FINANCIAL PERFORMANCE OF FINO PAYMENT BANK

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Abstract

Our Bank was incorporated as ‘Fino Fintech Foundation’ pursuant to a certificate of incorporation dated June 23, 2007, issued by Registrar of Companies, Maharashtra at Mumbai. Pursuant to surrender of our license under section 8 of Companies Act, 2013, our name was changed to ‘Fino Fintech Private Limited’ and a fresh certificate of incorporation dated December 15, 2015 was issued by Registrar of Companies, Maharashtra at Mumbai. Thereafter, pursuant to the conversion of our Bank to a public limited company, the name of our Bank was changed to ‘Fino Fintech Limited’, and a fresh certificate of incorporation dated February 3, 2017 was issued to our Bank by the Registrar of Companies, Maharashtra at Mumbai. Our Promoter, Fino PayTech Limited, was granted an in-principle approval to establish payments bank (“Payments Bank”), by the RBI, pursuant to its letter dated September 7, 2015. Subsequently, our Bank received the final approval of the RBI to carry on the business as a Payments Bank on March 30, 2017. Pursuant to receipt of approval by RBI, the
name of our Bank was changed to ‘Fino Payments Bank Limited’ and a fresh certificate of incorporation dated April 4, 2017 was issued by Registrar of Companies, Maharashtra at Mumbai.

1. INTRODUCTION

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. The term is also used as a general measure of a firm's overall financial health over a given period.

Analysts and investors use financial performance to compare similar firms across the same industry or to compare industries or sectors in aggregate.

2. STATEMENT OF PROBLEM

Payments bank are permitted to undergo cross border settlement transaction and its transactions can be made by personal payments as well as settlement through the current account. The Reserve Bank of India has the right to allow the payments bank to undertake foreign exchange transactions. only deposit is acceptance. Loans are not Available in this payment bank. No one can take this bank For the purpose of reaserch study. open zero balance accounts. This bank was issues in debit cards.

Provides utility bill payments.

3. REVIEW OF LITRETURE

I. **Nayana.N and Dr.Veena.K.P April 2018** A study on fianacial performance of state bank of india. to know the profitability position of state bank of india. to offer findings and suggestions to enhance the financial performance of state bank of india. the research paper will also help to understand the financial performance of SBI. the period of the study is 2003-04 to 2015-2016. The data are collected from secondary source through the internet. The data using R mean, standard deviation, covariance, P-value Df, hypothesis, lower correlation regression statistics which shows relationship of the variable which shows positively held between dependent and independent variable decline in profitability of the banking systems due to unsecured loans & advances.

II. **Dr.V.Sridevi and Saranya.C** Financial performance of selected banks in india. financial performance of the banking sector is measured by the increase in the number of banks, branches, deposits, credit, etc.. In analyzing the financial performance of banking sector. Financial performance of the selected banks analysis is the process of the identifying the financial strengths and weakness of the bank by properly establishing the relationship between the items of balance sheet and profit and loss account. Wirnkar and Tranko (2008), analyzed the adequacy of CAMEL in evaluating the performance of bank.to find out the capital adequacy, asset quality, management efficiency, earnings and liquidity of the selected banks. The period of study is limited to 5 years only. The nature of this project is analytical study. The study is based on secondary data. The statistical tool used for the study is CAMEL FRAMEWORK. The period of the study is 2014 to 2018. The selected banks are ICICI Bank, HDFC Bank, YES Bank, AXIS Bank, FEDERAL Bank. According to the overall rating of the CAMEL analysis HDFC Bank and AXIS Bank are the best banks. The others banks are the got top position of the various aspects, the study highlited that, the banks have obtained different ranks with respect to CAMEL ratios.

III. **Shanthi and Anandan.M** Financial performance of cooperative bank in tamilnadu. Co-operative is self help as well as mutual help. According to E.R.Bowen, "co-operation is the universal instrument of creation. In tamilnadu the first co-operative act was is 1961 and replaced in 1983. The period of analysis the urban co-operative bank is 2003 to 2015. To measure the financial efficiency of urban co-operative banks limited during the analysis period, the central co-operative banks exist mainly foe serving the primary agriculture co-operative banks. They also provides the block capital and working capital loans to various agro- based industries, sugar factories, spinning mills. In this study the researcher take only net profit no appear tax in co-operative bank and share holder funds includes share capital and RPF & other reserves to add in profit current year.

IV. **Mandhan Vernekar.** Financial performance analysis: A study of Indian overseas bank. A commercial bank is a type of financial intermediary and a type of bank. Commercial bank is the term used for a normal bank to distinguish it form an investment bank. Indian overseas bank was founded on 10 Feb 1937 and has the distinction of 3 branches at Chennai, to study liquidity and solvency position. The study of financial performance of IOB by conducting ratio analysis of last 5 years. The period of study is 2009-2014. Analytical tools of ratio analysis to study performance. They have used ratio analysis method for analyzing and evaluating the performance of bank.

V. **Dr.C.Bala Krishnan.** A study on financial performance of ICICI Bank. This bank was originally promoted in 1994 by ICICI limited, ICICI was formed in 1995 at the initiative of the world bank, the government of india and representatives of Indian industry. ICICI become the first Indian company and the first bank or financial institution from non-japan asia to be listed on the NYSE to find out the capital adequacy, asset quality, management efficiency, earnings and liquidity of the ICICI Bank. The study of financial performance helps to understand the overall profitability position, liquidity position and long term financial performance of the ICICI Banks. The period of study is five years. The empirical research was implemented to find out the ampleness of CAMEL in examining the overall performance of bank. The nature of this project is analytical study. They have collected to the secondary data. The tool used in analysis is CAMEL FRAMEWORK, the study of the years is 2014 to 2018. The ICICI Bank was in an growing trend and liquidity parameter ICICI bank were on the top position.

VI. **Mr.S.Muruganantham & Mr.S.K.Nidish.** A study on financial performance analysis of HDFC Bank limited. Financial performance analysis is the process of identifying the financial strengths and weakness of the firm by properly establishing the relationship between the items of balance sheet and profit and loss account. The findings about expansion of bank, deposits, loan lending and credit expansion for the business and other people. To measures HDFC bank financial results, by using the different ratios. The source of data is secondary data and the period of study is 2015-2020. The tools and techniques is ratio analysis. The researcher used ‘T’ test to determine the relative importance of each variable. The findings of the study reveals that the bank has some minority issues in managing the deposits and all other aspects are going well. The financial performance of the HDFC bank from 2015-2020 is satisfactory.

VII. **Bangaru Pushpalatha,** Financial performance analysis of SBI an empirical study. This study aims at analyzing the financial ratio analysis of state bank of india. the most popular tool/technique for analyzing the financial statement of bank is ratio analysis. To examine assets and liabilities portfolio of SBI. To offer suitable suggestions to strength the position of SBI bank. The study is an exploratory and analytical in nature. The source of data id secondary data that has been collected from annual reports of SBI banks. The present study covers seven years. The period of study is 2011 to 2017. Hence, the result don't seem to be applicable to the entire banking sector. It includes the performance of SBI on the grounds of total assets, efficiency profitability, liquidity, leverage and assets quality ratios.

VIII. **Ms.B.Kishori, Sija Moi.PR,** A study on financial performance of Canara bank. The financial performance of the bank is analyzed by analyzing balance sheet, financial statements and profit and loss account of the bank. Ratio analysis is a very powerful organization. To provide deeper analysis of the profitability, liquidity, solvency and efficiency levels in the business. It explains various steps that are generally adopted by a researcher in studying the research problem. The data is collected through secondary data. Tools and techniques are used in this study. The main of this analysis is the financial performance of public banks are better than private banks. It can be collected that the overall financial position is satisfied.

IX. **Ruzuta shah, Dr.H.A.Hasan,** A study of financial performance of public sector banks of india. the main public sector banks in india is the primary focus of this study. The tool used to public sector banks of financial ratio analysis. To examine the financial performance of selected india's public banks. Secondary data sources were used. Secondary data was gathered from annual reports of companies. The sample size is three public banks were chosen for the investigation. Period of data coverage is five years of financial statements were examined. Public sector banks have a lower loan turnover ratio and a higher outstanding loan balance. The average total resources of public banks can be used to increase their primary source of operating interest income.

X. **Dr.M.Prema,** Financial performance analysis of Karur Vysya bank. The aim of this research is to study of financial analysis. The financial performance of banks was analyzed using net profit, assets, liabilities, income, expenses, margin ratio and return on equity ratio. The study also aims to identify the key factors that affect KVB bank performance. The data collected for the study is secondary data from KVB website. the period of study is 5 years. The customer and banks are interdependent, the study also aimed to identify the main factors influencing bank success, as well as the best banks based on their financial results over a set period of time.

4. OBJECTIVES

- To analyse the financial performance of the fino payment bank using financial ratios.
- To offer suggestion based on findings of the study

5. SCOPE OF THE STUDY

- The study does not cover financial performance of any other payment banks.

6. METHODOLOGY

- The study is mainly based on secondary data.
- Secondary data were collected from the annual reports of the bank.
- Secondary data were analysed using financial ratios.

7. OPERATIONAL DEFINITIONS

A.BANK - In this study bank refers to fino payment bank.

B.FINANCIAL PERFORMANCE - Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. The term is also used as a general measure of a firm's overall financial health over a given period.

8. RATIO ANALYSIS

1. TOTAL INVESTMENTS TO TOTAL ASSETS

$$\text{Formula} = \frac{\textbf{total investment}}{\textbf{Total assets}} * \textbf{100}$$

Table 1

TOTAL INVESTMENT TO TOTAL ASSETS
RS.in.crores

FINANCIAL YEAR	TOTAL INVESTMENT	TOTAL ASSETS	RATIO %
18 - 19	73.20	684.07	10.70
19 - 20	128.27	624.00	20.55
20 - 21	503.56	1010.29	49.84
21 - 22	631.04	1680.00	37.58

Source = Calculated

INTREPRETATION:
From the above table 1, it is clear that total investment has increased from Rs.73.20 crores in 2018-19 to Rs.631.40 crores in 2021-22. The total assets has increased from Rs.684.07 crores in 2018-19 to Rs.1680.00 crores in 2021-22. As the total investment to total assets ratio is increased from 10.70 percent in 2018-19 to 37.58 percent in 2021-22.

CONCLUSION:
It is concluded that increase in investment to total assets ratio indicates safety, liquidity, good returns and growth of the bank.

2. FIXED ASSETS TO TOTAL ASSETS

Formula = $\dfrac{\textbf{Fixed assets}}{\textbf{Total assets}}$ *** 100**

Table 2

FIXED ASSETS TO TOTAL ASSETS

Rs.in.crores

FINANCIAL YEAR	FIXED ASSETS	TOTAL ASSETS	RATIO %
18 - 19	42.23	684.07	6.17
19 - 20	49.49	624.00	7.93
20 - 21	64.22	1010.29	6.35
21 - 22	92.75	1680.00	5.52

Source : Calculated

INTREPRETATION:

From the above table 2, it is clear that the fixed assets has increased from Rs.42.23 crores in 2018-19 to Rs.92.75 crores in 2021-22. The total assets has increased from Rs.684.07 crores in 2018-19 to Rs.1680.00 crores in 2021-22. As the fixed assets to total assets ratio is increased from 6.17 percent in 2018-19 to 5.52 percent in 2021-2022.

CONCLUSION:

It is concluded that increase in fixed assets to total assets ratio indicates that the bank effectively used investments in fixed assets to generate income.

3.BORROWINGS TO TOTAL ASSETS

Formula = $\frac{\textbf{Borrowings}}{\textbf{Total assets}}$ ***100**

Table 3

BORROWINGS TO TOTAL ASSETS

Rs.in.crores

FINANCIAL YEAR	BORROWINGS	TOTAL ASSETS	RATIO %
18-19	82.90	684.07	12.11
19-20	110.79	624.00	17.75
20-21	180.80	1010.29	17.89
21-22	249.66	1680.00	14.86

Source : Calculated

INTREPRETATION:

From above table 3, it is clear that the Borrowings have increased from Rs 82.90 crores in 2018-19 to Rs.249.66 crores in 2021-22. The total assets increased from Rs. 684.07 crores in 2018-19 to Rs.1680.00 crores in 2021-22. As the ratio of Borrowings to total assets decreased from 12.11 percent in 2018-19 to 14.86 percent in 2021-22.

CONCLUSION:

It is concluded that increase in borrowings to total assets ratio denotes that the bank is leveraged.

4.INTEREST INCOME TO TOTAL INCOME

Formula = $\frac{\textbf{interst income}}{\textbf{Total income}}$ *** 100**

Table 4

INTEREST INCOME TO TOTAL INCOME
Rs.in.crores

FINANCIAL YEAR	INTEREST INCOME	TOTAL INCOME	RATIO %
18-19	19.15	371.12	5.16
19-20	18.13	691.40	2.62
20-21	20.25	791.02	2.55
21-22	35.63	1008.86	3.53

Source : Calculated

INTREPRETATION:

From the above table 4, it is clear that the interest income has increased from Rs.19.15 crores in 2018-19 to Rs. 35.63 crores in 2021-22. The total income has increased from Rs.371.12 crores in 2018-19 to Rs.1008.86 crores in 2021-22. As the ratio of interest income to total income decreased from 5.16 percent in 2018-19 to 3.53 percent in 2021-22.

CONCLUSION:

It is concluded that a positive net interest margin is indicative of a bank that effectively invests in capital.

5.INTEREST EXPENSES TO INTEREST INCOME

Formula = **interest expenses** * **100**
Interest income

Table 5

INTEREST EXPENSES TO INTEREST INCOME
Rs.in.crores

FINANCIAL YEAR	INTEREST EXPENSES	INTEREST INCOME	RATIO %
18-19	5.53	19.15	28.87
19-20	9.87	18.13	54.44
20-21	9.54	20.25	47.11
21-22	15.31	35.63	42.96

Source : Calculated

INTREPRETATION:

From the above table 5, it is clear that the interest expenses has increased from Rs.5.53 crores in 3018-19 to Rs.15.31 crores in 2021-22. The interest income has increased from 19.15 crores to 2018-19 to Rs.35.63 crores in 2021-2022. As the ratio of interest expenses to interest income is decreased from 28.87 percent in 2018-19 to 42.96 percent in 2021-22.

CONCLUSION:

It is concluded that increase in interest expense to interest income ratio denotes that the bank has better capacity to cover it's interest expenses.

6.TOTAL ADVANCES TO TOTAL DEPOSITS

Formula = $\frac{\textbf{Total advances}}{\textbf{Total deposits}}$ *** 100**

Table 6

TOTAL ADVANCES TO TOTAL DEPOSITS

Rs.in.crores

FINANCIAL YEAR	TOTAL ADVANCES	TOTAL DEPOSITS	RATIO %
2018-19	0.08	47.54	0.16
2019-20	0.10	117.53	0.08
2020-21	0.13	242.84	0.05
2021-22	0.24	500.69	0.04

Source : Calculated

INTREPRETATION:

From the above table 6, it is clear that the total advance is increased from Rs.0.08 crores in 2018-19 to Rs.0.24 crores in 2021-22. The total deposit has increased from Rs.47.54 crores to Rs.500.69 crores in 2021-22. As the total advance to total deposits ratio has decreased from 0.16 percent in 2018-19 to 0.04 percent in 2021-22.

CONCLUSION:

It is concluded that decrease in advances to total deposits ratio denotes that the bank has enough liquidity to cover any unforseen fund requirements.

7.TOTAL SHAREHOLDERS FUND TO TOTAL CAPITAL & LIABILITIES

Formula = $\frac{\textbf{Total shareholders fund}}{\textbf{Total capital \& liabilities}} * \mathbf{100}$

Table 7

TOTAL SHAREHOLDERS FUND TO TOTAL CAPITAL & LIABILITIES
Rs.in.crores

FINANCIAL YEAR	TOTAL SHAREHOLDERS FUND	TOTAL CAPITAL & LIABILITIES	RATIO %
2018-19	162.11	684.07	23.69
2019-20	130.07	624.00	20.84
2020-21	150.55	1010.29	14.90
2021-22	479.83	1680.00	28.56

Source : Calculated

INTREPRETATION:

From the above table 7, it is clear that the total shareholders fund increased from Rs.162.11 crores in 2018-19 to Rs.479.83 crores in 2021-22. The total capital & liabilities has increased from Rs.684.07 crores in 2018-19 to Rs.1680.00 crores in 2021-22. As the ratio of total shareholders fund to total capital & liabilities decreased from 23.69 percent in 2018-19 to 28.56 percent in 2021-22.

CONCLUSION:

It is concluded that increase in total shareholders fund to total liabilities ratio Indicates that the bank is in a strong financial position and provides relief to creditors.

8.TOTAL CURRENT ASSETS TO TOTAL ASSETS

Formula = $\frac{\textbf{total current assets}}{\textbf{Total assets}}$ *** 100**

Table 8

TOTAL CURRENT ASSETS TO TOTAL ASSETS
Rs.in.crores

FINANCIAL YEAR	TOTAL CURRENT ASSETS	TOTAL ASSETS	RATIO %
2018-19	461.59	684.07	67.47
2019-20	430.35	624.00	68.96
2020-21	774.51	1010.29	76.66
2021-22	1397.81	1680.00	83.20

Source : Calculated

INTREPRETATION:

From the above table 8, it is clear that the total current assets has increased from Rs.461.59 crores in 2018-19 to Rs. 1397.81 crores in 2021-22. The total assets has increased from Rs.684.07 crores in 2018-19 to Rs.1680.00 crores in 2021-22. As the ratio of total current assets to total assets increased from 67.47 percent in 2018-19 to 83.20 percent in 2021-22.

CONCLUSION:

It is concluded that an increase in tha ratio of current assets to total assets will lead to a decline in profitability because current assets are less profitable.

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9.INTEREST EXPENSES TO TOTAL EXPENSES

Formula = $\frac{\textbf{interest expenses}}{\textbf{Total expenses}}$ *** 100**

Table 9

INTEREST EXPENSES TO TOTAL EXPENSES

Rs.in.crores

FINANCIAL YEAR	INTEREST EXPENSES	TOTAL EXPENSES	RATIO %
2018-19	5.53	434.44	1.27
2019-20	9.87	724.47	1.36
2020-21	9.54	774.57	1.23
2021-22	15.31	966.12	1.58

Source : Calculated

INTREPRETATION:

From the above table 9, it is clear that the interest expenses has increased from Rs.5.53 crores in 2018-19 to Rs.15.31 crores in 2021-22. The total expenses has increased from Rs. 434.44 crores in 2018-19 to Rs.966.12 crores in 2021-22. As the ratio of interest expenses to total expenses increased from 1.27 percent in 2018-19 to 1.58 percent in 2021-22.

CONCLUSION:

It is concluded that increase in interest expenses to total expenses ratio indicates that it's more expensive to borrow money.

10.SELLING,ADMINISTRATIVE & MISCELLANEOUS EXPENSE TO TOTAL EXPENSES

Formula = $\frac{\textbf{selling,adminis.,miscellan. expense}}{\textbf{Total expenses}}$ *** 100**

Table 10
SELLING,ADMINISTRATIVE & MISCELLANEOUS EXPENSES
Rs.in.crores

FINANCIAL YEAR	SELLING,ADMINISTRATIVE,MISCELLANEOUS EXPENSES	TOTAL EXPENSES	RATIO %
2018-19	283.45	434.44	65.24
2019-20	567.15	724.47	78.28
2020-21	596.74	774.57	77.04
2021-22	782.10	966.12	80.95

Source : Calculated

INTREPRETATION:

From the above table 10, it is clear that the selling, administrative & miscellaneous expenses has increased from Rs.283.45 crores in 2018-19 to Rs.782.10 crores in 2021-22. The total expenses has increased from Rs.434.44 crores in 2018-19 to Rs.966.12 crores in 2021-22. As the ratio of selling,administrative & miscellaneous expenses to total expenses has increased from 65.24 percent in 2018-19 to 80.95 percent in 2021-22.

CONCLUSION:

It is concluded that increase in selling, administration and miscellaneous expenses to total expenses ratio of the bank denotes decline in profitability of the bank

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11.OPERATING EXPENSES TO TOTAL EXPENSES

Formula = $\frac{\text{operating expenses}}{\text{Total expenses}} * 100$

Table 11

OPERATING EXPENSES TO TOTAL EXPENSES
Rs.in.crores

FINACIAL YEAR	OPERATING EXPENSES	TOTAL EXPENSES	RATIO %
2018-19	427.98	434.44	98.51
2019-20	713.57	724.47	98.49
2020-21	761.01	774.57	98.24
2021-22	950.81	966.12	98.41

Source : Calculated

INTREPRETATION:

From the above table 11, it is clear that the operating expenses has increased from Rs.427.98 crores in 2018-19 to Rs. 950.81 crores in 2021-22. The total expenses has increased from Rs.434.44 crores in 2018-19 to Rs.966.12 crores in 2021-22. As the ratio of operating expenses to total expenses decreased from 98.51 percent in 2018-19 to 98.41 percent in 2021-22.

CONCLUSION:

It is concluded that a higher operating expenses to total expenses ratio indicate that expenses are more than the banks ability to generate sufficient revenue.

9. FINDINGS

- Increase in investment to total assets ratio indicates safety, liquidity, good returns and growth of the bank.

- Increase in fixed assets to total assets ratio indicates that the bank effectively used investments in fixed assets to generate income.

- Increase in borrowings to total assets ratio denotes that the bank is leveraged.

- Positive net interest margin is indicative of a bank that effectively invests in capital.

- Increase in interest expense to interest income ratio denotes that the bank has better capacity to cover it's interest expenses.

- Decrease in advances to total deposits ratio denotes that the bank has enough liquidity to cover any unforseen fund requirements.

- Increase in total shareholders fund to total liabilities ratio Indicates that the bank is in a strong financial position and provides relief to creditors.

- Increase in tha ratio of current assets to total assets will lead to a decline in profitability because current assets are less profitable.

- Increase in interest expenses to total expenses ratio indicates that it's more expensive to borrow money

- Increase in selling, administration and miscellaneous expenses to total expenses ratio of the bank denotes decline in profitability of the bank.

- Higher operating expenses to total expenses ratio indicate that expenses are more than the banks ability to generate sufficient revenue.

10. SCOPE FOR FURTHER RESEARCH

- Comparative study between fino payment bank and India post payment bank.
- Customers attitude towards payment bank in India.

11. CONCLUSION

It is concluded from the analysis of financial statements that the bank is efficient in managing it's liquidity. However it should take adequately steps to maximize it's profitability by minimizing operating expenses.

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