

Cash Management: A Case Study of Western Zone of CSB Bank Ltd.

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Abstract-

Cash management is the process of collecting and managing cash flows. Cash management can be important to the banks. In this paper, we have study of cash management practices in Western Zone of CSB Bank, their cash management products and cash limit. We have taken data from CSB Bank it's an average of cash outstanding balance of seven working days. The main objective of this study is to know the cash management policy of CSB Bank Ltd and give appropriate suggestion on cash management.

Key words – DECB, NEFT, RTGS, ATM, Digital Banking, CMS.

Introduction –

In this digital era, physical cash remains the most popular way of making payments in our country, especially in semi urban and rural areas. Most of the banks discourage cash as a product because of the issues faced like counterfeit/ mutilated notes and also the handling cost which is high ac account vaulting and disposal cost. In spite of many initiatives taken by RBI in regard with reducing paper currency, the quantum of physical cash in circulation still remains very high.

Cash management is the process of collecting and managing cash flows. Cash management can be important for both individuals and banks. In business, it is a key component of banks financial stability. In this paper, we have study of cash management practices in Western Zone of CSB Bank, their cash management products and cash limit. We have taken data from CSB Bank it's an average of cash outstanding balance of seven working days.

CSB Bank Ltd. – CSB Bank Ltd (Formerly The Catholic Syrian Bank Ltd) is one of the oldest scheduled commercial bank in India. It was established in 1920, and strong base In Kerala, along

with a significance presence in Tamilnadu, Karnataka and now in Maharashtra. CSB has over 450 branches and 227 ATM in pan India.

Review of Literature –

Soenen, L.A. (1989), this study focused on the analysis of cash management. They already study of important features related with cash management routines. The short term sources most widely used to meet fund shortfalls in liquidity are discounting of commercial paper and credit lines. They also determine the relation between determinant factors in the choice of investment instrument and bank on the one hand and size of corporations and the training level of treasures on the other proves to be significant only in some cases.

1. **Dr. Belal Yousef AL. (2016)**, this study examined empirically the cash management practices and its effect on the financial performance of SMEs in Jorden. To meet the objective of this study, the researcher sampled firms operating in various sectors of economic activity. Researcher was used questionnaire to collect primary data from the respondents. Researcher recommended to the need to for SME managers to embrace efficient cash management practices as a strategy to improve their financial performance.
2. **Ahmed Ali Jalale,(2017)**, general objective of this study is that , to establish the effect of cash management performance of commercial banks in Somalia. This study investigated the effect of capital adequacy, Liquidity Management, receivables and payables management on cash management in the performance of commercial banks in Somalia. The data has been processed by SPSS software.
3. **S. Praveen Kumar et al (2017)**, the main objective of the study is to study about the cash management, which will prove essential for ascertaining past and present financial position of the study. The tool which was used for the data analysis and interpretation is: trend analysis, cash flow statement, and method of least square.

Objective -

1. To know the cash management policy of CSB Bank Ltd.
2. To give appropriate suggestion on cash management.

Data Interpretation-

CSB Bank has been using following tools for cash management.

- 1) **DECB** - CSB Bank introducing a new product namely, “DECB” disposal of excess cash in branches. To enhance CASA balance and improve the quality of services to the customer, product DECB will provide logistic support to all the branches and help them to dispose of their excess cash.
Stakeholders involve in DECB process-

- a) CMS Central Product Team.
 - b) In each branch, Branch Operation Manager has to co-ordinate with CSM central product team.
 - c) Vendor- for cash pick up & disposal of cash.
 - d) Partner Bank- Accept cash deposited by vendors appointed by CSB Bank.
- 2) **ATM Cash Management-** CSB Bank has been introduced new cash limit to all the ATM's, depend on the cash withdrawal transaction. Some ATM's having more than 100 hits and some very low hits, but such branches dump too much cash in ATM, therefore bank revamped new cash limit which is been depend on transaction hit. For instance, 1 day- 2 lakh, 1 holiday- 3 lakh, 2 holiday 4 lakh.
 - 3) **Digital Banking products** – CSB Bank has been launched various digital banking products which are very easy and user friendly to operate, also free to the customer. These applications are, CSB Mobile Plus, CSB Net Banking, CSB Gadget. CSB promote these applications among the customer to more use of this application for cash management.
 - 4) **Cashless Banking Product-** The CSB Bank Ltd has various retail and corporate loan products, but gold loan is the most significant product in CSB Bank So, branches of the CSB bank need excess cash beyond the cash limit to fulfill the customer demand. Now bank has been promoted cashless Gold Loan products to reduce physical cash demand.
Exa. ATM Gold Line, CSB Kanakadhara OD, CSB kanakashri,

Cash retention limit and Physical cash report

Table .1

(Rs. In Lakh)

Sr . No	Branch Name	Cash Limit (Daily)	Agency Bank Balance	3 Sep 2019	4 Sep 2019	5 Sep 2019	6 Sep 2019	7 Sep 2019	9 Sep 2019	11 Sep 2019
1	Chembur	17.20	0.50	35.20	29.48	34.53	37.44	31.49	33.98	41.90
2	Mum. Fort	13.80	1.20	15.20	35.20	33.15	34.19	29.51	30.09	27.68
3	Pune	6.90	1.30	12.60	6.40	7.19	8.50	9.48	12.30	8.59
4	Mulund	7.20	0.40	21.45	28.62	27.30	30.55	17.19	15.49	20.09
5	Baroda	6.20	0.48	15.44	15.19	18.23	9.90	24.11	17.12	16.21
6	Surat	4.20	0.10	5.30	4.20	6.57	7.60	11.40	9.73	7.79
7	Panaji	4.20	0.00	15.11	13.27	19.81	11.20	23.10	16.50	10.41
8	Ahmedabad	2.00	0.10	13.20	12.09	22.35	19.45	18.40	9.60	14.30
9	Vashi	11.60	1.20	24.22	20.59	17.15	19.50	11.20	7.80	15.60
10	Ramwadi	12.30	1.50	26.30	31.50	29.60	23.58	19.62	24.30	28.19
11	Kalyan	9.30	0.20	19.50	24.30	18.80	19.64	21.59	23.81	16.50

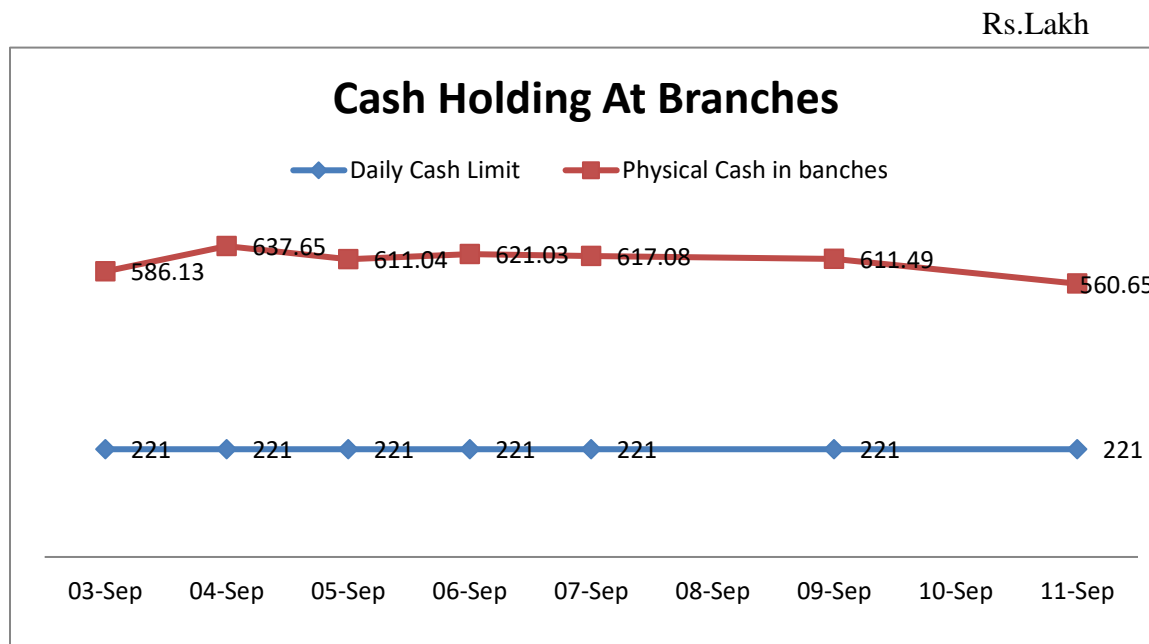
12	Vasai	15.20	0.80	35.20	23.59	19.80	26.53	27.40	19.50	14.38
13	Thane	7.30	0.90	15.29	17.15	23.59	21.40	15.48	11.86	13.20
14	Vile Parle	6.60	0.90	9.89	24.59	16.30	19.60	13.07	14.60	8.26
15	Nahur	7.30	0.00	13.14	15.15	17.48	22.29	18.41	25.49	17.49
16	Andheri West	4.60	0.00	5.20	6.32	4.20	7.62	6.94	5.19	8.10
17	Mahim West	7.40	0.49	21.45	28.62	27.30	30.55	17.19	15.49	20.09
18	Margaon	2.30	0.43	17.88	19.16	8.50	5.73	9.40	7.92	6.00
19	Boriwali	9.20	0.00	35.60	28.62	33.11	28.94	27.11	33.80	37.22
20	Bandra West	2.60	0.71	7.16	13.20	11.90	15.60	14.58	10.88	9.11
21	Andheri East	9.00	0.10	14.50	17.49	11.50	20.15	23.60	19.50	18.40
22	Nerul	8.40	0.00	7.21	13.05	5.10	4.26	7.15	6.76	5.49
23	Dombiwali	4.70	0.56	10.15	9.06	13.40	12.09	17.38	13.50	9.40
24	Ulhasnagar	8.50	0.00	13.14	15.15	17.48	22.29	18.41	25.49	17.49
25	Nashik	3.80	0.13	8.14	7.11	8.77	24.83	19.24	23.51	19.77
26	Aurangabad	1.10	0.30	13.79	15.23	9.59	15.49	13.59	11.97	10.84
27	Satara	1.10	0.45	7.89	11.07	13.25	9.61	17.19	11.50	15.26
28	Jamnagar	1.70	0.10	5.14	9.21	8.15	7.06	5.95	9.14	6.51
29	Virar	3.90	0.35	19.48	8.40	9.91	14.53	25.48	37.67	18.91
30	Bhaynder	1.50	0.41	8.90	23.50	19.05	21.49	13.05	15.35	11.07
31	Vapi	1.40	0.15	20.30	19.40	21.09	15.08	17.09	11.91	8.39
32	Silvasa	2.10	0.12	9.59	13.93	11.20	8.92	5.49	7.86	11.20
33	Kolhapur	0.90	1.12	9.69	8.65	10.28	9.16	16.90	7.83	8.38
34	Bhavnagar	1.10	0.20	18.36	7.49	4.21	5.21	10.50	7.61	6.23
35	Amravati	0.90	0.62	6.67	5.21	9.98	7.52	4.49	6.88	9.18
36	Ujjain	10.80	0.05	14.51	16.50	17.21	10.18	19.10	23.15	19.90
37	Ratnagiri	0.90	0.32	11.23	10.99	4.20	7.60	8.40	11.20	9.51
38	Akola	1.80	0.40	23.11	28.97	19.81	5.75	7.40	15.21	13.61
	Total	221.00	15.89	586.13	637.65	611.04	621.03	617.08	611.49	560.65

(Source : Daily Cash report) Year -2020

As per the above table, we have taken data of cash retention limit and physical cash outstanding balance of the branches in Western Zone of the CSB Bank. We have notice that, branches having more idle cash beyond the retention limit. We have taken data of seven working

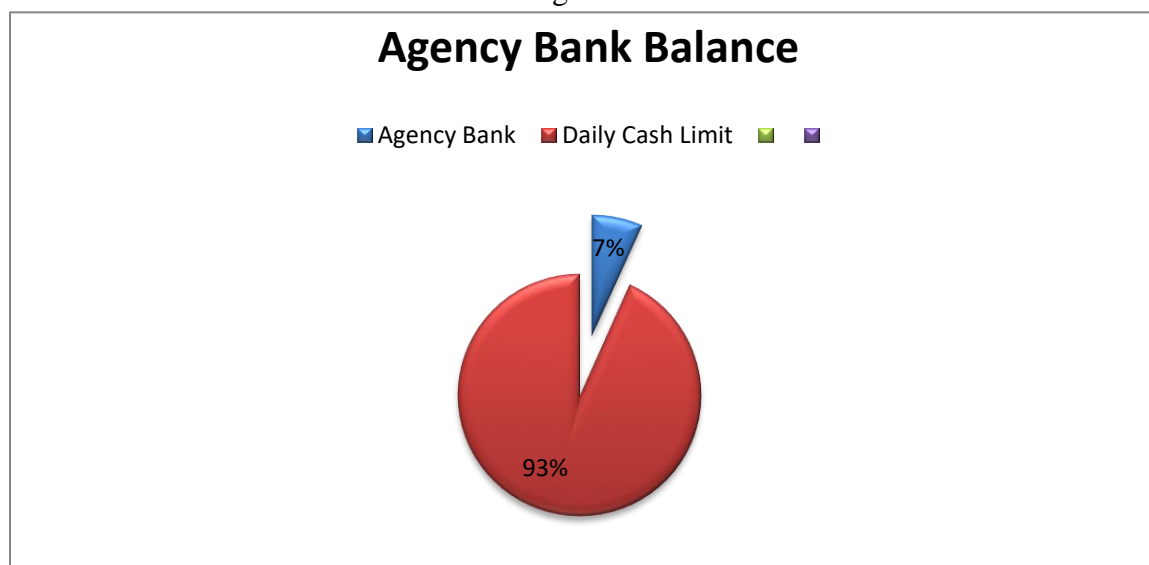
days, and it's always more than 500 lakh per day, Western Zone has 38 branches and only branch which have cash currency chest facility.

Figure 1



As per the above diagram, we have notice that, branches in western zone of CSB Bank has 221 Lakh daily cash retention limit, but all the branches holding cash beyond the prescribed limit. Physical cash in branches is over 500 lakh per day, we also seen that, physical cash line never meets with line of daily cash limit. Therefore, branches need to dispose excess cash by using various ways.

Figureii



As above diagram, it is good to see that, agency bank balance of western zone of CSB bank is Rs. 15.89, only 7 % of the daily cash limit. But there is scope to reduce this amount up to 2% only, means branches to keep only minimum balance in such account. Before CTS clearing branches need to kept more balance in such account for clearing purpose, but now CTS clearing is ongoing, so branches not need to keep more balance in such account.

Findings and Suggestion

1. Try to keep adequate cash in ATM, because excess cash in ATM machine will result fall in banks profit. Over cash balance in ATM machine become idle for the days.
2. Payment in small denomination on the cash counter, because we have know that, most of the branches having big amount in small denomination. In recent day's banks has idle cash in 10 Rs coins, so it's important to disburse coins through conducting "Coin Mela".
3. Try to remit cut and soil notes to the currency in to the chest.
4. To promote cash less gold loan products. In CSB bank more focus on the gold loan product but there are most of the customer wants cash transaction, so bank need more cash to fulfill customer demand, therefore, branches hold excess cash to fulfill sudden cash demand. But CSB should need to promote cashless product while loan amount over 1 lakh Rs.
5. Try to dispose cash to the other banks against RTGS/NEFT. It's a very easy cash management practice adopted by banking sector. Some branches of the different banks need cash to fulfill their customer demand. Therefore CSB need to contact branches around them and try to dispose cash to them. In this practice bank not need to pay cash counting and account maintenance charges like Currency Chest transaction.
6. CSB bank has idle cash which eats profits of the bank.
7. Bank use various ways to fall cash under prescribed limit, these are CMS, digital banking, cashless gold loan product and ATM cash management.
8. Bank should need Cash Recyclers in Western Zone. In this zone bank do not have any "Cash Recycler" so, therefore, branches in western zone unable to dispose cut and soil notes.

Conclusion

Cash management is the process of collecting and managing cash flows. Cash management can be important for both individuals and banks. Proper cash management is essential to banking institution to make a profit; idle cash is harmful to the bank revenue, eats' profit of the bank. In the above study, we have focus on the cash management tool used by CSB bank, their daily cash retention limit and holding cash balance of the Western Zone of the CSB. In the CSB Bank, used various ways to reduce idle cash these are CMS, digital banking, cashless gold loan product and ATM cash management. The CSB Bank should need Cash Recyclers in Western Zone to manage soil noted and small denomination.

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