

Types of Banks

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Types of Banks

Banks can be classified into various types. Given below are the bank types in India:-

- **Central Bank**
- **Cooperative Banks**
- **Commercial Banks**
- **Regional Rural Banks (RRB)**
- **Local Area Banks (LAB)**
- **Specialized Banks**
- **Small Finance Banks**
- **Payments Banks**

Functions of Banks

The major functions of banks are almost the same but the set of people each sector or type deals with may differ. Given below the functions of the banks in India:

- Acceptance of deposits from the public
- Provide demand withdrawal facility
- Lending facility
- Transfer of funds
- Issue of drafts
- Provide customers with locker facilities
- Dealing with foreign exchange
- Apart from the above-mentioned list, various utility functions also need to be performed by the various banks.

Central Bank

- The [Reserve Bank of India](#) is the central bank of our country. Each country has a central bank that regulates all the other banks in that particular country.
- The main function of the central bank is to act as the Government's Bank and guide and regulate the other banking institutions in the country. Given below are the functions of the central bank of a country:
 - Regulating other banks
 - Issuing currency
 - Implementing the monetary policies
 - Supervisor of the financial system
- In other words, the central bank of the country may also be known as the banker's bank as it provides assistance to the other banks of the country and manages the financial system of the country, under the supervision of the Government.

Cooperative Banks

- These banks are organised under the state government's act. They give short term loans to the agriculture sector and other allied activities.
- The main goal of Cooperative Banks is to **promote social welfare** by providing concessional loans
- They are organised in the 3 tier structure
- Tier 1 (State Level) – State Cooperative Banks (regulated by RBI, State Govt, NABARD)
 - Funded by RBI, government, NABARD. Money is then distributed to the public
 - Concessional CRR, SLR applies to these banks. (CRR- 3%, SLR- 25%)
 - Owned by the state government and top management is elected by members
- Tier 2 (District Level) – Central/District Cooperative Banks
- Tier 3 (Village Level) – Primary Agriculture Cooperative Banks

Commercial Banks

- Organised under the Banking Companies Act, 1956
- They operate on a commercial basis and its main objective is profit.
- They have a unified structure and are owned by the government, state, or any private entity.
- They tend to all sectors ranging from rural to urban
- These banks do not charge concessional interest rates unless instructed by the RBI
- Public deposits are the main source of funds for these banks
- The commercial banks can be further divided into three categories:
- **Public sector Banks** – A bank where the majority stakes are owned by the Government or the central bank of the country.
- **Private sector Banks** – A bank where the majority stakes are owned by a private organization or an individual or a group of people
- **Foreign Banks** – The banks with their headquarters in foreign countries and branches in our country, fall under this type of bank

Private Sector Banks	Foreign Banks
<p>Catholic Syrian Bank</p> <p>City Union Bank</p> <p>Dhanlaxmi Bank</p> <p>Federal Bank</p> <p>Jammu and Kashmir Bank</p> <p>Karnataka Bank</p> <p>Karur Vysya Bank</p> <p>Lakshmi Vilas Bank</p> <p>Nainital Bank</p> <p>Ratnakar Bank</p> <p>South Indian Bank</p> <p>Tamilnad Mercantile Bank</p> <p>Axis Bank</p> <p>Development Credit Bank (DCB Bank Ltd)</p> <p>HDFC Bank</p> <p>ICICI Bank</p> <p>IndusInd Bank</p> <p>Kotak Mahindra Bank</p> <p>Yes Bank</p> <p>IDFC</p> <p>Bandhan Bank of Bandhan Financial Services.</p>	<p>Australia and New Zealand Banking Group Ltd.</p> <p>National Australia Bank</p> <p>Westpac Banking Corporation</p> <p>Bank of Bahrain & Kuwait BSC</p> <p>AB Bank Ltd.</p> <p>HSBC</p> <p>CITI Bank</p> <p>Deutsche Bank</p> <p>DBS Bank Ltd.</p> <p>United Overseas Bank Ltd</p> <p>J.P. Morgan Chase Bank</p> <p>Standard Chartered Bank</p> <p>There are over 40 Foreign Banks in India</p>

- **Regional Rural Banks (RRB)**
- These are special types of commercial Banks that provide concessional credit to agriculture and rural sector.
- RRBs were established in 1975 and are registered under a Regional Rural Bank Act, 1976.
- RRBs are joint ventures between the Central government (50%), State government (15%), and a Commercial Bank (35%).
- 196 RRBs have been established from 1987 to 2005.
- From 2005 onwards government started merger of RRBs thus reducing the number of RRBs to 82
- One RRB cannot open its branches in more than 3 geographically connected districts.

- **Local Area Banks (LAB)**
- Introduced in India in the year 1996
- These are organized by the private sector
- Earning profit is the main objective of Local Area Banks
- Local Area Banks are registered under Companies Act, 1956
- As of January 2022, there are **two active Local Area Banks (LAB)** in India: Coastal Local Area Bank Ltd and Krishna Bhima Samruddhi Local Area Bank Ltd.
- Previously, the Capital Local Area Bank Ltd was converted to a small finance bank while license of Subhadra Local Area Bank Ltd., Kolhapur was cancelled by RBI

- **Specialized Banks**

- Certain banks are introduced for specific purposes only. Such banks are called specialized banks. These include:
- Small Industries Development Bank of India (SIDBI) – Loan for a small scale industry or business can be taken from SIDBI. Financing small industries with modern technology and equipments is done with the help of this bank
- [EXIM Bank](#) – EXIM Bank stands for Export and Import Bank. To get loans or other financial assistance with exporting or importing goods by foreign countries can be done through this type of bank
- National Bank for Agricultural & Rural Development ([NABARD](#)) – To get any kind of financial assistance for rural, handicraft, village, and agricultural development, people can turn to NABARD.
- There are various other specialized banks and each possesses a different role in helping develop the country financially.

Small Finance Banks

As the name suggests, this type of bank looks after the micro industries, small farmers, and the unorganized sector of the society by providing them loans and financial assistance. These banks are governed by the central bank of the country. Given below is the list of the Small Finance Banks in our country:

AU Small Finance Bank	Equitas Small Finance Bank	Jana Small Finance Bank	Northeast Small Finance Bank
Capital Small Finance Bank	Fincare Small Finance Bank	Suryoday Small Finance Bank	Ujjivan Small Finance Bank
Esaf Small Finance Bank	Utkarsh Small Finance Bank		

- **Payments Banks**

- A newly introduced form of banking, the payments bank have been conceptualized by the Reserve Bank of India. People with an account in the payments bank can only deposit an amount of up to Rs.1,00,000/- and cannot apply for loans or credit cards under this account.
- Options for online banking, mobile banking, the issue of ATM, and debit card can be done through payments banks. Given below is a list of the few payments bank in our country:
 - Airtel Payments Bank
 - India Post Payments Bank
 - Fino Payments Bank
 - Jio Payments Bank
 - Paytm Payments Bank
 - NSDL Payments Bank

There are 12 public sector banks in India as of 1 March 2023.^[3]

Anchor Bank ⇅	Established ⇅	Headquarters ⇅	Government Shareholding ⇅	Branches ⇅	Total Assets ⇅	Revenues ⇅
Bank of Baroda	1908	Vadodara, Gujarat	63.97%	9,693	₹1,525,878.97 crore (US\$190 billion)	₹110,777.98 crore (US\$14 billion)
Bank of India	1906	Mumbai, Maharashtra	81.41%	5,152	₹815,555.61 crore (US\$100 billion)	₹54,747.61 crore (US\$6.9 billion)
Bank of Maharashtra	1935	Pune, Maharashtra	90.97%	2,022	₹184,082 crore (US\$23 billion)	₹13,144.67 crore (US\$1.6 billion)
Canara Bank	1906	Bengaluru, Karnataka	62.93%	9,677	₹1,381,029.56 crore (US\$170 billion)	₹111,209.76 crore (US\$14 billion)
Central Bank of India	1911	Mumbai, Maharashtra	93.08%	4,608	₹369,214.99 crore (US\$46 billion)	₹25,897.44 crore (US\$3.2 billion)
Indian Bank	1907	Chennai, Tamil Nadu	79.86%	5,787	₹710,500.73 crore (US\$89 billion)	₹52,085 crore (US\$6.5 billion)
Indian Overseas Bank	1937	Chennai, Tamil Nadu	96.38%	3,217	₹274,000.35 crore (US\$34 billion)	₹22,422.91 crore (US\$2.8 billion)
Punjab and Sind Bank	1908	New Delhi, NCT of Delhi	97.07%	1,526	₹121,067.55 crore (US\$15 billion)	₹8,826.92 crore (US\$1.1 billion)
Punjab National Bank	1894	Dwarka, NCT of Delhi	73.15%	10,769	₹1,493,648.94 crore (US\$190 billion)	₹102,880.50 crore (US\$13 billion)
State Bank of India	1955	Mumbai, Maharashtra	57.62%	22,219	₹5,954,418.30 crore (US\$750 billion)	₹473,378.14 crore (US\$59 billion)
UCO Bank	1943	Kolkata, West Bengal	95.39%	3,087	₹253,336.1092 crore (US\$32 billion)	₹18,166.42 crore (US\$2.3 billion)
Union Bank of India	1919	Mumbai, Maharashtra	83.49%	9,315	₹1,288,357.10 crore (US\$160 billion)	₹97,078.50 crore (US\$12 billion)

There are 21 private banks in India as of 1 March 2023.

Bank Name *	Established *	Headquarters *	Branches *	Total Assets *	Revenues *	Refs
Axis Bank	1993	Mumbai, Maharashtra	4,594	₹1,344,418 crore (US\$170 billion)	₹106,156 crore (US\$13 billion)	[34]
Bandhan Bank	2015	Kolkata, West Bengal	1,627	₹114,993 crore (US\$14 billion)	₹14,633 crore (US\$1.8 billion)	[25]
CSB Bank	1920	Thrissur, Kerala	512	₹23,337 crore (US\$2.9 billion)	₹3,450 crore (US\$430 million)	[26]
City Union Bank	1904	Kumbakonam, Tamil Nadu	702	₹53,311 crore (US\$6.7 billion)	₹4,839 crore (US\$610 million)	[27][28]
DCB Bank	1930	Mumbai, Maharashtra	352	₹39,602 crore (US\$5.0 billion)	₹3,916 crore (US\$490 million)	[29]
Dhanlaxmi Bank	1927	Thrissur, Kerala	245	₹13,096 crore (US\$1.6 billion)	₹1,072 crore (US\$130 million)	[30]
Federal Bank	1931	Kochi, Kerala	1,272	₹204,966 crore (US\$26 billion)	₹15,702 crore (US\$2.0 billion)	[31]
HDFC Bank	1994	Mumbai, Maharashtra	7,860	₹2,530,432 crore (US\$320 billion)	₹205,000 crore (US\$26 billion)	[32][33]
ICICI Bank	1994	Mumbai, Maharashtra	5,266	₹1,958,490.50 crore (US\$250 billion)	₹186,178.50 crore (US\$23 billion)	[34][35][36]
IDBI Bank	1964	Mumbai, Maharashtra	1,937	₹298,662 crore (US\$37 billion)	₹24,803 crore (US\$3.1 billion)	[37][38]
IDFC First Bank	2015	Mumbai, Maharashtra	707	₹163,071 crore (US\$20 billion)	₹18,221 crore (US\$2.3 billion)	[39]
IndusInd Bank	1994	Mumbai, Maharashtra	2,015	₹362,903 crore (US\$45 billion)	₹28,999 crore (US\$3.6 billion)	[40]
Jammu & Kashmir Bank	1938	Srinagar, Jammu and Kashmir	957	₹82,018 crore (US\$10 billion)	₹7,166 crore (US\$900 million)	[41]
Kannataka Bank	1924	Mangaluru, Karnataka	913	₹85,580 crore (US\$11 billion)	₹6,232 crore (US\$780 million)	[42]
Karur Vysya Bank	1916	Karur, Tamil Nadu	811	₹74,623 crore (US\$9.3 billion)	₹5,470 crore (US\$690 million)	[43]
Kotak Mahindra Bank	2003	Mumbai, Maharashtra	1,604	₹620,429.73 crore (US\$78 billion)	₹67,981.02 crore (US\$8.5 billion)	[44]
Nainital Bank	1922	Nainital, Uttarakhand	160	₹8,438 crore (US\$1.1 billion)	₹727 crore (US\$91 million)	[45]
RBL Bank	1943	Mumbai, Maharashtra	435	₹100,618 crore (US\$13 billion)	₹8,561 crore (US\$1.1 billion)	[46]
South Indian Bank	1929	Thrissur, Kerala	935	₹94,149 crore (US\$12 billion)	₹7,305 crore (US\$910 million)	[47]
Tamilnad Mercantile Bank	1921	Theothukkudi, Tamil Nadu	509	₹42,758 crore (US\$5.4 billion)	₹3,992 crore (US\$500 million)	[48]
Yes Bank	2004	Mumbai, Maharashtra	1,070	₹273,593 crore (US\$34 billion)	₹20,039 crore (US\$2.5 billion)	[49][50]

Bank Name	Established	Headquarters	Branches	Revenues
Airtel Payments Bank	2017	New Delhi, Delhi		₹627 crore (US\$79 million)
India Post Payments Bank	2018	New Delhi, Delhi	650 Branches	₹55 crore (US\$6.9 million)
Paytm Payments Bank	2017	Noida, Uttar Pradesh		₹2,109 crore (US\$260 million)
Jio Payments Bank	2018	Mumbai, Maharashtra		₹13 crore (US\$1.6 million)
Fino Payments Bank	2017	Mumbai, Maharashtra	410 Branches	₹791 crore (US\$99 million)
NSDL Payments Bank	2018	Mumbai, Maharashtra		₹62 crore (US\$7.8 million)