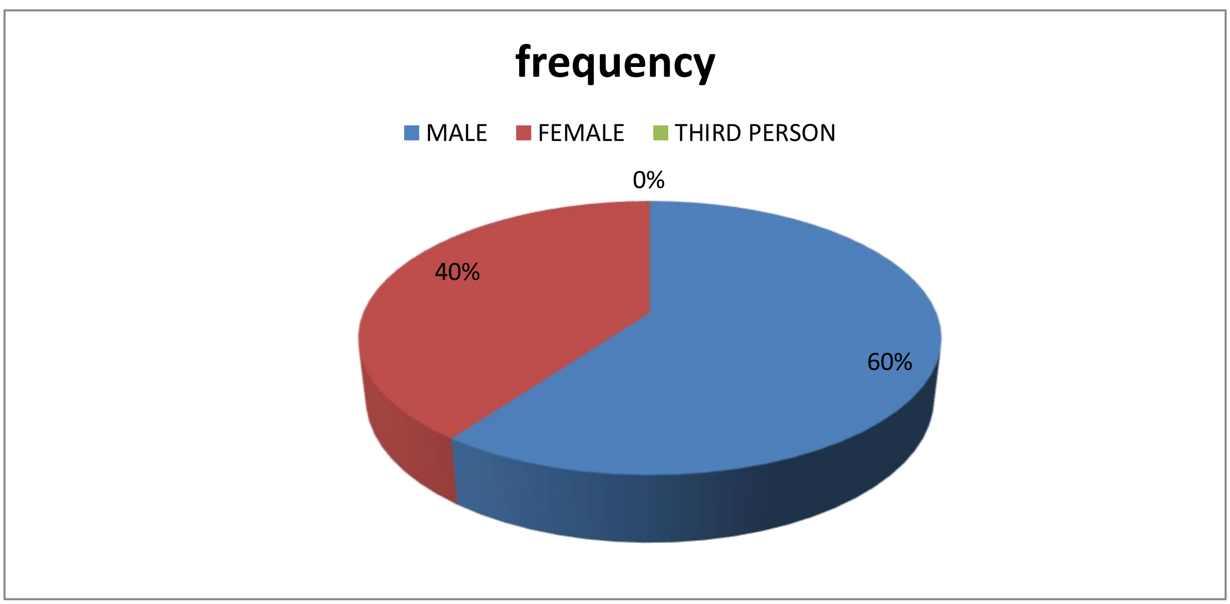
Financial future: By working with a financial institution, you'll have financial professionals you can talk to and work with. The knowledgeable advice of these professionals can be valuable resource to help you and your family to build a better financial future.

D. ANALYSIS OF DATA

Analysis is a process of organizing and synthesing data in such a way that research questions can be answered and hypothesis tested. The term analysis refers to the computation of certain resources along with searching for patterns of relationship that exists among data groups. The data collected were systematically processed, tabulated and made suitable for analysis and interpretation, it was a study on financial institutions prevailing in market throught data collected by questionnaire.

Table 1 Gender wise classification

Gender	**Frequency**	**Percentage**
Male	60	60%
Female	40	40%
Third gender	0	0
Total	100	100%

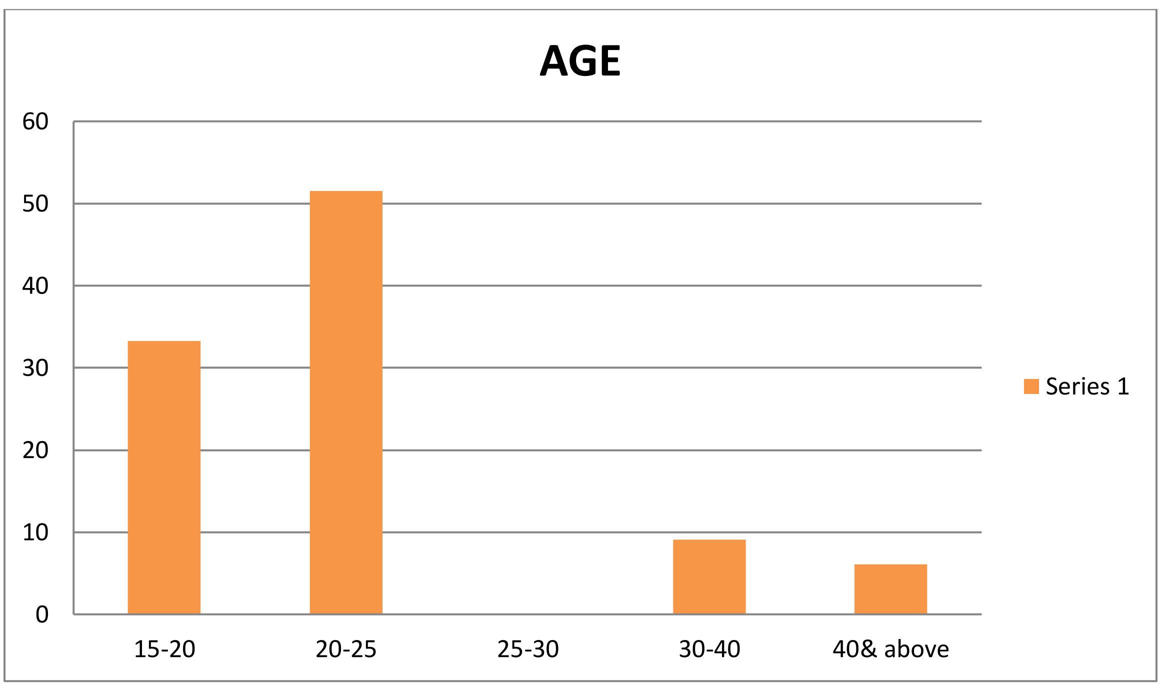


INTERPRETATION

It is observed from the above table percentage of the male respondent is 60% and percentage of the female respondent is 40%. Out of 100 responses 0 respondent of third.

Table 2 : Age group wise classification

Age	Frequency	Percentage
15-20	33.3	33.3%
20-25	51.5	51.5%
25-30	0	0%
30-40	9.1	9.1%
40& above	6.1	6.1%
Total	100	100%

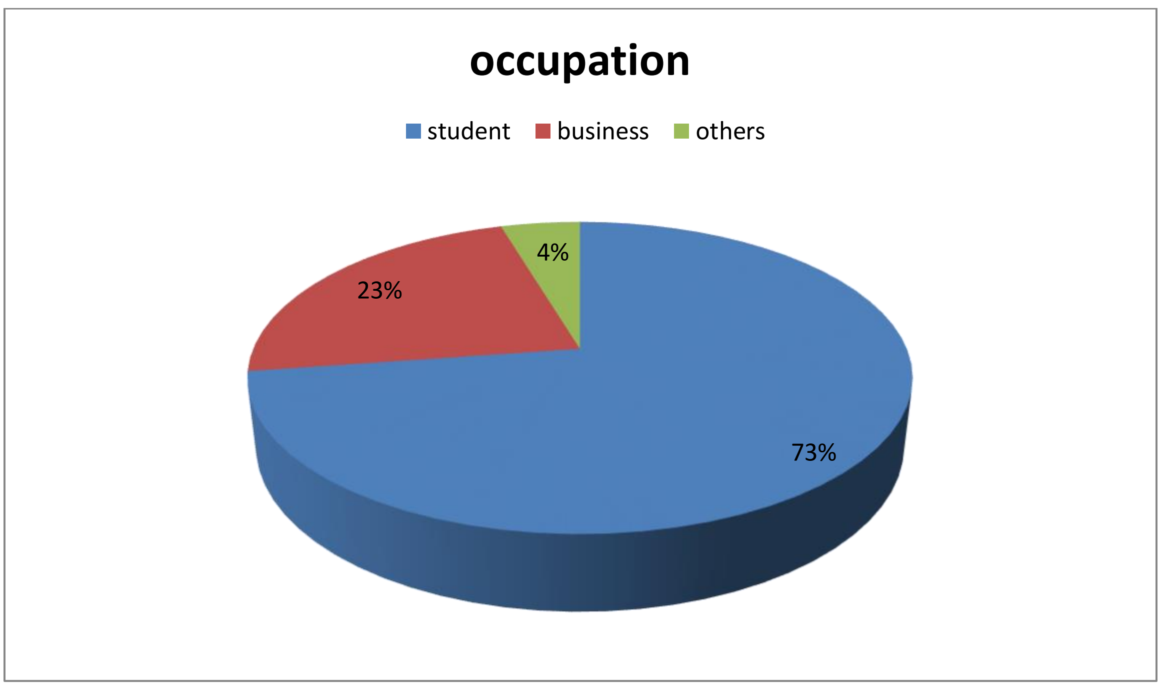


INTERPRETATION

In the above diagram show, out of 100 responses 51.5 % respondent are belongs to age group of 20-25, 33.3% respondent are belongs to age group of 15-20, 9.1% respondent are belongs to age group of 30-40, 6.1% respondent are belongs to the age group of 40& above, and 0 percentage respondents belongs to the age group of 25-30.

Table 3 : Occupation wise classification

occupation	frequency	Percentage
student	72.7	72.7%
business	22.7	22.7%
others	4.6	4.6%
total	100	100%

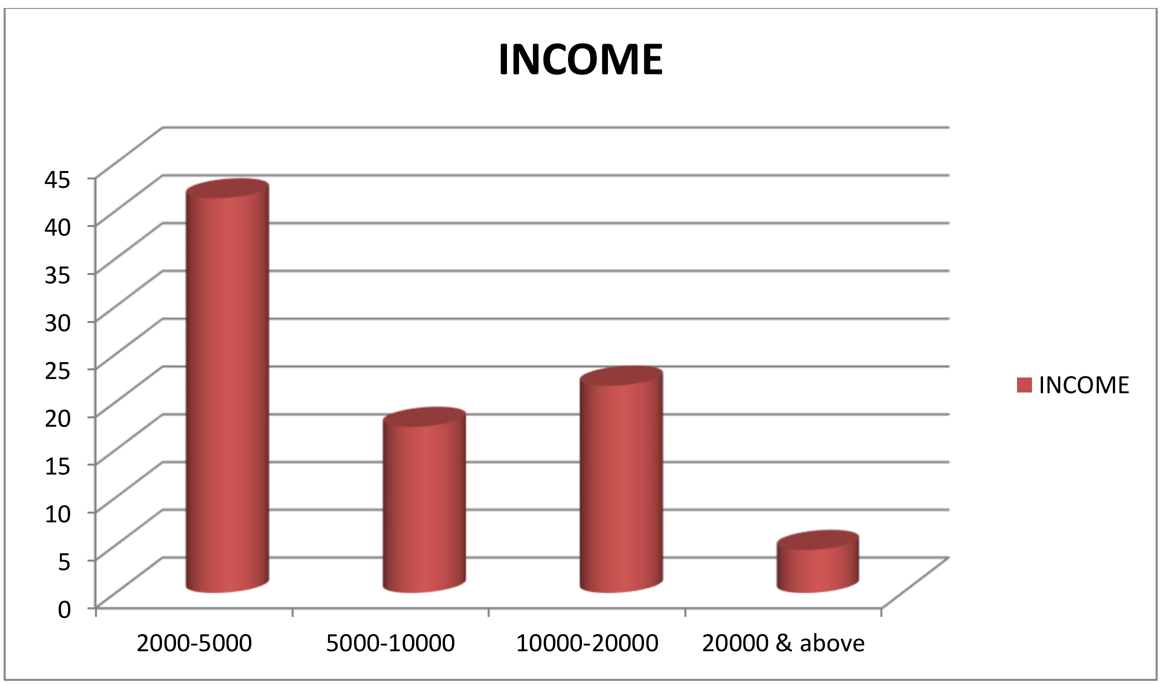


INTERPRETATION

In the above diagram show, out of 100 responses there are 73% responses are given by student. 23% responses are given by others persons, 4% responses are given by business persons.

Table 4 : Income wise classification

INCOME	frequency	Percentage
2000-5000	41.3	41.3%
5000-10000	17.4	17.4%
10000-20000	21.7	21.7%
20000& above	19.6	19.6%
Total	100	100%

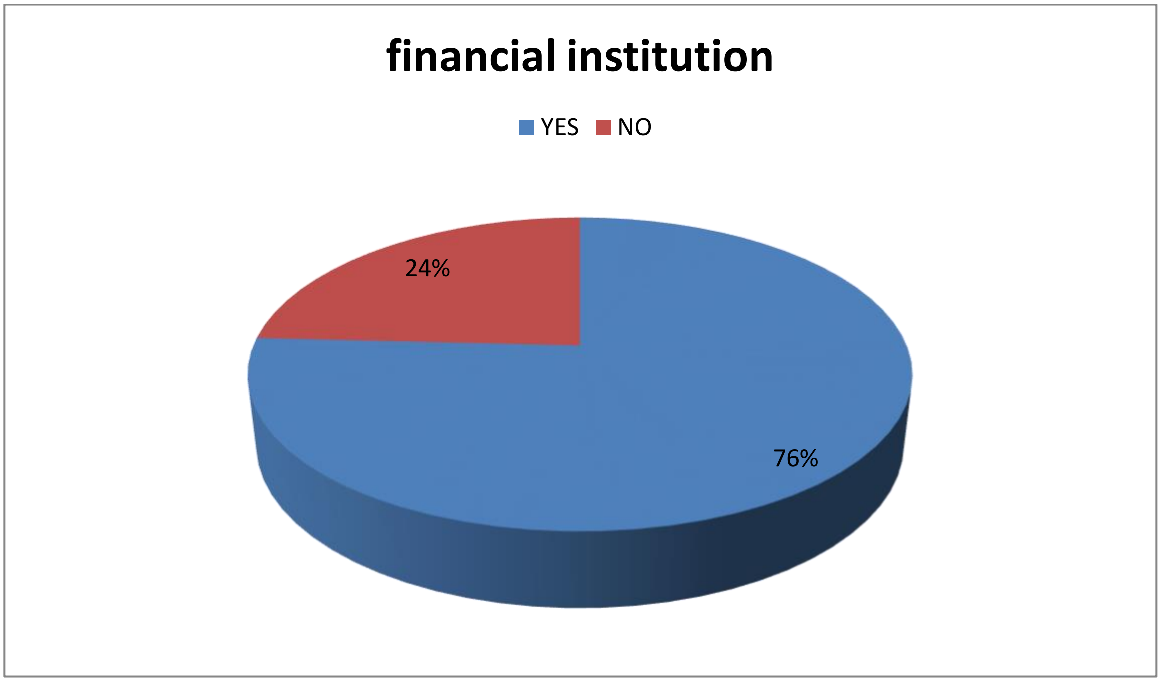


INTERPRETATION

In the above diagram, you will see out of 100 responses are 41.3% respondents have 2000-5000 income, 17.4% respondents have 5000-10000 income, 21.7% respondents have 10000-20000 income, and 19.6% respondents have 20000 & above income. So, these people can invest their money in financial institution.

Table 5: how many people know about financial institution?

Response	frequency	Percentage
Yes	75.8	75.8%
No	24.2	24.2%
total	100	100%

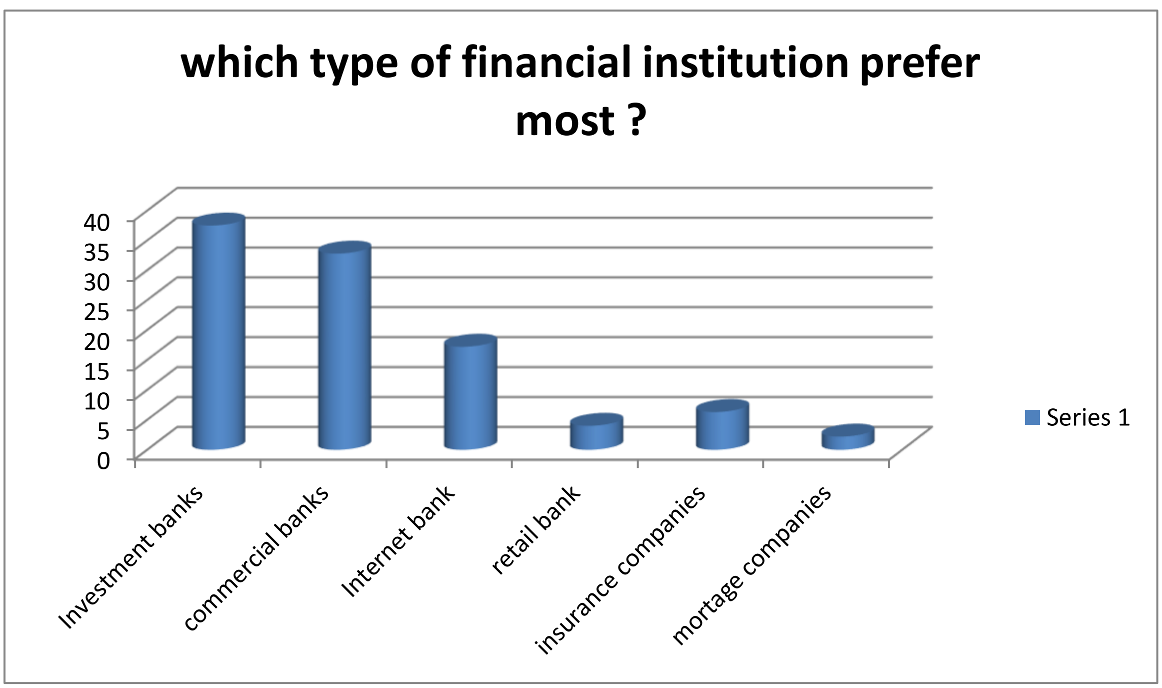


INTERPRETATION

In this above diagram we can see how many percentage of people know about financial institution out of 100 people. In this table and diagram 75.8% of people know about financial institution out of 100 people, and 24.2% of people didn't know about financial institution.

Table 6 : which type of financial institution do you prefer most ?

Types	frequency	Percentage
Investment banks	37.5	37.5%
Commercial banks	32.8	32.8%
Internet bank	17.2	17.2%
Retail bank	4	4%
Insurance companies	6.3	6.3%
Mortage companies	2.2	2.2%

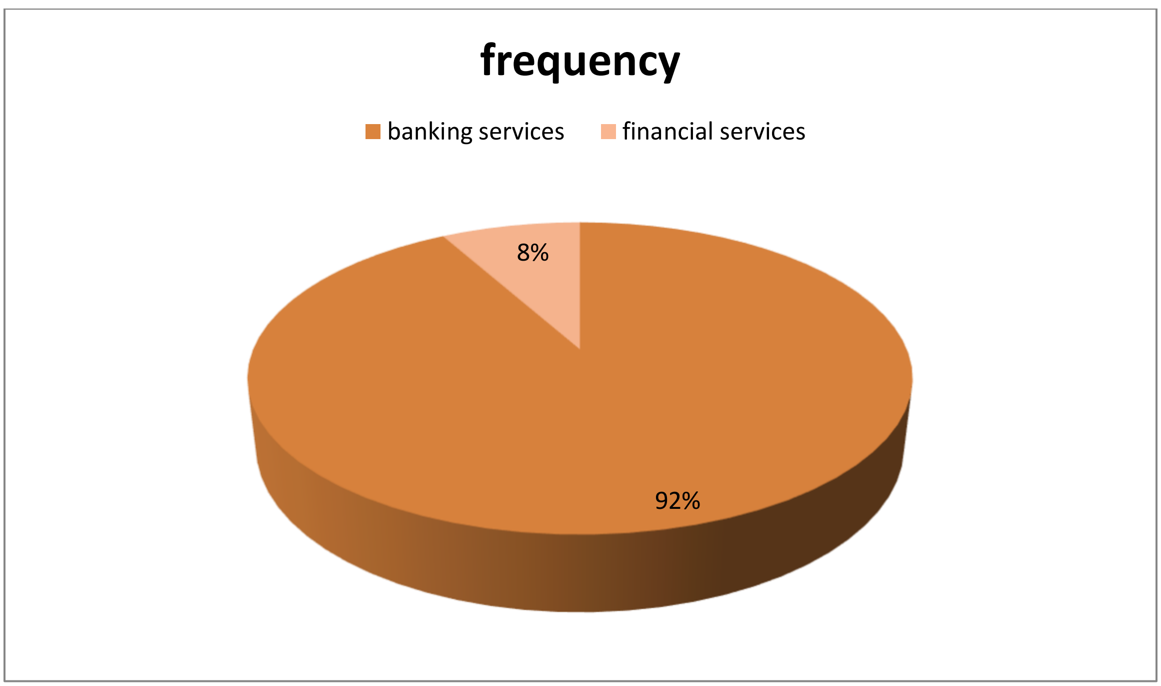


INTERPRETATION

In this above table and diagram you can see how people are aware about types of financial institution. There are few types of financial institution 37.5% people prefer investment banks, 32.8% people prefer commercial bank, 17.2% people use internet banks, 4 % of people use retail bank, 2.2% people prefer mortage companies, 6.3% people use insurance companies to invest their money.

Table 7 : which service you uses?

services	frequency	Percentage
Banking services	91.9	91.9%
Financial services	8.1	8.1%
total	100	100%

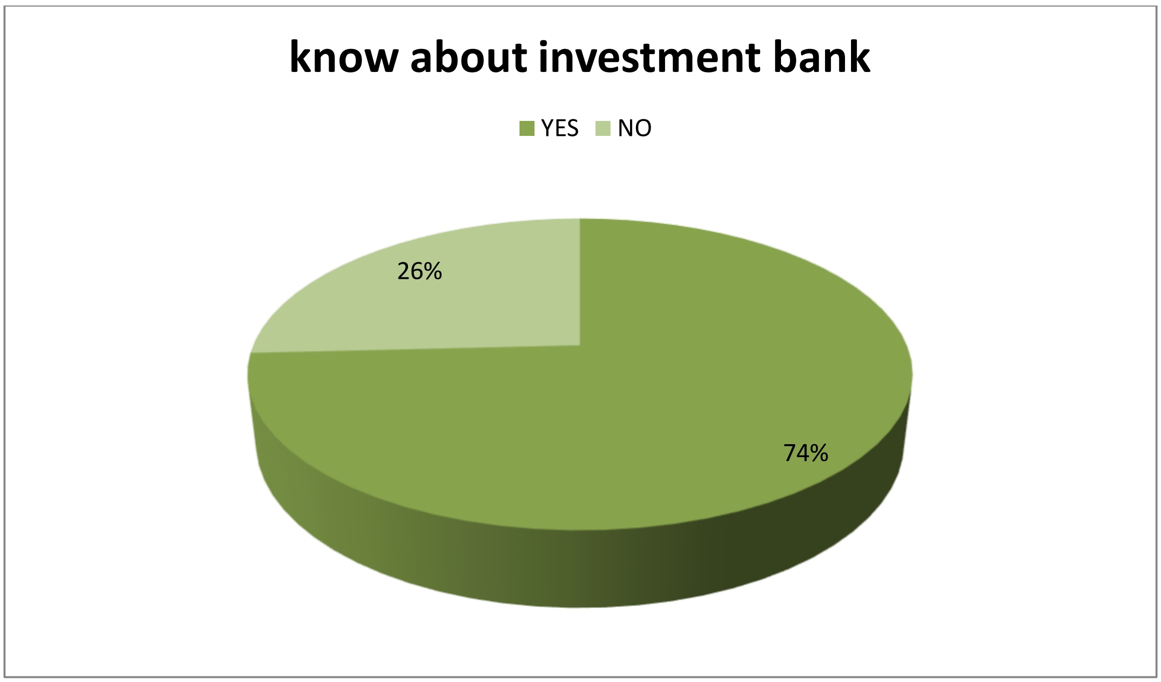


INTERPRETATION

In the above table and diagram we can see 92% people used banking services, and 8% people used financial institution.

Table 8: How many people know about investment bank ?

Response	Frequency	Percentage
YES	74.2	74.2%
NO	25.8	25.8%
Total	100	100

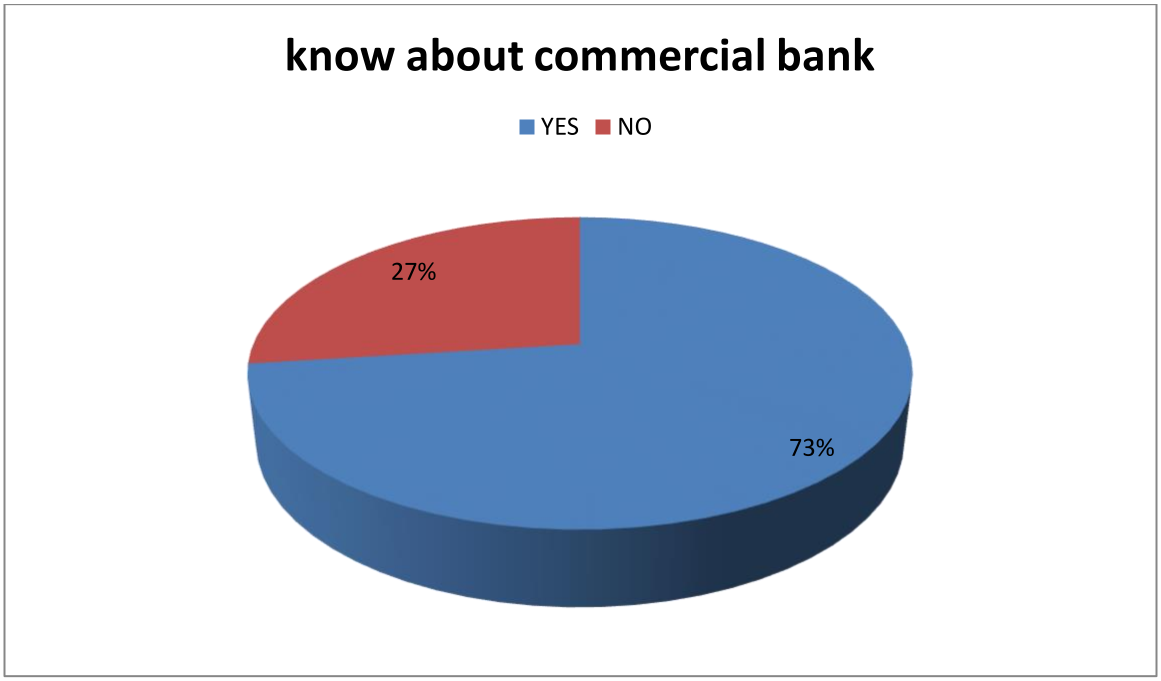


INTERPRETATION

In this above table and diagram you can see how many people know about investment bank, as 74% people know about investment bank, and 26% people have knowledge about investment bank.

Table 9: How many people know about commercial bank ?

Response	Frequency	Percentage
YES	73	73%
NO	27	27%
total	100	100



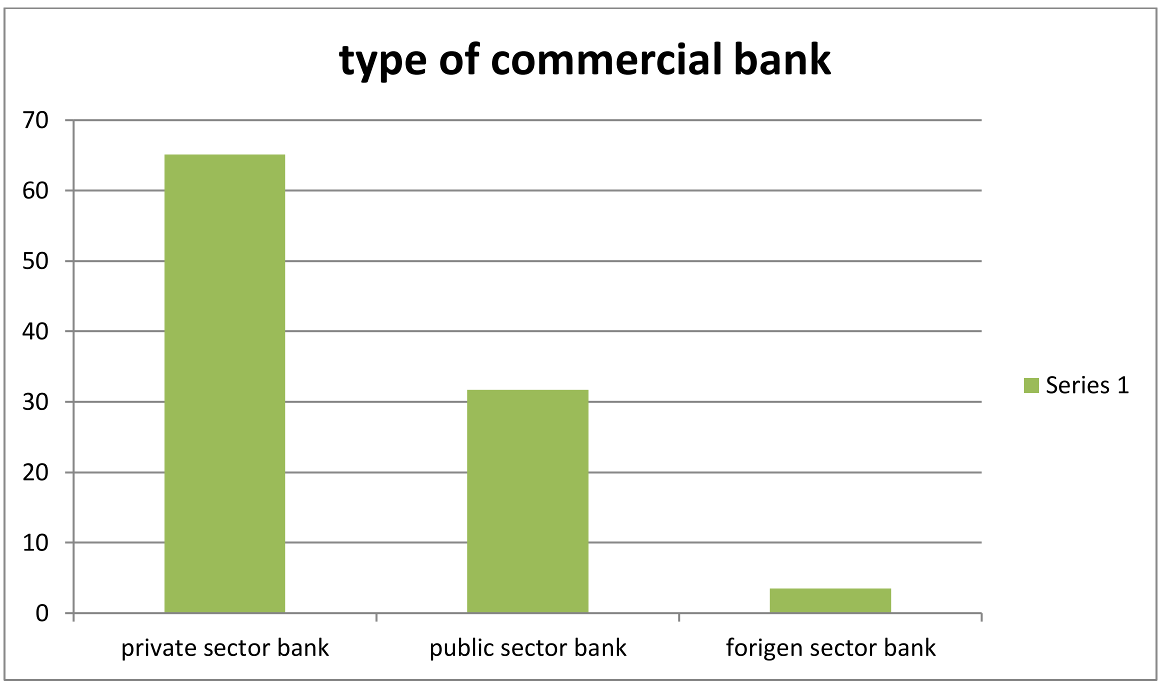
INTERPRETATION

In the above table and diagram 73% of people know commercial bank, and 27% people didn’t know about commercial bank , and they didn’t invest in the commercial bank.

Table 10 : which type of commercial banks would people prefer ?

Study on financial institution prevailing in market

Types of commercial bank	frequency	percentage
Private sector bank	65.1	65.1%
Public sector bank	31.7	31.7%
Forigen sector bank	3.2	3.2%



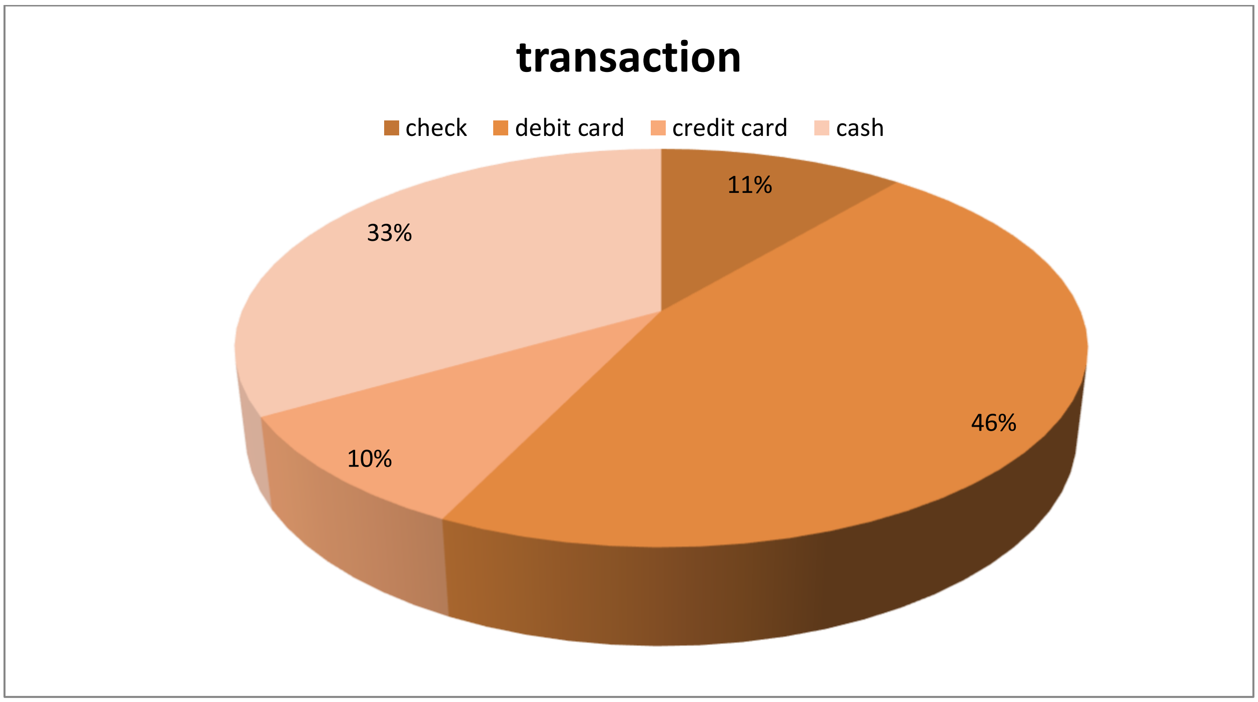
INTERPRETATION

In this above table and diagram 65.1% people prefer public sector bank, 31.7 % people prefer private sector bank, and 3.2% people prefer forigen sector bank. Many people invest their money in public sector bank.

Table 11: which type of transaction you prefer most ?

Transaction	Frequency	Percentage

check	11.1	11.1%
Debit card	46	46%
Credit card	9.5	9.5%
cash	33.3	33.3%
total	100	100%



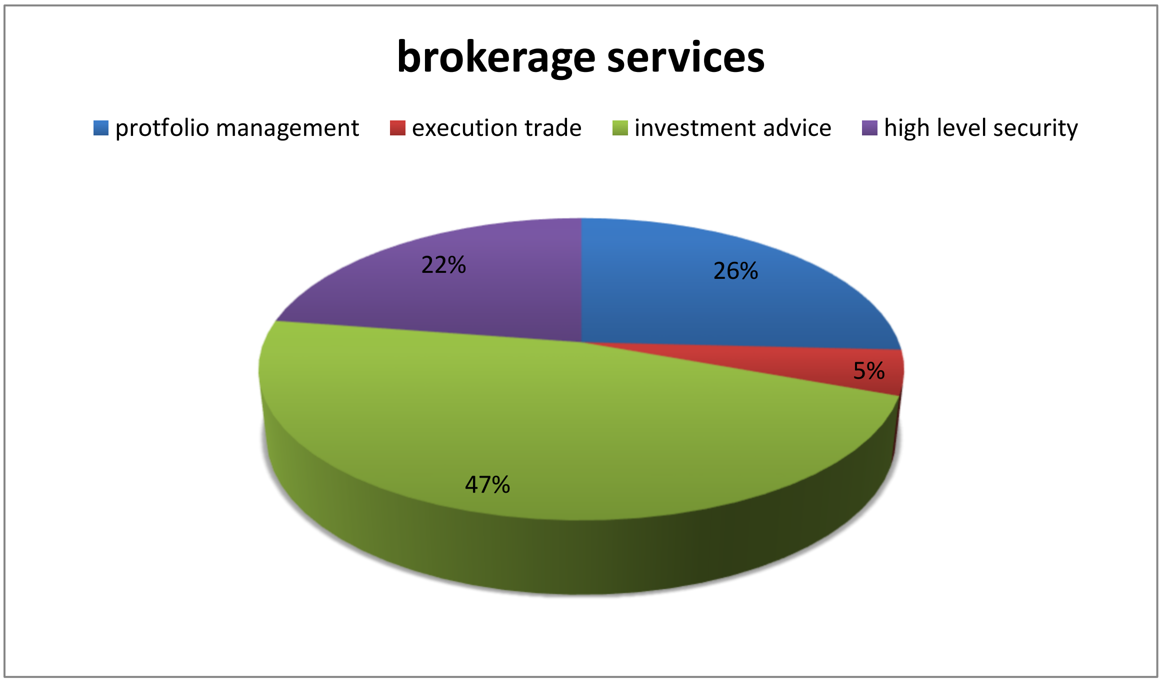
INTERPRETATION

In this above table you can see there are some type of transactions, in this 11% of people use checks, 46% of people use debit cards, 10% of people usecredit cards, and 33% of people use cash basis.

Table 12 : which brokerage service you prefer the most ?

Brokerage service	Frequency	Percentage

Portfolio management	25.8	25.8%
Execution trade	4.8	4.8%
Investment advice	46.8	46.8%
High level of security	22.6	22.6%
total	100	100



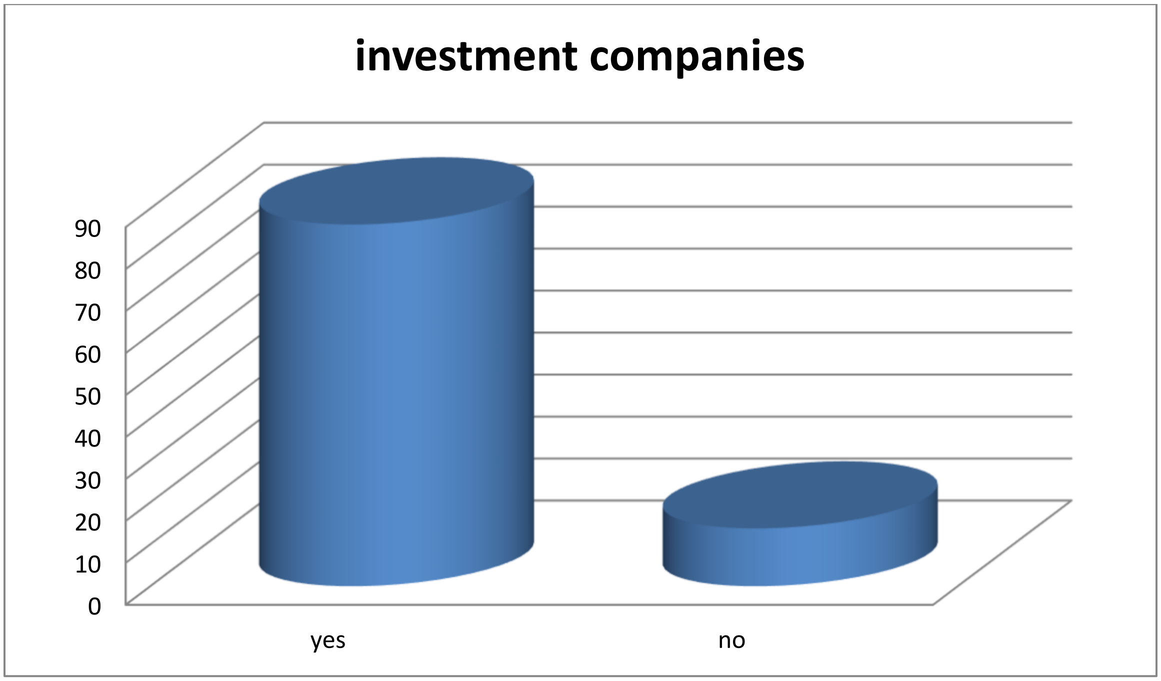
INTERPRETATION

In this table you can see there are some brokerage services, out of this 47% of people prefer investment advice, 22% of people prefer high level security, 5 % of people prefer execution trade, and 26% of people prefer portfolio management.

Table 13 : How many people hear about insurance companies ?

Resposes	Frequency	Percentage

YES	86.2	86.2%
NO	13.8	13.8%

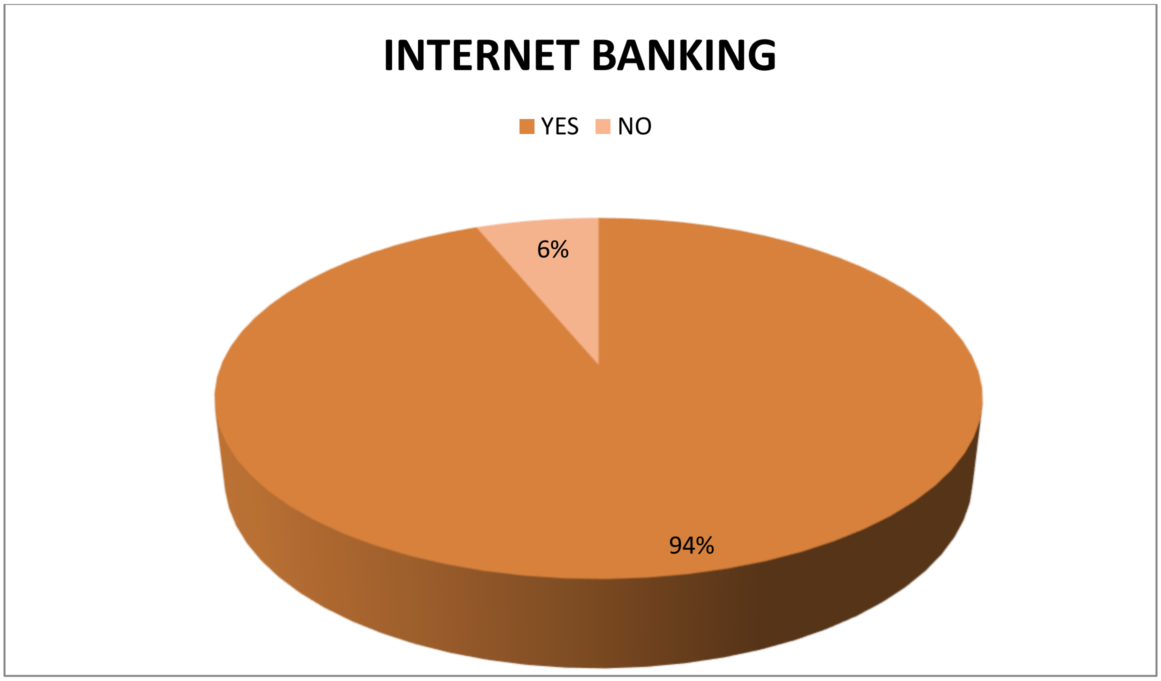


INTERPRETATION

In this above table and diagram you can see how many people know about insurance companies. Many of the people are aware what insurance companies are. There are 86.2 % of people knows insurance companies, and 13.8% of people's response is 'no'.

Table 14: How many people know about internet banking ?

Response	Frequency	Percentage
YES	93.8	93.8%
NO	6.2	6.2%

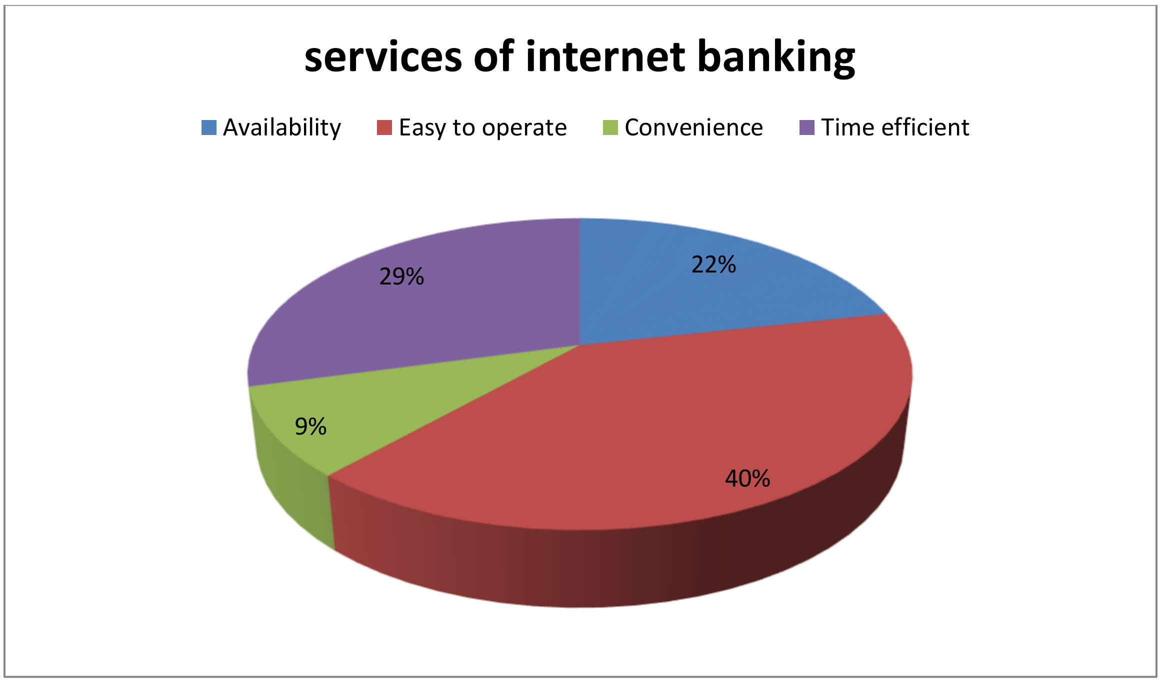


INTERPRETATION

In this above table and diagram you can see 94% people knowing and using internet banking, and only 6% of people didn't know about internet banking.

Table 15: which service people prefer the most of internet banking ?

Services of internet banking	Frequency	Percentage
Availability	21.5	21.5%
Easy to operate	40	40%
Convenience	9.2	9.2%
Time efficient	29.2	29.2%

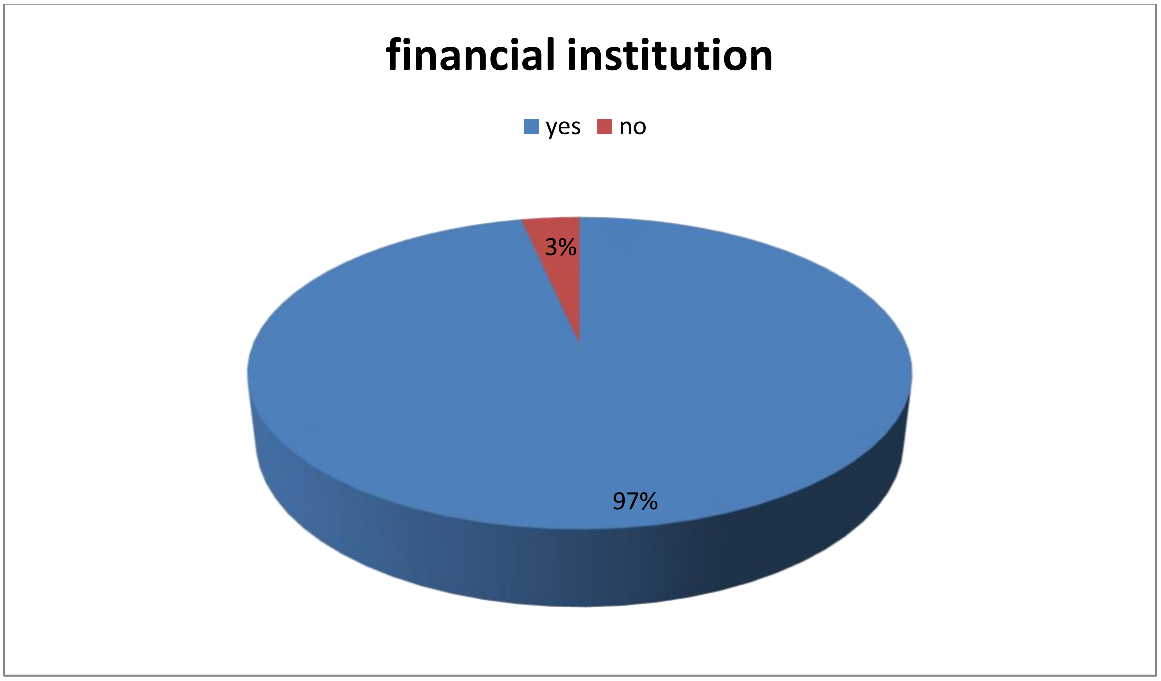


INTERPRETATION

In this above table and diagram you can see 40% of people use internet banking because its easy to operate, 29% of people use internet banking because its time efficient service, 22% of people use internet banking because availability service, and 9% of people use internet banking because of its convenience.

Table 16 : Do you think financial institution make powerful impact on our life ?

Responses	Frequency	Percentage
YES	90.8	90.8%
NO	9.2	9.2%



INTERPRETATION

In this above table and diagram 97% of people think financial institution make powerful impact on our life, and 3% of people think financial institution didn't make powerful impact on our life.

E. Summary and conclusion

Financial institution is very essential part of financial system.

• Financial institution play a vital role in economic development

• Indian financial institutions are very strong but its operation is very poor quality we, Indian make very good plan but in implication we are lacking in somewhere.

• We have full range of financial institution bur we can not use in effective manner.

Financial institutions play a pivotal role in every economy. They are regulated by a central government organization for banking and non-banking financial institutions. These institutions help in bridging the gap between idle savings and investment and its borrowers, i.e., from net savers to net borrowers.

Financial institutions are the backbone of the economy. Without the help of these institutions, the economy will go down and will not be able to stand up.

Due to their pivotal role in the development and growth of the economy, the government regulates these institutions through the central bank, insurance regulators, pension fund regulators, and so on. Over the years, their role has expanded from accepting and lending funds to larger areas of services.

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2. APPENDIX

1. Your name ?

Study on financial institution prevailing in market

2. Your gender ?

- Male
- Female
- Third gender

3. Your age ?

- 15 – 20
- 20-25
- 25-30
- 30-40
- 40 and above

4. Your occupation ?

- Student
- Business
- Other

5. Your income ?

- 2000-5000
- 5000-10000
- 10000-20000
- 20000 and above

6. Do you know about financial institution ?

- Yes
- No

7. Which type of financial institution you prefer most ?

- Investment bank

- Commercial bank
- Internet bank
- Retail bank
- Insurance companies
- Mortage companies

8. Are you use ?

- Banking services
- Financial services

9. Do you know about investment bank ?

- Yes
- No

10. Do you know about commercial bank ?

- Yes
- No

11. Which type of commercial banks would you prefer ?

- Private sector bank
- Public sector bank
- Forigen sector bank

12. Which type of transaction you prefer most ?

- Check
- Debit card
- Credit card
- Cash

13. Which brokerage service you prefer most ?

- Portfolio management
- Execution trade
- Investment advice
- High level of security

14. Are you here about insurance companies ?

- Yes
- No

15. Which service you prefer the most of internet banking ?

- Availability
- Easy to operate
- Convenience
- Time efficient

16. Do you think financial institution make powerful impact on our life ?

- Yes
- No

----------THANK YOU----------