

CASH MANAGEMENT STRATEGIES IN BANKING SECTOR AT ICICI BANK

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ABSTRACT: This study looks into the currency management tactics used by ICICI Bank, an Indian bank, with a focus on how they optimize liquidity, improve operational efficiency, and reduce risk. It checks the efficiency of the bank's everyday operations by looking at its controls over the flow of money in and out. Several tech-driven solutions are highlighted in the paper. These include digital payment platforms, automated currency forecasting tools, and fundamental banking systems. Solutions for managing liquidity that are both profitable and compliant with regulations are given top priority. The methods adopted by ICICI Bank to control excess funds and cut down on idle cash are also covered in the study. It compares and contrasts the effects of good financial management on happy customers and steady business. Liquidity and currency reserve requirements are examined in relation to RBI rules. Concerns include operational risks and variations in cash demand. Centralized currency management improves visibility and command, according to the study. Improving cash efficiency is another focus of treasury operations, which are discussed in the study. Financial success is enhanced by efficient cash management, according to the results.

Keywords: *Cash Management, Liquidity Optimization, Risk Control, ICICI Bank, Banking Sector, Cash Flow Management, Core Banking Systems, Digital Payment Platforms,*

1. INTRODUCTION

A corporation may rest assured that its finances will be stable thanks to cash management, which comprises carefully watching and preserving cash flow. Factors such as investments, bill payments, and unexpected liabilities can affect a company's cash management by affecting its inflows and outflows. Businesses that want to be completely self-sufficient must put systems in place to maximize their cash on hand and minimize their operational and logistical expenses. On the other hand, cash flow management helps businesses meet their financial commitments by making sure there's enough money coming in.

A company's cash input and outflow, or cash flow, is the bedrock of cash management. The constant recirculation of capital within banks is what the word "cash flow" describes. What this boils down to is how much money you make from sales and how much money you spend running your firm.

A person or organization's "cash management" processes are those that they put in place to make sure they have enough liquid assets (cash and equivalents) to pay their bills and achieve their goals both now and in the future. Its primary goal is to maximize earnings while maintaining optimal liquidity, making it an essential part of sound financial management.

Firm administrators, treasurers, and financial officials work together when the cash management organization is operating. The cash flow statement is the foundation of their plan since it details all of their financial activity, investments included, as well as the timing of those activities and the money that comes in and goes out. Showing how much money is available for the company to spend is the main purpose of a cash flow statement. The capacity to effectively manage cash flow is a critical competency for every company, no matter how big or little. A company's bank account balance is dynamic, therefore extra cash is always needed.

2. REVIEW OF LITERATURE

Dr. R. K. Sharma 2021 In light of the ever-changing economic and regulatory climate, this article delves into the methods used by banks to control their cash flow. Price hikes, interest rate fluctuations, and an uptick in transactions are some of the topics covered. The study highlights the need of maintaining adequate cash levels to match liquidity needs with profitability goals. Strategies for controlling liquidity risk and following rules set down by central banks are given top priority.

Ms. Pooja Kulkarni 2022 This article takes a look at the current state of the economy and how digital payment technologies are starting to change the way banks handle their currency. The article explains how traditional patterns of cash flow have been significantly changed by the fast adoption of UPI, mobile banking, and electronic payment transfer technologies. According to the research, people's preference for digital transactions and cashless payments has led to a steady decline in the usage of real currency. One major benefit of using real-time transaction data and advanced analytics is the ability to improve liquidity predictions.

Prof. S. N. Iyer 2023 In light of the ever-changing economic and regulatory climate, this article delves into the methods used by banks to control their cash flow. Price hikes, interest rate fluctuations, and an uptick in transactions are some of the topics covered. The study highlights the need of maintaining adequate cash levels to match liquidity needs with profitability goals. Strategies for controlling liquidity risk and following rules set down by central banks are given top priority.

Dr. N. Priyadarshini 2023 This article takes a look at how liquidity risk in the banking industry is related to cash management tactics. Inadequate controls and bad cash management can lead to funding shortages and other financial problems, which are explained here. The study highlights the negative impact on banks' reputations that can occur when clients' withdrawal requests are not processed. Cash flow analysis, stress testing, and cash planning are just a few of the many methods for managing cash flow.

Dr. K. Sunitha 2024 In a regulatory landscape that is always changing, this article delves into the tactics used by banks to control their cash flow. We evaluate how liquidity coverage ratios and statutory reserve requirements affect the choices made about cash holdings. Having enough cash on hand to meet operational and regulatory commitments is stressed throughout the article. It shows how institutions can face compliance risks and liquidity problems when their buffers are inadequate.

Mr. P. K. Malhotra 2025 Through the use of modern cash management strategies, this essay analyzes how banks have responded to the rapid speed of financial innovation and digital change. Improving the accuracy of currency projections is a growing area of focus for data analytics and AI.

3. THE FOUR A'S OF CASH MANAGEMENT



Accounting



Analysis



Allocation



Adjustment

Accounting

Pay close attention to accounting in all monetary transactions including cash receipts and payments. Accurate recording of financial transactions, including receivables, payables, and balances, is assured. Precise accounting makes keeping tabs on cash on hand and creating financial statements much easier. Transparency and personal control are promoted. Furthermore, audits and regulatory compliance are both made easier with accurate recordkeeping. To that end, accurate bookkeeping is the bedrock of sound financial management.

Analysis

Cash flow trends and patterns can be better understood through the examination of financial data. Banks and other financial organizations use both past and present data to assess risk, profitability, and liquidity. If you need to know if there is a surplus or shortfall of funds, this will help. Looking at financial data makes forecasting and decision-making much easier. It also gives management the opportunity to fix the problem. Consequently, analysis is useful for making better use of money.

Allocation

Operating expenses, investments, and lending are just a few of the many uses for money that can be "allocated" effectively. Financial institutions aim to distribute their assets in a way that maximizes both liquidity and profitability. Appropriate distribution ensures the most efficient use of financial resources. Opportunity expenses and latent cash are both reduced. Allotment decisions are impacted by risk and reward factors. Therefore, optimizing capital flow requires it.

Adjustment

When one's financial situation changes, it is common practice to quickly revise one's cash strategy. Market volatility, new rules, or unforeseen funding needs prompt banks to reevaluate their cash holdings. Financial independence is ensured by this. Regular changes help maintain stability and liquidity.

4. STRATEGIES FOR EFFECTIVE CASH MANAGEMENT IN THE BANKING SECTOR

Liquidity Planning and Forecasting

Effective cash management relies on accurate cash flow projections and dependable liquidity planning. Financial institutions project future cash flows by analyzing past data, seasonal

patterns, and consumer purchasing habits. That way, whenever you need to make a withdrawal or pay bills, you won't have to stress about not having enough money. Preventing cash shortages and surplus inactive cash is the goal of accurate forecasting.

Centralized Cash Management System

Centralized cash management systems allow banks to track and manage the movement of money across all of their branches in real-time. Redistribution of finances and improved visibility into surplus and deficit situations are two benefits of centralization. At the branch level, it reduces the likelihood of duplicate cash holdings. By using these solutions, internal control is improved and operating expenses are reduced. Centralized administration allows for quick decision-making during liquidity difficulties. This method improves the efficacy of capital flow over the long run.

Compliance with Regulatory Requirements

An effective cash management strategy must include the maintenance of statutory reserves, such as the Cash Reserve Ratio (CRR) and the Statutory Liquidity Ratio (SLR). Institutions frequently review financial data to ensure compliance with regulations set by the central bank. Protecting your reputation and staying out of hot water requires efficient compliance. Regulations that are consistent with one another boost depositor confidence. Thorough monitoring guarantees that the available funds are being used to their fullest potential. This means that following the rules is essential for maintaining financial control.

Technology-Driven Cash Monitoring

The use of treasury management tools, real-time dashboards, and digital technologies has changed the way cash is handled. These innovations make it possible to track capital and liquidity levels in near real-time. Automation of operations improves reporting precision while reducing the likelihood of human mistake. Technological advancements also bolster predictive analytics for forecasting future cash flows. Operations are made more efficient and transparent as a result. Therefore, banks can quickly respond to changes in their customers' cash needs.

Branch-Level Cash Optimization

Banks use cash planning at the branch level to efficiently handle their daily currency needs. Researching regional demand patterns, transaction volumes, and consumer behavior helps establish the ideal cash reserves. The amount of money dedicated to security expenses will drop and the need to have currency on hand will reduce as a result of this. The efficient administration of branch currencies improves customer service. Additionally, problems with cash flow or overstocking are less likely to occur.

Promotion of Digital Transactions

Promoting digital payment options like UPI, mobile banking, and internet transfers aims to reduce the need for currency, among other things. Currency devaluation results in lower transportation, storage, and handling costs. Through the use of digital transactions, cash flow can be made more predictable. Liquidity forecasts are made more accurate with this method. It allows for more efficient operations and faster settlements. Financial management is typically made more efficient by digitization.

Risk Management and Stress Testing

Through the use of scenario analysis and stress testing, banks assess their cash reserves under difficult conditions. Market volatility, unexpected withdrawals, and economic disruptions can be better understood by poring over financial data. This makes it easier to make arrangements for any financial setbacks. When disaster occurs, a company's financial management that is based on risk can withstand it better. This safeguards the bank's ability to meet its expenses, regardless of the challenges it faces. Consequently, a crucial tactic for managing one's finances is risk management.

Investment of Surplus Cash

An essential part of sound financial management is investing excess cash in assets with a low risk and a short maturity. Banks determine their liquidity needs before investing surplus funds in money market instruments or Treasury notes. Making a profit and creating revenue go hand in hand with this strategy. Smart investment choices reduce the opportunity cost of idle capital. It also boosts earnings without endangering anyone's safety. Therefore, a balance is achieved between the two extremes of security and profit through the investment of surplus capital.

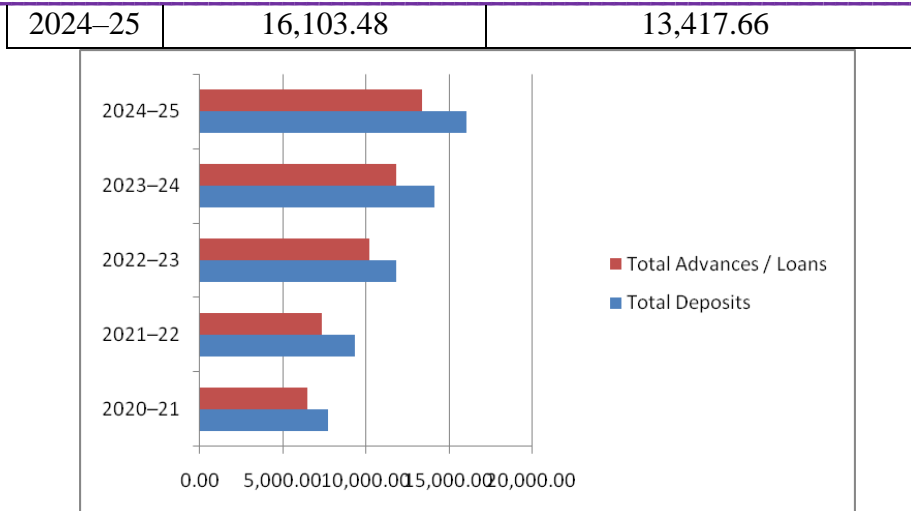
5. DATA ANALYSIS AND INTERPRETATION

ICICI BANK CASH FLOW

ICICI Bank Cash Flow	----- in Rs. Cr. -----				
	2024–25	2023–24	2022–23	2021–22	2020–21
Net Profit Before Tax	62616.2	54487.8	42421.2	30608.9	20182.7
Net Cash From Operating Activities	122357	81656.6	7690.32	55046.9	124093
Net Cash (used in)/from Investing Activities	-69582	-62649	-65751	-35035	-53491
Net Cash (used in)/from Financing Activities	-7295.6	1075.85	9426.38	14868	-55935
Net (decrease)/increase In Cash and Cash Equivalents	45636	20487.7	-48384	34694.1	13972.5
Opening Cash & Cash Equivalents	139926	119438	167822	133128	119156
Closing Cash & Cash Equivalents	185562	139926	119438	167822	133128

TOTAL DEPOSITS & TOTAL ADVANCES OF ICICI BANK

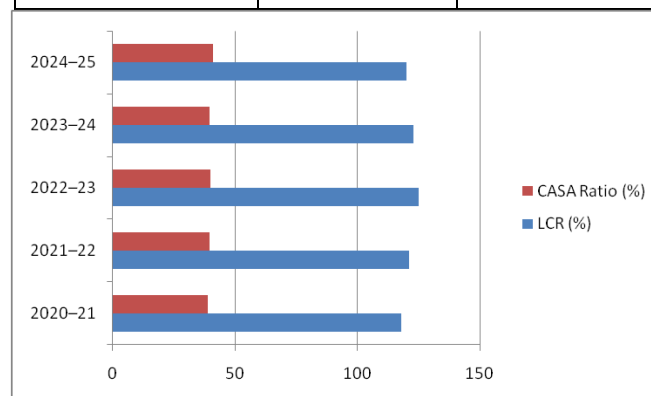
Financial Year	Total Deposits	Total Advances / Loans
2020–21	7,709.69	6,452.90
2021–22	9,325.22	7,337.29
2022–23	11,808.41	10,196.38
2023–24	14,128.25	11,844.06



INTERPRETATION: The table shows that between 2020-21 and 2024-25, ICICI Bank's deposits and advances grew strongly and consistently. The fact that total deposits increased significantly from ₹7,709.69 billion in 2020-21 to ₹16,103.48 billion in 2024-25 shows that deposit mobilization was successful and customer trust was raised. At the same time, the overall advances rose from ₹6,452.90 billion to ₹13,417.66 billion, showing that the funds were used efficiently for lending. Indicative of the bank's effective cash management techniques, which allow it to preserve liquidity while expanding profitability, is the consistent and proportionate rise of deposits and advances.

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

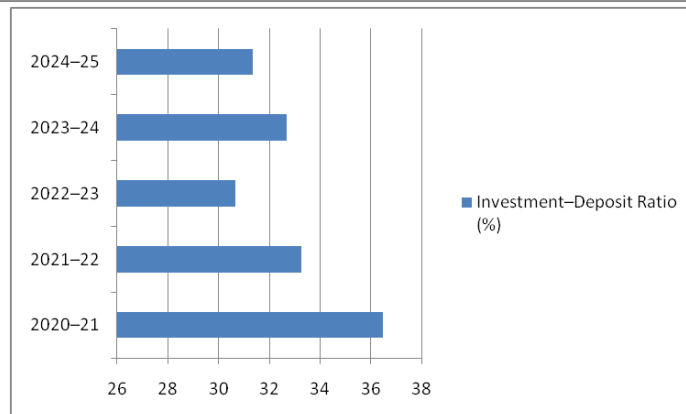
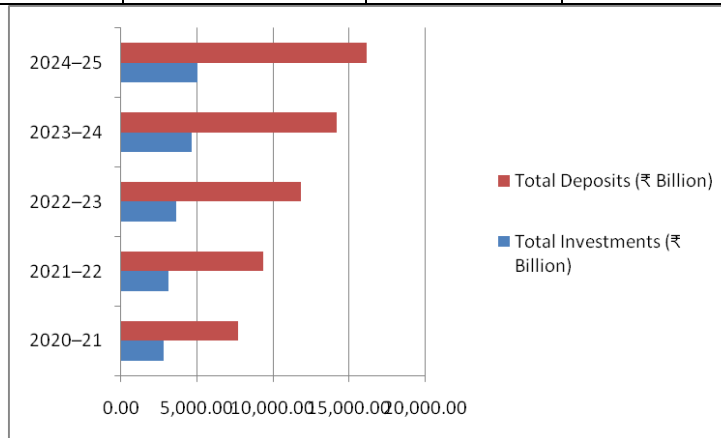


INTERPRETATION: This table clearly shows that from 2020-2021, all the way through 2024-2025, ICICI Bank's Liquidity Coverage Ratio (LCR) was much greater than the RBI's minimum requirement of 100%. In 2020-2021, the LCR was 118%; in 2022-2023, it was 125%; and in 2024-2025, it fell to 120%, showing a highly solid position with regard

to short-term liquidity. The availability of low-cost deposits is indicated by the CASA ratio, which has stayed reasonably steady at 39-41% over the past few years, increasing from 39% in 2020-21 to 40.9% in 2024-25. The combination of a stable LCR and a constant CASA ratio guarantees cost-effective funding and financial stability, demonstrating efficient management of cash and liquidity.

Investment–Deposit Ratio

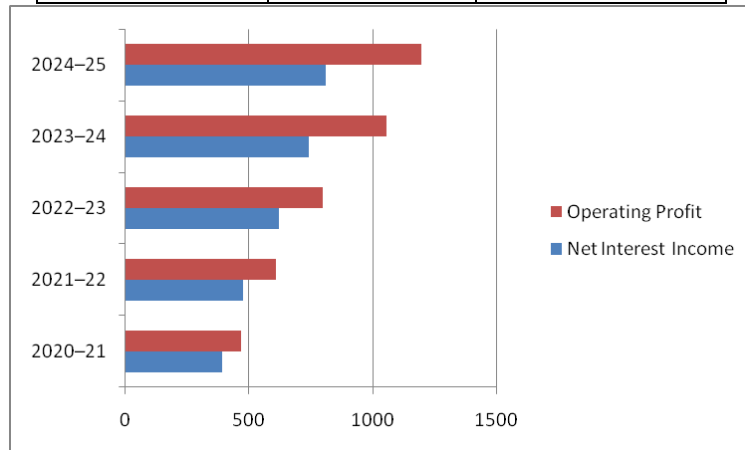
Financial Year	Total Investments (₹ Billion)	Total Deposits (₹ Billion)	Investment–Deposit Ratio (%)
2020–21	2,812.87	7,709.69	36.49
2021–22	3,102.41	9,325.22	33.27
2022–23	3,623.30	11,808.41	30.68
2023–24	4,619.42	14,128.25	32.7
2024–25	5,047.57	16,103.48	31.36



INTERPRETATION: The careful liquidity management and investment decisions made by ICICI Bank are shown in the table below for the years 2020–2021, 2024–2025. Total investments rising from 2,812.87 billion in 2020–2021/2021,000,000,000,000,000 in 2024–2025 implies a greater concentration of assets in liquid and easily convertible products. However, due to deposits growing faster than investments, the investment-deposit ratio fell from 36.49% to 31.36%. This pattern shows that the bank has accomplished its goal of maintaining a balanced loan and investment portfolio, which is a vital component of effective cash management.

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: From 2020–2021, all the way through 2024–2025, the table shows that ICICI Bank's profits increased substantially and consistently. A sign of efficient capital allocation and competent interest management was the steady rise in Net Interest Income from ₹389.89 billion in 2020–2021, to ₹811.65 billion in 2024–2025. An other sign of better cost management and operational success was the huge jump in operational profit, which went from 468.95 billion to 1,198.40 billion rupees. This rising trend demonstrates that the efficient management of cash and liquidity had a direct impact on the continued increase of profitability.

6. CONCLUSION

In conclusion, sound cash management practices are critical to the success and longevity of financial organizations. To avoid having too much money sitting around doing nothing and not enough to meet client expectations, good cash management is essential. Processing payments, settlements, and withdrawals are just a few examples of the mundane tasks that technology streamlines. Furthermore, financial institutions can meet the reserve and liquidity requirements set by authorities by means of diligent capital planning. Online banking and other forms of electronic payment have made cash management more dynamic and technologically advanced. Treasury management systems and cash forecasting models are tools that help with precision and control. In addition to improving overall risk management, competent cash management lowers the probability of liquidity concerns. Additionally, it lessens the operational costs linked to the storage and administration of currencies. Transparent cash flow management tactics can help financial organizations weather economic storms better. When the main office and the branches are able to communicate well, the funds

are used more efficiently. Regular oversight makes it easier to stick to spending plans. By reviewing their policies on a regular basis, banks can adjust to shifting market conditions. Therefore, without strong cash management systems, the banking sector cannot guarantee development, stability, or efficiency over the long run.

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