

## IMPACT OF TYPES OF INVESTMENT BANKING SERVICES ON THE REVENUE GENERATION

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### Abstract

Service plays a pivotal role in describing the nature and quality of any banking business in terms of its operations. The objective of the study is based on evaluating the impact of types of services offered by these banks in terms of generating sufficient revenue. Primary data was collected through a survey method from the 50 employees of these banks using Simple random sampling method. Custodian, brokerage, Asset management and Core banking solutions are the variables considered. Multiple Regression Analysis was applied to validate the hypothesis framed using Statistical Package for Social Sciences (SPSS).

**Keywords:** Service, Revenue Generation & Investment Banking.

### INTRODUCTION

Investment banking is a special segment of banking operation that facilitates clients form corporate houses, central banks, High Net worth Individuals in raising capital and provides financial consultancy services in exchange for service charges collected in various forms. Generally, an investment bank will charge an initial retainer fee, which may be one-time or monthly, with the majority of the fee contingent upon successful completion of the transaction. It is important to utilize a fee structure that aligns the investment bank's incentive with your own.

### REVIEW OF LITERATURE

The Investment banks facilitate in assisting the various clients in rendering Initial Public Offerings (IPO) in terms of equitable internalization of information related to production costs by curbing failures in primary equity markets (Lawrence et.al, 2003). Innovation in Investment Banking services is very complex and sensitive to these banks while dealing with clients as carries a reputation to the various stakeholders. The quality of services improves when integrated with technology (Lyons RK et.al, 2007). The authors have contributed the theory of demand among these banks related to advisory services and distribution services in which the banker is better informed about the capital market when compared to the issuer (Baron DP, 1982).

### RESEARCH METHODOLOGY

Service plays a pivotal role in describing the nature and quality of any banking business in terms of its operations. The objective of the study is based on evaluating the impact of types of services offered by these banks in terms of generating sufficient revenue. Primary data was collected through a survey method from the 50 employees of these banks using Simple random sampling method. Custodian, brokerage, Asset management and Core banking solutions are the variables considered. Multiple Regression Analysis was applied to validate the hypothesis framed using Statistical Package for Social Sciences (SPSS).

### RESULTS

Table 1 explains the model summary of Regression Analysis performed to evaluate the impact of the Investment Banks providing various services on its revenue generation.

H<sub>0</sub>: There is no significant impact of service type on revenue generation.

**Table 1: Model Summary of Regression Analysis**

Variables	B	SE (B)	Beta	t value	P-value
(Constant)	3.847	.828	-	4.644	(0.000) **
Custodian	0.397	.107	.629	3.712	(0.000) **
Brokerage	0.244	.084	.223	2.921	(0.004) *
Asset Management	0.650	.083	.945	7.796	(0.000) **
Core Banking Solutions	0.155	.062	.145	2.513	(0.012) *
R	0.865				
R <sup>2</sup>	0.719				
F Statistic	20.88				
Sig	(0.000) **				

Source: Computed from primary data. SE – Standard error. B – Unstandardized coefficients  
\*\*Significant at 1 per cent. \* Significant at 5 per cent level.

The model summary of regression between the variables reflected 3.847 as the constant value. A significant regression equation was found ( $F = 20.88$ , ( $p < .000$ ), with an  $R = 0.865$  &  $R^2$  of 0.719. Hence predicted Revenue is equal to  $3.847 + 0.397$  (Custodian) +  $0.244$  (Brokerage) +  $0.650$  (Asset management) +  $0.155$  (Core Banking Solutions). The impact of the revenue generation improves when there is an increase in every unit of custodian service, brokerage, asset management, and core banking solutions offered as the service type.

## FINDINGS & DISCUSSION

A significant relationship was found between the type of service with 86.5 per cent of the impact on the revenue generation predicted by the independent variables. Custodian and brokerage services are highly significant predictors at 1 per cent level whereas Asset management and core banking solutions are significant at 5 per cent level in evaluating the impact of these services on revenue. Variables Asset Management (0.650) & Custodian services (0.397) have the higher predictability. Custodian service (0.107) is the most influencing type which facilitates in generating maximum revenue to these banks.

## CONCLUSION

Customer services plays an important role in banking business to ensure sustainability in the long run. Quality service facilitates in good customer retention, more sales, repeated customers, customer satisfaction, and better cash flows improving their revenue generation. The type of service offered also matters in these banks due to their nature of business and experience in that domain. Hence, the null hypothesis is rejected and alternative accepted at 1 per cent significant level. The study has proved that indeed quality service enables in generating excellent revenue among these banks.

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