



## STUDY OF CASH MANAGEMENT IN STATE BANK OF INDIA (SBI)

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### Abstract

Cash management is one of the most significant functions in the banking sector as it directly influences the liquidity, profitability, and operational efficiency of a financial institution. Effective cash management ensures that adequate cash is available to meet customer demands while minimizing the cost associated with holding excessive idle funds. In the modern banking environment, where customer expectations and transaction volumes are increasing rapidly, efficient cash management has become a critical component of banking operations. State Bank of India (SBI), being the largest public sector bank in India, handles a vast number of transactions daily and therefore requires a highly structured and efficient cash management system. The purpose of this study is to analyze the cash management practices adopted by SBI and to evaluate their effectiveness in maintaining liquidity and enhancing customer satisfaction. The study examines the various methods and technologies used by SBI to manage cash inflows and outflows, optimize cash reserves, and ensure uninterrupted banking services. It also explores the impact of digital banking services, treasury management systems, and regulatory requirements on cash management practices. The research is based on both primary and secondary data. Primary data was collected through questionnaires distributed among SBI customers, while secondary data was obtained from annual reports, journals, banking publications, and official SBI documents. The findings indicate that SBI has successfully integrated modern technology into its cash management operations, leading to improved efficiency, better customer service, and enhanced financial performance. The study concludes that continuous innovation, effective liquidity planning, and customer-centric services are essential for maintaining a strong cash management framework in the banking industry.

**Keywords:** Cash Management, Liquidity Management, Banking Operations, State Bank of India, Treasury Management, Digital Banking, Financial Management, Cash Flow Management, Customer Satisfaction, Banking Technology.

### 1.INTRODUCTION

Cash is considered the most liquid asset available to any organization, and its management is crucial for ensuring smooth and efficient operations. In the banking sector, cash management refers to the process of collecting, handling, controlling, investing, and monitoring cash resources to maintain an optimal balance between liquidity and profitability. The success of any bank largely depends upon its ability to

effectively manage cash inflows and outflows while ensuring sufficient liquidity to meet customer requirements and regulatory obligations.

Banks serve as intermediaries between depositors and borrowers. They receive deposits from customers and provide loans and advances to individuals and businesses. To perform these functions efficiently, banks must maintain adequate cash reserves at all times. Poor cash management can lead



to liquidity shortages, operational disruptions, customer dissatisfaction, and financial losses. Therefore, cash management is regarded as one of the most important aspects of banking operations.

State Bank of India (SBI) is India's largest commercial bank and one of the largest banking institutions in the world. Established on July 1, 1955, SBI has played a pivotal role in the economic development of India. The bank operates through a vast network of branches, ATMs, digital banking platforms, and international offices. Due to its extensive customer base and large volume of daily transactions, SBI requires a highly sophisticated cash management system to ensure seamless operations.

The increasing adoption of digital banking technologies has transformed traditional cash management practices. Services such as internet banking, mobile banking, Unified Payments Interface (UPI), Real-Time Gross Settlement (RTGS), National Electronic Funds Transfer (NEFT), and Immediate Payment Service (IMPS) have significantly reduced dependence on physical cash transactions. SBI has embraced these technological advancements to enhance operational efficiency, improve customer convenience, and strengthen its cash management capabilities.

Cash management in SBI involves several activities, including cash forecasting, liquidity planning, treasury operations, cash collection, payment processing, investment of surplus funds, and risk management. The bank uses advanced software systems and analytical tools to monitor cash positions and ensure the availability of funds across its branch network. These practices help SBI maintain financial stability while maximizing profitability.

The present study aims to examine the cash management practices of SBI, evaluate their effectiveness, identify challenges, and suggest measures for improvement. Understanding these practices provides valuable insights into how a large banking institution manages its financial resources

efficiently in a dynamic economic environment.

## 2. RESEARCH OBJECTIVES

The present study titled "Study of Cash Management in State Bank of India (SBI)" has been undertaken to understand the importance of cash management practices in the banking sector and to evaluate the effectiveness of cash management techniques adopted by SBI. Efficient cash management plays a vital role in maintaining liquidity, ensuring smooth banking operations, enhancing customer satisfaction, and improving overall financial performance. The study aims to examine various aspects of cash management systems and their contribution to the operational efficiency of the bank.

### Primary Objective

The primary objective of this study is to analyze and evaluate the cash management practices adopted by State Bank of India and assess their effectiveness in maintaining adequate liquidity, ensuring operational efficiency, minimizing idle cash balances, and supporting the bank's overall financial performance. The study also seeks to understand how SBI manages its cash resources to meet customer requirements while maximizing profitability and maintaining financial stability.

### Secondary Objectives

1. To understand the concept and importance of cash management in the banking sector.

This objective focuses on studying the fundamental principles of cash management and its significance in ensuring smooth banking operations. It aims to understand how effective cash management contributes to liquidity maintenance, risk reduction, and financial sustainability.



2. To study the various cash management techniques adopted by SBI.

The objective is to examine different methods and strategies used by SBI for managing cash inflows and outflows, including cash forecasting, cash collection systems, fund transfers, treasury operations, and liquidity planning mechanisms.

3. To examine the role of technology in improving cash management operations.

This objective aims to analyze the impact of modern banking technologies such as Core Banking Solutions (CBS), internet banking, mobile banking, ATMs, cash deposit machines, and digital payment platforms in enhancing the efficiency and accuracy of cash management processes.

4. To evaluate customer satisfaction regarding SBI's cash management services.

The study seeks to assess customers' perceptions and satisfaction levels concerning the bank's cash management facilities, transaction speed, accessibility, reliability, and overall service quality.

5. To analyze the effectiveness of liquidity management practices in SBI.

This objective focuses on understanding how SBI maintains adequate liquidity levels to meet customer demands, regulatory requirements, and operational commitments while ensuring optimal utilization of available funds.

6. To identify the challenges faced by SBI in managing cash resources.

The study aims to explore various internal and external challenges such as fluctuating customer demands, cash shortages, excess cash holdings, operational risks, technological issues, and regulatory compliance requirements that affect cash management efficiency.

7. To study the impact of digital banking services on cash management.

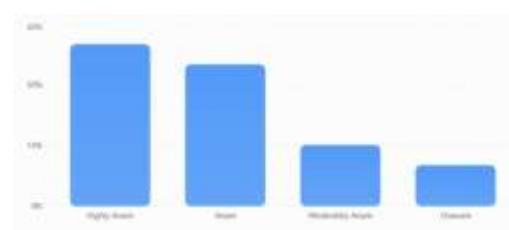
This objective examines how the increasing adoption of digital banking services, including UPI transactions, mobile banking applications, internet banking, and cashless payment systems, has influenced the cash management practices of SBI.

8. To suggest suitable recommendations for improving cash management efficiency.

Based on the findings and analysis, the study aims to provide practical suggestions and recommendations that can help SBI further strengthen its cash management systems, enhance customer satisfaction, improve operational efficiency, and achieve better financial performance.

### III. Data Analysis & Inferences

#### Graph 1: Awareness of SBI Cash Management Services



#### Interpretation

The analysis indicates that 40% of the respondents are highly aware of the cash management services offered by SBI, while 35% are aware of these services to a

satisfactory extent. About 15% of respondents possess moderate awareness, whereas only 10% are unaware of the available cash management facilities. This distribution suggests that SBI has been successful in promoting its banking and cash management services through digital platforms, customer education programs, and branch-level assistance. The high level of awareness among customers reflects the bank's strong market presence and effective communication strategies. It also indicates that customers increasingly recognize the importance of efficient cash management solutions for handling financial transactions, maintaining liquidity, and ensuring convenient banking operations.

**Graph 2: Preferred Mode of Banking Transactions**



#### Interpretation

The findings reveal that mobile banking is the most preferred mode of transaction among SBI customers, accounting for 42% of respondents. Internet banking is preferred by 28%, while ATM transactions and traditional branch banking account for 20% and 10% respectively. The increasing preference for mobile banking reflects the growing adoption of digital technologies and smartphone usage among customers. Mobile banking provides convenience, faster transaction processing, and round-the-clock accessibility, making it an attractive option for modern banking needs. The results indicate that SBI's investment in digital banking infrastructure has significantly contributed to customer convenience and improved cash management efficiency by reducing dependence on physical banking channels..

**Graph 3: Frequency of Using SBI Banking Services**



#### Interpretation

The data show that 38% of respondents use SBI banking services on a daily basis, while 32% access these services weekly. Monthly users constitute 20% of the sample, and only 10% use banking services occasionally. This indicates that SBI customers regularly engage with banking activities such as fund transfers, bill payments, cash withdrawals, deposits, and account monitoring. The high frequency of usage demonstrates the reliability and accessibility of SBI's banking systems. It also highlights the importance of maintaining efficient cash management practices to ensure uninterrupted services and customer satisfaction. Regular interaction with banking services further emphasizes the growing integration of digital financial transactions into customers' daily lives.

**Graph 4: Main Benefit of SBI Cash Management Services**

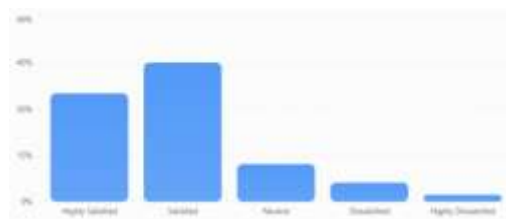


#### Interpretation

The analysis reveals that convenience is considered the most significant benefit of SBI's cash management services, with 40% of respondents selecting this factor. Around 30% believe that faster transaction processing is the primary advantage, while 18% appreciate improved liquidity management and only 12% consider security as the main benefit. These findings

indicate that customers value services that simplify banking operations and save time. The availability of digital banking platforms, automated payment systems, and real-time transaction facilities has greatly enhanced customer convenience. The results demonstrate that effective cash management services not only improve operational efficiency but also strengthen customer relationships by providing seamless and hassle-free banking experiences.

**Graph 5: Customer Satisfaction with SBI Cash Management Services**



#### Interpretation

The satisfaction analysis indicates that 45% of respondents are satisfied with SBI's cash management services, while 35% are highly satisfied. Approximately 12% remain neutral, and only 8% express dissatisfaction. This means that nearly four-fifths of the respondents have a positive perception of SBI's cash management practices. High satisfaction levels can be attributed to efficient transaction processing, reliable digital banking services, widespread branch networks, and effective liquidity management. The small percentage of dissatisfied customers suggests the presence of occasional issues such as technical glitches, transaction delays, or network-related problems. Overall, the findings confirm that SBI's cash management services have successfully contributed to customer convenience, operational efficiency, and financial confidence.

#### IV. FINDINGS

The study revealed several important findings regarding cash management practices at SBI.

- SBI maintains a highly organized and effective cash management system.
- The bank successfully balances liquidity requirements and profitability objectives.
- Digital banking services have significantly improved cash management efficiency.
- Mobile banking is the most preferred banking channel among customers.
- Customer satisfaction regarding cash management services is generally high.
- Treasury and liquidity management practices contribute positively to operational performance.
- Advanced technology helps SBI forecast cash requirements accurately.
- Digital payment systems have reduced dependence on physical cash transactions.
- Cybersecurity and technological risks remain important challenges.
- Continuous innovation is essential for sustaining effective cash management practices.

#### V. CONCLUSION

Cash management is one of the most critical functions in banking operations because it directly affects liquidity, profitability, customer satisfaction, and overall financial stability. The present study analyzed the cash management practices of State Bank of India and found that SBI has developed a comprehensive and efficient cash management framework supported by modern technology and strong financial management principles.

The bank effectively utilizes digital banking platforms, treasury management systems, liquidity planning techniques, and advanced forecasting tools to manage cash resources efficiently. These practices have helped SBI improve customer service, reduce operational costs, and maintain adequate



liquidity levels. The increasing adoption of digital banking services has further strengthened the bank's cash management capabilities by reducing dependence on physical cash transactions.

The study also found that customers are generally satisfied with SBI's cash management services and appreciate the convenience provided by digital banking channels. Despite facing challenges such as cybersecurity threats, technological disruptions, and changing customer expectations, SBI continues to enhance its operational efficiency through continuous innovation and strategic planning.

Therefore, it can be concluded that SBI's cash management practices play a significant role in ensuring financial stability, operational excellence, and customer satisfaction. The bank serves as an excellent example of effective cash management in the Indian banking sector.

## **VI. FUTURE SCOPE**

The future of cash management in the banking sector is expected to undergo significant transformation due to rapid technological advancements, increasing digitalization, and changing customer expectations. As banking operations become more technology-driven, cash management systems will continue to evolve to provide greater efficiency, accuracy, and customer convenience. State Bank of India (SBI) and other financial institutions are increasingly adopting innovative technologies to enhance liquidity management, optimize cash flows, and improve decision-making processes.

Therefore, future research in the field of cash management offers extensive opportunities for exploration and development.

One of the most promising areas for future study is the application of Artificial Intelligence (AI) in cash forecasting and liquidity management. AI-powered systems can analyze large volumes of historical transaction data, identify patterns, and predict future cash requirements with greater accuracy. Such intelligent forecasting models can help banks maintain optimal cash reserves while reducing the risk of liquidity shortages and excess idle funds.

Another important area of future research is the use of Blockchain technology in banking cash management. Blockchain has the potential to improve transaction transparency, reduce processing time, enhance security, and minimize operational costs. The implementation of blockchain-based payment systems may significantly transform traditional cash management practices and improve the efficiency of financial transactions across banking networks.

The emergence of digital currencies and Central Bank Digital Currencies (CBDCs) is also expected to influence future cash management systems. Researchers can examine how digital currencies impact liquidity management, cash flow planning, transaction monitoring, and customer payment behavior. As digital currencies become more widely accepted, banks may need to redesign their cash management strategies to adapt to a less cash-dependent financial environment.

Future studies may also focus on conducting comparative analyses between public sector and private sector banks to evaluate differences in cash management efficiency,



technological adoption, and customer satisfaction. Such comparative research can provide valuable insights into best practices and help banking institutions improve their operational performance.

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