



EFFICIENCY OF ACCOUNTING SERVICES IN PRIVATE SECTOR BANKS:A COMPARATIVE STUDY ON PROFITABILITY AND FINANCIAL STRUCTURE OF INDIAN AND JORDANIAN PRIVATE SECTOR BANKS

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ABSTRACT—

The objective of this study was to compare the overall profitability and efficiency of different private sector banks in India and Jordan based on the performances of profitability and efficiency ratios like return on net worth, return on asset, non-performing assets (NPA) ratio, credit to deposit ratio and Investment to deposit ratio. Profitability is a measure of efficiency and control. It indicates the efficiency or effectiveness with which the operations of the business are carried on. Measuring profitability is the most important measure of the success of the business. If a business is not profitable it cannot survive. On the other hand if a business is highly profitable it has the ability to reward its owners with a large return on their investment. Increasing profitability is one of the most important tasks of the business managers. The potential changes can be analyzed with a support of income statement and balance sheet. Financial ratios are employed to measure the profitability and liquidity of banks; in addition Analysis of Variance (ANOVA) was used to test the significance differences of profitability means among the Indian and Jordanian private sector banks under study. The study found that there is significance difference among the mean value of Return on Net worth and Return on Assets and there is no significance difference among the mean value of NPA and CDR of Indian and Jordanian private sector banks under study.

KEYWORDS— Financial structure, profitability, financial ratios, private sector banks, India and Jordan.

INTRODUCTION

"Private-sector banks" are those banks where greater parts of stake or equity are held by the private shareholders and not by government. The private banks are the major players in the banking sector as well as in expansion of the business activities in India and in Jordan. The present private-sector banks are equipped with all kinds of contemporary innovations, monetary tools and techniques to handle the complexities and have highly developed organizational structure which is professionally managed. Thus the private banks have grown faster and stronger since past few years. Private-sector banks have been functioning in India and Jordan since the very beginning of the banking system. The present study is different from earlier studies in two ways: sample coverage and methodology. The study is motivated by the fact that, the measurement of financial performance of the banking sector is important for several reasons. First, financial performance is a vital factor for financial institutions wishing to carry out their business successfully, given the increasing competition in the financial markets. Second, in a rapidly changing and more globalised financial marketplace, governments, regulators, managers and investors are concerned about how efficiently banks transform their expensive inputs into various financial products and services. Third, the financial performance measures are critical aspects of banking sector that enable us to distinguish

banks that has the capability to survive and prosper from those that may have problems with competitiveness. Additionally, financial ratios enable us to identify unique bank strengths and weaknesses, which in itself inform bank profitability, liquidity and credit quality.

REVIEW OF LITERATURE

Review of literature is essential for every research to carry on investigation successfully. Hence the present study is also based on the following review.

Brindadevi .V(2013), in his article on an evaluation of the financial performance of Indian private sector banks wrote Private sector banks play an important role in development of Indian economy. After liberalization the banking industry underwent major changes. The economic reforms totally have changed the banking sector. RBI permitted new banks to be started in the private sector as per the recommendation of Narashiman committee. The Indian banking industry was dominated by public sector banks. But now the situations have changed new generation banks with use of technology and professional management has gained a reasonable position in the banking industry.

Khizer at el (2014) study about banks' profitability in Pakistan, they found a significant relation between asset management ratios, capital and economic growth and with ROA, the operating efficiency, asset management and economic growth are significant with the ROE. On the other hand, domestic banks are determined to have a lesser capital adequacy ratio than foreign banks.

Chiaku at el (2006) examined the comparative performance of small U.S. commercial banks, medium size commercial banks and large commercial banks for the period of 1997-2002 by employing profit efficiency (PROFEFF), return-on-assets (ROA), interest income, non interest income and loan loss reserve as criteria for the comparison. The results showed that between 1997 and 1999, small banks were more profit efficient (PROFEFF) than large banks but less than medium- size banks.

Abdus at el (2006) evaluated the inter-temporal performance of commercial banks; the study was based on three categories of bank size, large, medium and small banks in the State of Utah for the period of 5 years from 2000 to 2004, by using two measures of performance – profits and quality of loans. T-tests and Kruskal-Wallis tests were applied to a variety of standard bank operations measures to determine whether there are significant differences in performance among the three categories of banks. The performance measures used were return on assets (ROA), return on equity (ROE), loan loss reserve ratio, and loans past due 30-89 days as a percentage of total loans. The study results showed that, no significant difference in performance between small and large banks between the years 2000 and 2004. However, there was a significant difference between small and medium, and medium and large banks in their ROA; the ROA of medium banks is significantly higher than that of small and large banks.

Sanullah (2009) compared the financial performance of Islamic and Conventional banks in Pakistan from 2006 to 2009 by employing Independent sample t-test and ANOVA to determine the significance of mean differences of financial ratios between and among banks, eighteen financial ratios were estimated to measure the performances in term of profitability, liquidity, risk and solvency, capital adequacy, deployment and operational efficiency. The results of the study indicated that, Islamic banks proved to be more liquid, less risky and operationally efficient than conventional banks.

OBJECTIVES OF THE STUDY

- a) To analyze the profitability of selected Indian and Jordanian private sector banks by using the Return on Net worth and Return on asset ratios
- b) To analyze the financial structure of selected Indian and Jordanian private sector banks by comparing Non-performing asset(NPA) and Credit to Deposit ratio.

SCOPE OF STUDY

The study is about the role of profitability analysis of private sectors banks in India and in Jordan. It mainly dealt with the Profitability ratios which show the overall efficiency and performance of private banks. A variety of Profitability Ratios (Decision Tool) can be used to assess the financial health of a business. The study covers a period of 5 years from 2012- 2017.

METHODOLOGY

Data Collection: The study is based on secondary data. Information required for the study has been collected from the annual report of AXIS, ICICI, HDFC, YES, IndusInd in India and Arab Bank, Bank of Jordan and The Housing Bank of Trade and Commerce in Jordan and different books, journals, magazines and data collected from various bank websites.

Statistical Tools

In this study various statistical tools are used (i.e.,) Mean, Standard deviation, Coefficient of variation, ANOVA and t- test have been used for data analysis.

Hypotheses

- H₀: There is no significant difference in the profitability of the selected banks under study
 H₁: There is a significant difference in the profitability of the selected banks under study
 H₀: There is no significant difference in the financial structure of selected banks under study
 H₂: There is a significant difference in the financial structure of selected banks under study

Overview Of Profitability

Profitability is the primary goal of all business ventures. Without profitability the business will not survive in the long run. So measuring current and past profitability and projecting future profitability is very important. Profitability is measured with income and expenses-the ability to earn a profit. Infact, efficiency of business is measured in terms of profits. Profitability ratios are calculated to measure the efficiency of a business. The following profitability ratios are.

Return on Net Worth:

The return on equity ratio which is also known as the return on net worth is used by investors to determine the amount of return they are receiving from their capital investment in a company. Companies can increase their return on equity percentage by buying back their stock, increasing earnings, or using more debt to fund operations.

Return on Net worth = (Profit after tax / Equity share holder fund)*100

Table 1(a):

RETURN ON NET WORTH %					
Year	ICICI	Axis	HDFC	Indus Ind	YES bank
2012-2013	12.48	15.64	18.57	14.32	22.39
2013-2014	13.40	16.26	19.50	16.30	22.71
2014-2015	13.89	16.46	16.47	17.51	17.16
2015-2016	11.19	15.46	16.91	13.21	18.41
2016-2017	10.11	6.59	16.26	14.15	15.09
Mean	12.214	14.082	17.542	15.098	19.152
SD	1.563	4.21	1.422	1.756	3.323
CV	12.790	29.888	8.103	11.629	17.349

Table 1 (a) shows bankwise mean, standard deviation and coefficient of variation of return on net worth of selected banks. HDFC and YES Bank has highest mean value and ICICI has lowest value when compared to other banks. Standard deviation of profit after tax to equity shareholder fund of Axis Bank is 4.21 with highest coefficient of variation of 29.888 % and HDFC has 1.422 low standard deviation with lowest coefficient of variation of 8.103%

Hypothesis:

H0: There is no significance difference in profitability of different private sector banks in India in Return on Net worth $\mu_1 = \mu_2 = \mu_3 = \mu_4 = \mu_5$

H1: There is significance difference in profitability of different private sector banks in India in Return on Net worth $\mu_1 \neq \mu_2 \neq \mu_3 \neq \mu_4 \neq \mu_5$

Table: 1(b) Analysis of ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	152.0392	4	38.0098	5.235768	0.00473	2.866081
Within Groups	145.1928	20	7.259642			
Total	297.2321	24				

Since the calculated value of F(5.23577) is greater than the table value (2.8662) as shown in Table 1(b) ANOVA, null hypothesis is rejected. It is therefore, concluded that there is a significance difference in the return on net worth of (AXIS, ICICI, HDFC, Indus Indand YES) private sector banks in India.

Jordanian Banks

H0 = There is no significance difference in the profitability of different Jordanian banks in return on net worth. ($\mu_1 = \mu_2 = \mu_3$)

H1 = There is significance difference in the profitability of different Jordanian banks in return on net worth ($\mu_1 \neq \mu_2 \neq \mu_3$)

Table 1(c)

Return on Net worth			
Year	Bank of Jordan	Arab bank	The Housing Bank
2012	13.55	4.58	4.24
2013	13.73	6.56	0.49
2014	14.44	7.46	4.95
2015	11.70	5.51	0.49
2016	10.78	6.56	0.52
Mean	12.84	6.134	2.138
SD	1.5329	1.1097	2.2570
CV	11.9386	18.0906	105.5641

Table 1(c) shows bank wise mean, standard deviation and coefficient of variation of return on net worth of selected banks. Bank of Jordan has highest mean value and The Housing Bank has lowest value when compared to other banks. Standard deviation of profit after tax to equity shareholder fund of Axis Bank is 2.2570 with highest coefficient of variation of 105.5641% and Arab Bank has 1.1097 lowest standard deviation with coefficient of variation of 18.0906%

Table 1(d)

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	292.4521	2	146.226	50.5675	1.42E-06	3.885294
Within Groups	34.7004	12	2.8917			
Total	327.1525	14				

Since the calculated value of F(50.5675) is greater than the table value (3.8853) as shown in table 4(b) ANOVA, null hypothesis is rejected. It is therefore, concluded that there is a significance difference in the return on net worth of (Bank of Jordan, Arab Bank and The Housing Bank) private sectors banks in Jordan.

Profitability Comparison of Indian and Jordanian Private sector Banks (Return on Net Worth Ratio)

H0 = There is no significance difference in the profitability of Indian and Jordanian private sector banks in ratio of Return on Net Worth ($\mu_1 = \mu_2$)

H1 = There is significance difference in the profitability of Indian and Jordanian private sector banks in ratio of Return on Net Worth ($\mu_1 \neq \mu_2$)

Return on Net Worth Ratio:

Table 1(e)

Year	Indian Private sector Banks	Jordanian Banks
2012-2013	16.68	7.456667
2013-2014	17.634	6.926667
2014-2015	16.298	8.95
2015-2016	15.036	5.9
2016-2017	12.44	5.953333
mean	15.6176	7.037333
SD	2.0058	1.25648
CV	12.8432	17.85449

Table 1(f)

t-Test: Two-Sample Assuming Equal Variances

	Variable 1	Variable 2
Mean	15.6176	7.0373334
Variance	4.0232268	1.578741343
Observations	5	5
Pooled Variance	2.800984072	
Hypothesized Mean Difference	0	
df	8	
t Stat	8.106165512	
P(T<=t) two-tail	3.97098E-05	
t Critical two-tail	2.306004133	

Interpretation

T calculated value (8.106165) is higher than T critical value (± 2.306004). Null hypothesis is rejected and alternate hypothesis is accepted which indicates that there is significance difference in the profitability of private sector banks in India and private sector banks in Jordan under study in ratio of Return on Net Worth Ratio.

Return on Asset:

(ROA) is a financial ratio that shows the percentage of profit that a company earns in relation to its overall resources (total assets).

Return on asset = Net profit / Total asset

Table 2(a):

RETURN ON ASSET %					
Year	ICICI	Axis	HDFC	Indus Ind	YES bank
2012-2013	578.65	707.50	152.20	145.78	161.94
2013-2014	634.60	813.47	181.23	171.89	197.48
2014-2015	138.72	188.47	247.39	200.78	279.60
2015-2016	154.31	223.12	287.47	297.19	327.84
2016-2017	171.59	232.83	349.12	344.91	483.13
Mean	335.574	433.08	243.48	232.11	290
SD	248.496	301.67	79.557	85.176	126.29
CV	74.051	69.657	32.675	36.697	43.549

As per table 2(a) it has been found that bank wise mean standard deviation and coefficient of variation of return on asset of selected banks. ICICI and AXIS has highest mean value and Indus IndBank has lowest value when compare to other banks. Standard deviation of net profit to total asset of ICICI has 248.496 with coefficient of variation of 74.051 % and Indus IndBank has 79.557 low standard deviation with lowest coefficient of variation of 31.675%

Hypothesis:

H_0 There is no significance difference in profitability of different private sector banks in India in Return on Assets $\mu_1 = \mu_2 = \mu_3 = \mu_4 = \mu_5$

H_1 : There is significance difference in profitability of different private sector banks in India in Return on Assets $\mu_1 \neq \mu_2 \neq \mu_3 \neq \mu_4 \neq \mu_5$

Table 2(b): Analysis of ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	133220.7	4	33305.17	0.913525	0.475215	2.866081
Within Groups	729157.6	20	36457.88			
Total	862378.3	24				

Since the calculated value of F(0.913525) is less than the table value (2.8662) as shown in table 5(b) ANOVA, null hypothesis is accepted. It is therefore, concluded that there is no significance difference in profitability of different private sector banks in India in Return on Assets (AXIS, ICICI, HDFC, Indus Ind and YES).

Jordanian Banks

H0 = There is no significance difference in the profitability of different Jordanian banks in Return on Asset. ($\mu_1 = \mu_2 = \mu_3$)

H1 = There is significance difference in the profitability of different Jordanian banks in Return on Asset ($\mu_1 \neq \mu_2 \neq \mu_3$)

Table 2(c):

Return on Asset			
Year	Bank of Jordan	Arab bank	The Housing Bank
2012	1.78	0.75	0.15
2013	1.99	1.08	0.02
2014	2.21	1.21	0.14
2015	1.86	0.89	0.08
2016	1.82	1.08	0.05
Mean	1.932	1.002	0.088
SD	0.17427	0.18130	0.05630
CV	9.02018	18.09390	63.98040

As per table 2(c) it has been found that bank wise mean standard deviation and coefficient of variation of return on asset of selected banks. Bank of Jordan has highest mean value and The Housing Bank has lowest value when compared to other banks. Standard deviation of net profit to total asset of The Housing Bank is lowest 0.0563 with highest coefficient of variation of 63.9804% and Bank of Jordan has 0.17427 low standard deviation with lowest coefficient of variation of 9.02018%

Table 2(d)**ANOVA**

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	8.501053	2	4.250527	192.0129	7.74E-10	3.885294
Within Groups	0.26564	12	0.022137			
Total	8.766693	14				

Since the calculated value of F(192.0129) is greater than the table value (3.885294) as shown in table 5(b) ANOVA, null hypothesis is rejected. It is therefore concluded that there is significance difference in profitability of different private sector banks in Jordan in Return on Assets (Bank of Jordan, Arab bank and The Housing Bank).

Profitability Comparison of Indian Private sector Banks and Jordanian Private sector Banks (Return on Assets Ratio)

H0 = There is no significance difference in the profitability of private sector banks and Jordanian Banks in ratio of Return on Assets ($\mu_1 = \mu_2$)

H1 = There is significance difference in the profitability of private sector banks and Jordanian Banks in ratio of Return on Assets ($\mu_1 \neq \mu_2$)

Table 2(e): Return on Assets Ratio:

Year	Indian Private sector Banks	Jordanian Banks
2012-2013	349.214	0.893333
2013-2014	399.734	1.03
2014-2015	210.992	1.186667
2015-2016	257.986	0.943333
2016-2017	316.316	0.983333
mean	306.8484	1.007333
SD	74.3105	0.112185
CV	24.21733	11.13687

Table 2(f):

t-Test: Two-Sample Assuming Equal Variances

	Variable 1	Variable 2
Mean	306.8484	1.0073332
Variance	5522.049439	0.012585619
Observations	5	5
Pooled Variance	2761.031012	
Hypothesized Mean Difference	0	
df	8	
t Stat	9.203015677	
P(T<=t) two-tail	1.57237E-05	
t Critical two-tail	2.306004133	

Interpretation

T calculated value (9.20302) is higher than T critical value (± 2.306004). Null hypothesis is rejected and alternate hypothesis is accepted which indicates that there is significance difference in the profitability of private sector banks in India and private sector banks in Jordan under study in ratio of Return on Assets Ratio.

Non-performing asset (NPA) ratio:

The net NPA to loans (advances) ratio is used as a measure of the overall quality of the bank's loan book. An NPA are those assets for which interest is overdue for more than 90 days (or 3 months).

Net NPAs are calculated by reducing cumulative balance of provisions outstanding at a period end from gross NPAs. Higher ratio reflects rising bad quality of loans.

NPA ratio = Net non-performing assets / Loans given

Table 3(a):

NPA Ratio					
Year	ICICI	Axis	HDFC	Indus Ind	YES bank
2012-2013	0.77	0.32	0.20	0.31	0.01
2013-2014	0.97	0.40	0.30	0.33	0.05
2014-2015	1.61	0.44	0.20	0.31	0.12
2015-2016	2.67	0.70	0.28	0.36	0.29

2016-2017	4.89	2.11	0.33	0.39	0.82
Mean	2.182	0.794	0.262	0.34	0.258
SD	1.685	0.749	0.059	0.035	0.332
CV	77.238	94.373	22.645	10.189	128.651

ICICI bank has the highest average NPA ratio of 2.182 which reflects rising bad quality of loans. The bank shows a steep increase in the ratio from 2012 (0.77) to 2017 (4.89). In the case of HDFC Bank and Indus Ind bank the ratio is almost a constant for the period under study. There is an increase in the value of NPA ratio or Axis and YES Bank during 2016-17.

Hypothesis:

H₀: There is no significance difference in financial structure of different private sector banks in India in Net NPA as percentage of Assets $\mu_1 = \mu_2 = \mu_3 = \mu_4 = \mu_5$

H₁: There is significance difference in financial structure of different private sector banks in India in Net NPA as percentage of Assets $\mu_1 \neq \mu_2 \neq \mu_3 \neq \mu_4 \neq \mu_5$

Table 3(b):

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	13.49694	4	3.374236	4.79746	0.007066	2.866081
Within Groups	14.06676	20	0.703338			
Total	27.5637	24				

Since the calculated value of F(4.79746) is greater than the table value (2.8662) as shown in table (b) ANOVA, alternate hypothesis is accepted. It is therefore concluded that there is significance difference in financial structure of different private sector banks in India in Net NPA as percentage of Assets Ratio (AXIS, ICICI, HDFC, Indus Ind and YES).

Jordanian Banks

H₀ = There is no significance difference in the financial structure of different Jordanian banks in Net NPA as percentage of Assets Ratio. ($\mu_1 = \mu_2 = \mu_3$)

H₁ = There is significance difference in the financial structure of different Jordanian banks in Net NPA as percentage of Assets Ratio ($\mu_1 \neq \mu_2 \neq \mu_3$)

Table 3(c):

Net NPA as percentage of Assets Ratio			
Year	Bank of Jordan	Arab bank	The Housing Bank
2012	11.00	8.25	11.03
2013	9.80	7.47	11.27
2014	8.51	7.11	11.59
2015	7.26	6.29	11.70
2016	6.25	5.42	11.90
Mean	8.564	6.908	11.498
SD	1.905	1.090	0.347
CV	22.247	15.781	3.019

The Housing bank has the highest average NPA ratio of 11.498 which reflects rising bad quality of loans. The bank of Jordan shows a steep decrease in the ratio from 2012 (11.00) to 2016 (6.25). In the case of Arab Bank the ratio is almost a constant for the period under study. The Housing bank has the least SD (0.347) and the Least CV (3.019)

Table 3(d):

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	54.03132	2	27.01566	16.41019	0.000368	3.885294
Within Groups	19.75528	12	1.646273			
Total	73.7866	14				

Since the calculated value of F(16.41019) is greater than the table value (3.885294) as shown in table (b) ANOVA, alternate hypothesis is accepted .It is therefore ,concluded that there is significance difference in financial structureof different private sector banks in Jordan in Net NPA as percentage of Assets Ratio (Bank of Jordan, Arab Bank and The Housing Bank).

Financial structureComparison of Indian Private sector Banks and Jordanian Private sector Banks (Net NPA as percentage of Assets Ratio)

H0 = There is no significance difference in the financial structure of private sector banks and Jordanian Banks in ratio of Net NPA as percentage of Assets ($\mu_1 = \mu_2$)

H1 = There is significance difference in the financial structure of private sector banks and Jordanian Banks in ratio of Net NPA as percentage of Assets ($\mu_1 \neq \mu_2$)

Table 3(e): Net NPA as percentage of Assets

Year	Indian Private sector Banks	Jordanian Banks
2012-2013	0.3220	10.0933
2013-2014	0.4100	9.5133
2014-2015	0.5360	9.0700
2015-2016	0.8600	8.4167
2016-2017	1.7080	7.8567
mean	0.7672	8.99
SD	0.5641	0.882
CV	73.5309	9.809

Table 3(e):

t-Test: Two-Sample Assuming Equal Variances

	Indian Private sector Banks	Jordanian Banks
Mean	0.7672	8.99
Variance	0.3182412	0.77763889
Observations	5	5
Pooled Variance	0.547940045	
Hypothesized Mean Difference	0	

df	8
t Stat	-17.56399121
P(T<=t) two-tail	1.12771E-07
t Critical two-tail	2.306004133

Inference

T calculated value (-17.56399121) is less than T critical value (± 2.306004). Null hypothesis is accepted and alternate hypothesis is rejected which indicates that there is no significance difference in the financial structure of private sector banks in India and private sector banks in Jordan under study in ratio of Net NPA as percentage of Assets

Credit to deposit

It is the ratio of how much a bank lends out of the deposits it has mobilized. It indicates how much of a bank's core funds are being used for lending, the main banking activity. A higher ratio indicates more reliance on deposits for lending and vice-versa. This ratio indicates the total advance as percentage of total deposit. The formula to calculate credit to deposit ratio is as under.

$$\text{Credit to Deposit Ratio} = (\text{Total Advances} / \text{Total Deposits}) * 100$$

Total Advances includes bills purchased and discounted (short term), cash credits, overdrafts and loans (short term) and term loans.

H0 = There is no significance difference in the financial structure of different private sector Indian Banks in credit to deposit ratio. ($\mu_1 = \mu_2 = \mu_3 \dots = \mu_5$)

H1 = There is significance difference in the financial structure of different private sector Indian Banks in credit to deposit ratio. ($\mu_1 \neq \mu_2 \neq \mu_3 \dots \neq \mu_5$)

Table 4(a):

Credit Deposit Ratio					
Year	ICICI	Axis	HDFC	Indus Ind	YES bank
2012-2013	99.25	77.58	80.14	82.28	73.20
2013-2014	100.71	80.03	81.79	86.74	72.71
2014-2015	104.08	84.71	81.71	92.02	79.33
2015-2016	105.08	91.10	83.24	94.06	85.64
2016-2017	98.69	92.17	85.64	91.77	90.53
Mean	101.562	85.118	82.504	89.374	80.282
SD	2.874	6.488	2.068	4.795	7.780
CV	2.830	7.623	2.506	5.365	9.691

As ICICI Bank has the highest average CDR (101.562) for the period 2012-2017 it has the highest ability to make optimal use of the available resources. In case of YES Bank the average CDR (80.282) is the least among the five banks and hence YES Bank has the least ability to make optimal use of the available resources.

Table 4(b)

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	1418.13	4	354.5326	12.83094	2.46E-05	2.866081
Within Groups	552.6213	20	27.63106			
Total	1970.752	24				

Since the calculated value of $F(12.83094)$ is greater than the table value (2.8662) as shown in table 7(b) ANOVA, alternate hypothesis is accepted. It is therefore, concluded that there is significance difference in the financial structure of different private sector Indian Banks (AXIS, ICICI, HDFC, Indus Ind and YES) in credit to deposit ratio.

Jordanian Banks

H_0 = There is no significance difference in the financial structure of different Jordanian banks in Credit Deposit Ratio (CDR) ($\mu_1 = \mu_2 = \mu_3$)

H_1 = There is significance difference in the financial structure of different Jordanian banks in Credit Deposit Ratio (CDR). ($\mu_1 \neq \mu_2 \neq \mu_3$)

Table 4(c):

Year	Credit Deposit Ratio (CDR)		
	Bank of Jordan	Arab bank	The Housing Bank
2012	59.94	66.66	52.69
2013	67.37	63.94	49.75
2014	67.59	66.56	522.80
2015	72.99	67.63	60.15
2016	76.29	70.45	82.20
Mean	68.836	67.048	153.518
SD	6.238	2.343	206.825
CV	9.062	3.495	134.724

As The Housing Bank has the highest average CDR (153.518) for the period 2012-2016 it has the highest ability to make optimal use of the available resources. In case of Arab Bank the average CDR (67.048) is the least among the three banks and hence Arab Bank has the least ability to make optimal use of the available resources.

Table 4(d)

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	24418.83	2	12209.42	0.855377	0.449489	3.885294
Within Groups	171284.7	12	14273.73			
Total	195703.6	14				

Since the calculated value of $F(0.855377)$ is lesser than the table value (3.885294) as shown in table 7(b) ANOVA, null hypothesis is accepted. It is therefore, concluded that there is no significance difference in

the financial structure of different private sector Jordan Banks (Bank of Jordan, Arab Bank, The Housing Bank) in credit to deposit ratio .

Financial Structure Comparison of Indian Private sector Banks and Jordanian Private sector Banks (Credit Deposit Ratio (CDR))

H0 = There is no significance difference in the financial structure of private sector banks and Jordanian Banks in ratio of Credit Deposit Ratio ($\mu_1 = \mu_2$)

H1 = There is significance difference in the financial structure of private sector banks and Jordanian Banks in ratio of Credit Deposit Ratio ($\mu_1 \neq \mu_2$)

Table 4(e): Credit Deposit Ratio

Year	Indian Private sector Banks	Jordanian Banks
2012-2013	82.490	59.7633
2013-2014	84.396	60.3533
2014-2015	88.370	218.9833
2015-2016	91.824	66.9233
2016-2017	91.760	76.3133
mean	87.768	96.4673
SD	4.242	68.8124
CV	4.833	71.3324

Table 4(f):

t-Test: Two-Sample Assuming Equal Variances

	Indian Private sector Banks	Jordanian Banks
Mean	87.768	96.4673
Variance	17.994318	4735.15163
Observations	5	5
Pooled Variance	2376.572974	
Hypothesized Mean Difference	0	
df	8	
t Stat	-0.282149143	
P(T<=t) two-tail	0.784990908	
t Critical two-tail	2.306004133	

Inference

T calculated value (-0.282149143) is greater than T critical value (± 2.306004). Null hypothesis is accepted and alternate hypothesis is rejected which indicates that there is no significance difference in the financial structure of private sector banks in India and private sector banks in Jordan under study in ratio of Credit Deposit Ratio

Findings:

a) Return on net worth of Indian private sector banks under study shows that HDFC and YES Banks have highest mean value and ICICI bank has the least mean value. There is a significant difference in Return on Net worth of Indian private sector banks.

Bank of Jordan has the highest mean value of Return on Net worth among the Jordanian private sector banks under study. There is a significant difference in Return on Net worth of Jordanian banks under study.

The comparison of the Return on Net worth shows that there is a significance difference in profitability of the Indian and Jordanian private sector banks under study.

b) Return on Asset of Indian private sector banks under study shows that ICICI and AXIS Banks have highest mean value and IndusInd bank has the least mean value. There is no significance difference in Return on Asset of Indian private sector banks as calculated F value is less than table value.

Bank of Jordan has the highest mean value of Return on Asset among the Jordanian private sector banks under study. There is a significant difference in Return on Asset of Jordanian banks under study.

The comparison of the Return on Asset shows that there is a significance difference in profitability of the Indian and Jordanian private sector banks under study

c) NPA of Indian private sector banks under study shows that ICICI Bank has highest mean value and there is steep increase in the value from 2012 to 2017. HDFC and IndusInd Banks show a constant value of NPA during the period of study. There is a significance difference in NPA of Indian private sector banks as calculated F value is greater than table value.

The Housing Bank of Trade and Commerce has the highest mean value of NPA where as the Bank of Jordan shows a steep decrease in the value of NPA ratio from 2012 to 2017 the period of study. There is a significant difference in NPA of Jordanian banks under study.

The comparison of the NPA shows that there is no significance difference in financial structure of the Indian and Jordanian private sector banks under study.

d) CDR of Indian private sector banks under study shows that ICICI Bank has highest mean value and YES Bank has the least mean value for CDR. There is a significance difference in CDR of Indian private sector banks as calculated F value is greater than table value.

The Housing Bank of Trade and Commerce has the highest mean value of CDR where as the Arab Bank has the least value of CDR for the period of study. There is no significant difference in CDR of Jordanian banks under study.

The comparison of the CDR shows that there is no significance difference in financial structure of the Indian and Jordanian private sector banks under study

CONCLUSION:

Profitability of private sector banks in India plays major role in banking sector without profit the investors cannot invest in this business. A strong financial system promotes investment by financing productive business opportunities, mobilizing savings, efficiently allocating resources and makes easy the trade of goods and services. To conclude that there is difference among the mean value of Return on Net worth and Return on Assets and there is no difference among the mean value of NPA and CDR of Indian and Jordanian private sector banks. So profitability ratios are employed by the management in order to assess how efficiently they carry on their business operations and also it

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