

## CASH MANAGEMENT STRATEGIES IN BANKING SECTOR AT ICICI BANK

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**ABSTRACT:** This paper studies ICICI Bank's cash management techniques in the Indian banking market, focusing on liquidity maximization, efficiency, and risk management. It looks into how the bank manages the entrance and outflow of funds to keep its day-to-day operations running smoothly. The research emphasizes the importance of technology-based solutions, such as central banking systems, automated cash forecasting tools, and digital payment platforms. A lot of emphasis is being dedicated to liquidity management solutions that generate profits while also adhering to rules. The report also looks into how ICICI Bank manages excess funds and prevents cash from sitting idle. It explores how effective financial management affects customer satisfaction and operational stability. The study investigates the effects of RBI guidelines on liquidity and currency reserve requirements. It focuses on operational risks and shifting cash demand. The report claims that centralized financial management improves control and transparency. The examination also looks into how treasury processes improve cash flow. The findings show that effective cash management enhances financial performance.

**Keywords:** *Cash Management, ICICI Bank, Liquidity Management, Treasury Operations, Digital Banking, Core Banking Systems, Cash Flow Optimization,*

### 1. INTRODUCTION

Cash management is the practice of monitoring and controlling cash flow to ensure that a company has enough money to function. Investments, utility payments, and unforeseen commitments can all have an impact on a company's cash flow, which in turn influences its cash management. To function autonomously, businesses must design a framework that optimizes liquid assets while minimizing operational and logistical expenses. To put it another way, cash management helps businesses ensure that their cash flow is sufficient to meet their expenses.

Financial management is the process of controlling a company's financial flow, which includes the money received and disbursed. The cycle of money passing through bank accounts is known as cash flow. It is dependent on the clients that pay you for products or services, as well as the costs you incur to run your business.

Cash management is the process of collecting, processing, and investing cash and cash equivalents so that an individual or corporation can meet its financial responsibilities and achieve its financial goals. It is a critical component of financial stability because of its potential to optimize liquidity while increasing profitability.

A company that adopts an effective cash management system works with its internal stakeholders, who are usually business managers, financial officers, or treasurers. Their



planning is based on the cash flow statement, which shows the overall amount of money collected and disbursed, as well as the amount allotted to investments. The primary objective of the cash flow statement is to show the company's current cash balance. Any firm, regardless of size, must be able to manage its cash flow in order to be financially stable. Businesses usually have a balance of inflows and outflows; nonetheless, it is critical that they boost their inflows to keep them from falling.

Businesses must successfully manage their cash flow in order to fulfill daily operational needs, pay expenses, and seek growth prospects. The most effective way to ensure that your finances are steady and that you can make educated decisions about growth is to use sound cash management techniques. Today's fintech solutions include automated services that prioritize technology and streamline the banking procedure for businesses.

Effective cash management practices are required for the financial industry to run smoothly and efficiently. Banks must manage large sums of money in addition to meeting their clients' liquidity needs, promoting lending, and complying with government laws. Banks can maintain the necessary balance of liquidity and profitability by effectively managing their currency. This includes ensuring that they have enough cash on hand to cover typical transactions, withdrawals, and settlements without holding too much cash.

Cash flow planning and management effectively alleviate operational challenges and liquidity emergencies. Customers' trust in the financial system is boosted by its increased stability.

## 2. LITERATURE SURVEY

Dr. R. K. Sharma 2021 This paper looks into the significance of currency management methods in the banking industry, with a special emphasis on improving operational efficiency and liquidity. It investigates how banks regulate cash inflows and outflows to ensure profitability while still meeting consumer demands for withdrawals, settlements, and everyday transactions. The paper emphasizes the need of traditional cash management practices such as reserve maintenance and cash planning, as well as the unique challenges presented by volatile financial markets and changing economic conditions. A special emphasis is placed on cash forecasting strategies that allow banks to precisely foresee their liquidity requirements.

R. S. Chatterjee 2022 This paper compares the cash management techniques of institutions in the public and private sectors, as defined in R. S. Chatterjee. 2022. It assesses how the two sectors manage their own operations, prepare for liquidity, and allocate cash. The paper emphasizes the need of using reliable forecasting techniques to handle daily and short-term cash requirements. It investigates how banks may keep an adequate amount of currency on hand without having too much of it sitting around, using precision forecasting. We perform a thorough review of regulatory liquidity ratios, such as CRR and SLR, as well as the problems associated with ensuring compliance. The paper discusses the operational issues that public sector banks confront as a result of outdated systems and restrictive architecture.

Prof. S. N. Iyer 2023 Professor S. N. Iyer, examines the manner in which institutions manage their currency during periods of economic and regulatory instability. It addresses problems raised as a result of inflation, shifting interest rates, and increased transaction volume. The



paper emphasizes the importance of keeping a suitable volume of cash on hand to achieve both liquidity and profit objectives. Liquidity risk management and compliance with central bank requirements are given significant attention.

Dr. K. Sunitha 2024 The methods by which institutions manage money in a world where regulations are becoming more complex are the subject of this essay. It studies how liquidity coverage ratios and regulatory reserve requirements influence the calculation of the optimal amount of capital to retain. The paper emphasizes the need of having adequate financial reserves to meet operational and regulatory requirements. It tackles potential liquidity and regulatory issues that banks may face if they do not have appropriate buffers. This essay provides a thorough description of how risk-based cash planning can help reconcile liquidity management and risk appetite.

Prof. M. D. This essay examines the challenges that banks face when handling currency during times of economic instability and uncertainty. It investigates the significant impact that interest rate changes and market volatility can have on capital inflows and outflows. The examination highlights the challenges that banks face in earning revenue while still keeping appropriate capital. Stress testing and scenario analysis are critical tools for forecasting future cash flow results. The essay investigates how these technologies help banks prepare for adverse economic times. It looks into the frameworks used to monitor and control cash levels in order to reduce liquidity risk.

Mr. P. K. Malhotra 2025 This essay examines the challenges that banks face when handling currency during times of economic instability and uncertainty. It investigates the significant impact that interest rate changes and market volatility can have on capital inflows and outflows. The examination highlights the challenges that banks face in earning revenue while still keeping appropriate capital. Stress testing and scenario analysis are critical tools for forecasting future cash flow results. The essay investigates how these technologies help banks prepare for adverse economic times. It looks into the frameworks used to monitor and control cash levels in order to reduce liquidity risk.

### 3. TYPES OF CASH MANAGEMENT



**Free Cash Flow to Equity:** FCFE, or free cash flow to equity, is the remaining amount of money that shareholders have access to after all expenditures, debt repayments, and reinvestments have been paid. This figure is important to investors because it shows the potential amount of money that a company could distribute to its shareholders.

**Net Cash Change:** The net cash change is a measure of the total amount of money that enters and exits the firm during the fiscal year or between fiscal years.

**Cash Flow from Operating Activities:** The net cash change is a measure of the total amount of money that enters and exits the firm during the fiscal year or between fiscal years.

**Free Cash Flow to the Company:** Free cash flow is the amount of income earned by a company after deducting expenses like taxes and depreciation. It is mostly used to determine the value and profitability of a firm.

#### 4. THE FOUR A's OF CASH MANAGEMENT



Accounting



Analysis



Allocation



Adjustment

##### Accounting

Accounting meticulously records all financial activities including the inflow and outflow of cash. The financial sector relies on accurate tracking of revenues, payments, and balances. Sound accounting is required for the creation of financial statements and the tracking of cash flow. It encourages openness and maintains order. The preservation of correct documents also helps to ensure compliance with legislation and investigations. As a result, accounting is the most crucial component of good financial management.

##### Analysis

Financial data analysis is the practice of discovering trends and patterns in currency flows by examining financial data. Banks use past and present data to determine liquidity, profitability, and risk. This simplifies determining if there is an excess or shortfall in funds. Financial analysis aids decision-making and future forecasting. Furthermore, it helps managers determine the most effective way to solve challenges. As a result, analysis facilitates money management.

##### Allocation

Allocation is the judicious distribution of available cash among different uses, such as lending, investing, and business operations. Banks try to deploy funds in a way that is both profitable and easily accessible. Proper allocation ensures the most efficient use of financial resources. It reduces expenses associated with idle funds and missed opportunities. Risk and return are critical considerations to consider when establishing the best resource allocation strategy. As a result, it is a critical component of cash flow optimization.

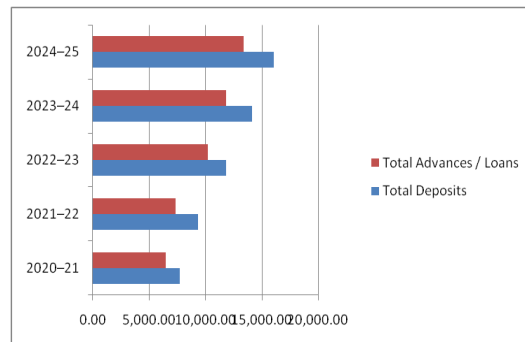
##### Adjustment

The timely modification of cash strategy in response to changing financial circumstances is referred to as adjustment. They alter their cash positions as the market evolves, regulations change, or institutions require more money than expected. This simplifies cash flow management. Everything is stable and fluid as a result of regular changes. It also helps with risk management in uncertain scenarios. As a result, the adjustment process makes cash management systems more adaptive.

**5. RESULTS AND INTERPRETATION**

**TOTAL DEPOSITS & TOTAL ADVANCES OF ICICI BANK**

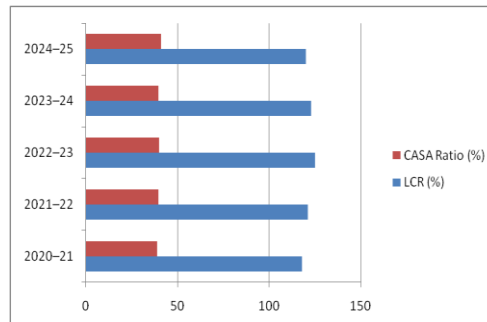
Financial Year	Total Deposits	Total Advances / Loans
2020-21	7,709.69	6,452.90
2021-22	9,325.22	7,337.29
2022-23	11,808.41	10,196.38
2023-24	14,128.25	11,844.06
2024-25	16,103.48	13,417.66



**INTERPRETATION:** The data show that ICICI Bank's deposits and advances increased consistently and significantly from 2020-2021 to 2024-2025. Deposits rose from ₹7,709.69 billion in 2020-21 to ₹16,103.48 billion in 2024-25. This demonstrates that the bank is skilled in deposit collection, and that customers have greater trust in it. The bank effectively used available capital for lending, resulting in an increase in total advances from ₹6,452.90 billion to ₹13,417.66 billion. The bank's effective cash management techniques are demonstrated by a constant and balanced increase in deposits and advances, allowing it to preserve liquidity while increasing earnings.

**Liquidity Coverage Ratio (LCR) & CASA Ratio of ICICI Bank**

Financial Year	LCR (%)	CASA Ratio (%)
2020-21	118	39
2021-22	121	39.5
2022-23	125	40
2023-24	123	39.4
2024-25	120	40.9

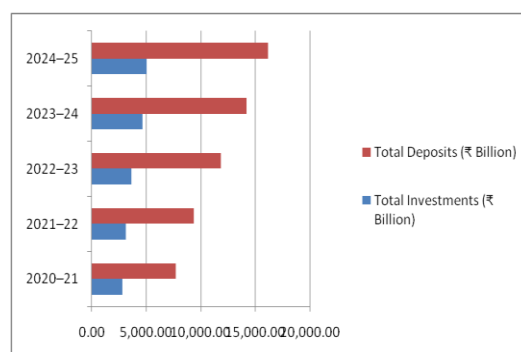


**INTERPRETATION:** ICICI Bank's Liquidity Coverage Ratio (LCR) remained much higher than the Reserve Bank of India's minimum requirement of 100% from 2020 to 2021 and 2024

to 2025. The company's exceptional short-term liquidity situation is demonstrated by the LCR rising from 118% in 2020-2021 to a high of 125% in 2022-2023. It dropped to 120% between 2024 and 2025. The CASA ratio stayed between 39 and 41%, increasing from 39% in 2020-2021 to 40.9% in 2024-2025. This demonstrates the number of cheap deposit choices. The company's stability and low expenses are maintained by a consistent LCR and CASA ratio, demonstrating good cash and liquidity management.

### Investment–Deposit Ratio

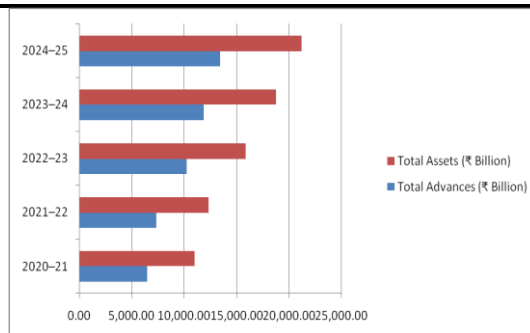
Financial Year	Total Investments (₹Billion)	Total Deposits (₹ Billion)	Investment–Deposit Ratio (%)
2020–21	2,812.87	7,709.69	36.49
2021–22	3,102.41	9,325.22	33.27
2022–23	3,623.30	11,808.41	30.68
2023–24	4,619.42	14,128.25	32.7
2024–25	5,047.57	16,103.48	31.36



**INTERPRETATION:** The table depicts ICICI Bank's cautious control of capital flow and investments from 2020-2021 to 2024-2025. Investments steadily increased from ₹2,812.87 billion to ₹5,047.57 billion during 2020-2021 and 2024-2025. This indicates that more money is being allocated to liquid and secure assets. Nonetheless, the ratio of investments to deposits fell from 36.49% to 31.36%, indicating that deposits grew faster than investments. This pattern suggests that the bank carefully balanced its lending and investment activities in order to maximize income creation and maintain an acceptable level of liquidity, both of which are key components of good cash management.

### Advances to Total Assets Ratio (%)

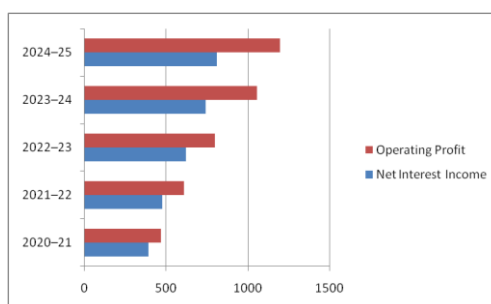
Financial Year	Total Advances (₹ Billion)	Total Assets (₹Billion)	Advances–Assets Ratio (%)
2020–21	6,452.90	10,983.65	58.74
2021–22	7,337.29	12,304.33	59.63
2022–23	10,196.38	15,842.07	64.35
2023–24	11,844.06	18,715.15	63.27
2024–25	13,417.66	21,182.40	63.33



**INTERPRETATION:** The The Advances-Assets Ratio of ICICI Bank increased from 58.74% in 2020-2021 to 63.33% in 2024-2025, as shown in the table. This shows that the bank is lending a larger part of its assets. During the same period, total advances climbed from ₹6,452.90 billion to ₹13,417.66 billion. Meanwhile, aggregate assets increased from ₹10,983.65 billion to ₹21,182.40 billion. The lending strategy for 2022-2023 was both aggressive and controlled, as indicated by the highest ratio of 64.35%. In general, this trend demonstrates the efficient use of assets and currency, as the assets' value rises in parallel with the developments.

### Net Interest Income vs Operating Profit

Financial Year	Net Interest Income	Operating Profit
2020-21	389.89	468.95
2021-22	474.66	610.06
2022-23	621.29	799
2023-24	743.06	1,057.16
2024-25	811.65	1,198.40



**INTERPRETATION:** ICICI Bank's profits increased significantly and consistently from 2020-2021 to 2024-2025. In 2020-2021 and 2024-2025, net interest income increased from ₹389.89 billion to ₹811.65 billion. This demonstrates the company's effective interest rate management and careful use of capital. In addition, the operational profit significantly grew from ₹468.95 billion to ₹1,198.40 billion. This demonstrates that expenses were better handled and operations ran more efficiently. This growing trend demonstrates a direct relationship between excellent cash and liquidity management and steady profit growth.

## 6. CONCLUSION

Finally, appropriate cash management practices are required to ensure the financial industry's long-term stability and efficiency. Banks must efficiently manage their cash to guarantee that they have enough cash on hand to meet client needs while not having an excess. It supports the processing of ordinary transactions such as payments, settlements, and withdrawals. Banks can also comply with reserve and liquidity standards by responsibly managing their currencies. As digital banking and electronic payment technology advanced, cash management became more sophisticated and versatile.

Cash forecasting models and treasury management systems are two tools that improve precision and oversight. Effective cash management reduces the risk of running out of money while also improving overall risk management capabilities. Furthermore, it reduces the costs associated with running a business that processes and stores cash.

Banks that have well-defined currency management procedures are better able to deal with economic changes. When central offices and branches work together, funds are more efficiently allocated. Consistent observation promotes fiscal discipline. Banks can stay updated about changing market conditions by regularly modifying their regulations. As a result, the banking sector's stability, efficacy, and long-term growth are dependent on the execution of appropriate cash management procedures.

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