

Analysis of Financial Performance of Urban Cooperative Banks Functioning in Karnataka

Dr. K. Ravichandran¹, Dr.V.Alagu Pandian², S. Somiya³

¹*Director (Retd), RICM, Bangalore.*

²*Faculty, ICM, Madurai.*

³*Deputy Director, RICM, Bangalore.*

I. INTRODUCTION

Urban Co-operative Banks (UCBs) occupy an important place and cater the credit needs of people residing in urban areas. They advance loans mostly to the small traders, artisans and monthly income group people. They also advance loans against gold; movable and immovable property etc. It also provides various kinds of banking facilities like commercial and nationalized banks to their members and customers. The urban co-operative banks are an important part of the financial system in India. The above facts reveal that the UCBs emerges as a sound and healthy network of jointly owned, democratically controlled and ethically managed banking institutions providing need-based quality banking services, essentially to the middle and lower middle classes and marginalized sections of the society.

The success of the urban cooperative banks depends on effective funds management and an effective funds management plays a key role in enhancing the profit and profitability of the UCBs. The funds are classified into long term sources of funds and short-term sources of funds. The long-term sources of funds are mainly used for asset creation and often called as a capital expenditure. The short-term sources of funds are mainly used for meeting the working capital needs of the bank. In the banking sector both the surplus and deficit of the funds results in risk and an effective funds management results in mitigation of risks pertaining to management of funds. This paper makes an attempt to analyse the financial performance of urban cooperative banks functioning in Karnataka and it also makes an attempt to analyse the funds management and the factors

affecting the profit and profitability of the UCBs functioning in Karnataka.

Classification of UCBs Financially Sound and Well Managed (FSWM)

As per the recent RBI circular the urban cooperative banks are classified as Financially Sound and Well Managed (FSWM). The parameters used by the RBI to put the UCBs under the FSWM categories are as follows.

- a. The CRAR shall be at least 1 percent above the minimum CRAR applicable to UCBs as on the reference date.
- b. Net NPA not more than 3 percent
- c. Net profit at least three out of the preceding four years subject to it not having incurred a net loss in the immediately preceding year.
- d. No default in the maintenance of CRR/SLR during the preceding financial year
- e. Sound internal control system with at least two professional directors on the board
- f. Core banking solution fully implemented, and
- g. No monetary penalty should have been imposed on the bank on account of violation of RBI directives/ guidelines during the last two financial years.

II. RECENT TRENDS

Four tier regulatory framework

As per the recent guidelines the RBI adopted four-tier regulatory frame work for the UCBs in line with the recommendations of Expert Committee on UCBs and based on the deposit position are classified in to four tiers for the regulatory purposes and they are as follows.

Tier I: All unit UCBs and the Salary earners' UCBs (irrespective of the deposit size), and UCBs having deposits up to Rs. 100 crore.

Tier II: UCBs with deposits more than Rs.100 crore and up to Rs 1,000 crore

Tier III: UCBs with deposits more than Rs. 1,000 and up to Rs 10,000 crore

Tier IV: UCBs with more than Rs. 10,000 crore

The deposits referred to above shall be reckoned as per audited balance sheet as on 31st march of the immediate preceding financial year. If a UCBs transits to a higher tier on account of increase in deposits in any year, it may be provided a glide path of up to a maximum three years, to comply with higher regulatory, if any transited high tier.

Priority sector lending

UCBs are required to allocate 75% of their Adjusted Net Bank Credit (ANBC) or Credit Equivalent Amount of Off-Balance Sheet Exposure (CEOBE), whichever is higher, to priority sectors. The deadline to achieve this target has been extended to March 31, 2026. Additionally, the interim target of 60%, previously set for March 31, 2023, has been extended to March 31, 2024. UCBs are now required to report PSL data in the format prescribed in the Master Direction on Filing of Supervisory Returns, effective from February 27, 2024.

Prompt Corrective Action (PCA)

In July 2024, the Reserve Bank of India (RBI) introduced a Prompt Corrective Action (PCA) Framework specifically for Primary (Urban) Co-operative Banks (UCBs). This framework is set to take effect on April 1, 2025, and aims to facilitate timely supervisory intervention, ensuring that UCBs implement necessary remedial measures to restore and maintain their financial health. The PCA Framework applies to UCBs categorized under Tier 2, Tier 3, and Tier 4. Tier 1 UCBs are currently exempt but will continue to undergo enhanced monitoring under the existing supervisory framework. The introduction of this PCA Framework replaces the earlier Supervisory Action Framework (SAF) as applicable to UCBs

Number of Banks

The liberal licensing policy adopted by the RBI in the year 1990s has resulted in the mushroom growth of

UCBs in India. Various study reports shows that nearly one third of the newly licensed banks subsequently turned financially unsound. In order to overcome issues the RBI has initiated the process of consolidation, including the merger of unviable UCBs with viable counterparts, cancelling licences of non-viable entities and suspension of new licence issuance. As on 31.03.2024 there are 1,472 urban cooperative banks functioning in India. The concentration of UCBs are more in the State of Maharashtra (469), followed by Karnataka (252) Gujarat (214). The number of urban cooperative banks functioning in Karnataka is 252. While comparing the total number of UCBs functioning in India around 17.14 percentages UCBs are functioning in the State of Karnataka. The concentration of UCBs is more (48) in the Bangalore district followed by Belagavi (37) and Vijapura (18). The growth rate UCBs functioning in Karnataka during the last five years is presented in table number .1

Table No.1 Number of urban cooperative banks

Year	Number of banks	Growth rate in percentage
2019-20	264	-
2020-21	264	-
2021-22	256	-3.12
2022-23	253	-1.18
2023-24	252	-0.39

The above table shows the number of urban cooperative banks functioning in Karnataka and it has been declining year after year and the main reason for decline in the number of UCBs are due to imprudent management of funds and investments.

Number of Branches

The opening of new branches by the UCBs reveals the financial health of the UCBs and it also gives scope for establishing its network in the unbanked areas. As per the RBI recent directives UCBs are now permitted to open new branches within their approved area of operation without getting prior approval from the RBI. The UCBs can open up to 10% or a maximum of 5 branches, based on the number of branches they have in the financial year. However, the RBI further directed the UCBs to get board approval in this regard and strictly adhere

to the Financially Sound and Well Managed norms. The details of the number UCBs branches opened and functioning in Karnataka during the last five year is presented in table No.2

Table No.2 Number of branches

Year	Number of branches	Growth rate in percentage
2019-20	1145	-
2020-21	1122	-2.00
2021-22	1065	-5.08
2022-23	1054	-1.03
2023-24	1105	4.83

The above table shows that the number of branches opened and functioning by the different UCBs functioning in the State of Karnataka and it has been declining except during the year 2023-24 and the increase in the number of branches during the year 2023-24 may be due to the autonomy given by the RBI to the UCBs in the recent past.

Number of members

The members are the owner of the UCBs and they have the right to participate in the affairs of the UCBs. An increase in the membership position paves way for increase in the share capital and an increase in the share capital further paves way for increase in the own fund position. The total membership position of all the UCBs functioning in the State of Karnataka is presented in table No.3

Table No. 3 Membership

Year	Number of members	Growth rate in percentage
2019-20	25,55,442	-
2020-21	25,43,121	-0.48
2021-22	23,81,950	-6.76
2022-23	23,62,974	-0.80
2023-24	23,92,297	1.24

The above table highlights the membership position of the UCBs functioning in the State of Karnataka and it has been declining every year except during the year 2023-24

Number of employees

Like any other assets human resources is also considered as one of the most important assets of the UCBs or any organisation. Each employee contributes greatly in enhancing the productivity of

the UCBs. The details of number of employees working in the UCBs are presented in table number 4.

Table No.4 Number of employees

Year	Number of employees	Growth rate in percentage
2019-20	9068	
2020-21	8797	-2.98
2021-22	8425	-4.4
2022-23	8400	-0.29
2023-24	8380	-0.23

The above table describes total number of employees working in the urban cooperative banking sector and it has been declining year after year and this declining trend is not an encouraging sign for the further growth and development of urban cooperative banking sector in Karnataka.

Share capital

Share capital plays an important role in deciding the capital structure of the UCBs. Share capital is considered as an important internal sources of funds and it helps the UCBs to a greater in strengthening the own funds position. Further, it also helps the UCBs to achieve the capital adequacy norms as prescribed by the RBI. The urban cooperative bank follows the system of linking of share capital with borrowing and as per the RBI norms the UCBs earmarks 2.5 per cent of the secured loan amount and 5 per cent of the unsecured loan amount towards share capital. As per the RBI prudential norms on capital adequacy pertaining to UCBs the share capital forms part of the tier I capital. Hence, the UCBs having strong capital base can able to achieve the CRAR very easily and it is considered as one of the important parameters adopted by the RBI in assessing the financial health of UCBs. The share capital position of the UCBs functioning in Karnataka is presented in table number 5.

Table No.5 Share capital

(Rs in crore)

Year	Share capital(Rs)	Growth rate in percentage
2019-20	1593.34	
2020-21	1632.63	-2.46
2021-22	1659.09	1.59
2022-23	1723.32	3.72
2023-24	1763.43	2.27

The above table describes the share capital position of UCBs functioning in Karnataka and it has recorded a positive growth during all the periods under study except during the year 2020-21.

Reserve and other funds

The reserve fund is one of the internal sources of fund. As per the Karnataka Cooperative Societies Act 1959, not less than 25 per cent of the net profit to be earmarked as statutory reserve. As per the RBI prudential norms on capital adequacy pertaining to UCBs the reserves funds and other funds like undisclosed reserves, revaluation reserves, General provisions and loss reserves etc., forms part of the tier II capital. The details of the reserve fund and other funds maintained by the UCBs functioning in Karnataka is presented table 6.

Table No. 6 Reserve and other funds
(Rs in crore)

Year	Reserve and other funds(Rs)	Growth rate in percentage
2019-20	4429,68	-
2020-21	5052.84	6.23
2021-22	6874.81	26.50
2022-23	7624.91	9.83
2023-24	7037.42	-8.34

Own funds

The share capital, reserve, grant and subsidies, capital reserve and undistributed profit constitute its own fund. The own fund is considered as an important criteria for taking a lot of financing decisions and it also acts as a cushion to overcome the future contingencies. An increase in the own fund avoids greater dependence over borrowed funds and it provides wider scope for enhancing the earning capacity of the UCBs. An increase in the own fund position will certainly help the UCBs in achieving the capital adequacy norms of 9 per cent as prescribed by the RBI. The method of determination of own fund is presented in table number 7.

Table No. 7 Reserve and other funds
(Rs in crore)

Year	Share capital (Rs)	Reserve and other funds(Rs)	Own funds (Rs)	Growth rate in percentage
2019-20	1593.34	4429,68	4589.02	
2020-21	1632.63	5052.84	6685.47	45.68
2021-22	1659.09	6874.81	8533.90	27.64
2022-23	1723.32	7624.91	9345.23	9.50
2023-24	1763.43	7037.42	8800.85	-5.82

The above table describes the own funds position of the UCBs functioning in Karnataka and it has recorded a positive growth during all the period under study except during the year 2023-24.

Deposits

Deposits are the major sources of funds for any bank and the UCBs are not an exemptions to this. In the banking sector, the deposits are classified on the basis of the cost incurred in mobilising particular kind of deposits. Accordingly, the current account deposits are called no cost deposit and the savings bank deposits are called low cost deposits. These two deposits are collectively called as CASA deposits. When compared to the CASA deposits the banks are paying more interest on fixed deposits. Hence, the fixed deposits in the banking sector are called as high cost deposits. The prudent mix of CASA deposits and high cost deposits will enhance the profit and profitability position of the UCBs and the imprudent mix of CASA and high cost deposits will certainly impair the profit and profitability position of the bank.

The details of the total deposits held by UCBs functioning in Karnataka are presented in table number 8.

Table No. 8 Deposits
(Rs in crore)

Year	Deposits (Rs)	Growth rate in percentage
2019-20	43191.27	--
2020-21	45580. 09	5.53

2021-22	47030.67	3.18
2022-23	47258.28	0.48
2023-24	47043.84	-0.45

The above table explain the details of deposits held by the UCBs functioning in Karnataka and it has made constant progress during all the period under study except with a very marginal decrease in the year 2023-24.

Working capital

The term working capital generally denotes the difference between current assets and current liability and it is used to meet the daily or routine expenditure. In case of UCBs the working capital is calculated by taking the total of the balance sheet minus contra entry. The working capital act as a base for smooth functioning of UCBs and the details of working capital held by the UCBs in Karnataka during the period under study is presented in the table number 9

Table No. 9 Working capital

(Rs in crore)

Year	Working capital(Rs)	Growth rate in percentage
2019-20	50161.42	
2020-21	52993.94	5.64
2021-22	53572.18	1.09
2022-23	56087.36	4.69
2023-24	57716.01	2.90

The above table analyses the working capital held by the UCBs functioning in Karnataka and it has recorded positive growth during all the period under study. On an average the growth constitutes 2.84 per cent.

Profitability Ratio

The profitability ratio reveals the overall financial health of the UCBs and an increase in the profitability ratio reveals the prudent utilization of funds and a decrease in the profitability ratio will impair the profit and profitability of the UCBs. The formula used for calculation of profitability ratio is given below

Profitability ratio = Net profit divided by working capital multiplied by 100

The method of calculation is presented in table number 10

Table No. 10 Calculation of profitability ratio
(Rs in crore)

Year	Net Profit (Rs)	Working Capital (Rs)	Profitability ratio
2019-20	399.13	50161.42	0.79
2020-21	301.34	52993.94	0.56
2021-22	195.48	53572.18	0.36
2022-23	426.71	56087.36	0.76
2023-24	465.47	57716.01	0.80

The above table explains the profitability ratio of UCBs functioning in Karnataka. The standard for the profitability ratio ranges from 2 per cent to 2.5 per cent. It is evident from the table that the profitability ratio maintained by the UCBs are less than the standard and it is less than one per cent during all the period under study. It is mainly due to the maintenance of excess CRR and SLR than the norms prescribed by the RBI, mobilization of more high cost deposits and focusing more attention on investments rather than lending operations.

Per employees Productivity Ratio

Per employee productivity is on the important parameter in enhancing the profit and profitability of UCBs. The formula used for calculation per employee productivity ratio is given below.

Per employee productivity ratio = Turnover divided number of employees and Multiplied by 100

The method involved in calculation of per employee productivity is presented in table number 11.

Table No. 11 Per employees Productivity Ratio
(Rs in crore)

Year	Turnover(Rs)	Number of Employees	Per employee Productivity (Rs)
2019-20	71303.72	9068	786.32
2020-21	74799.47	8797	850.28
2021-22	76414.58	8425	906.99
2022-23	77057.99	8400	917.35
2023-24	81055.97	8380	967.25

The above table reveals the per employee productivity of the UCBs functioning in Karnataka and on an average the per employee productivity during the study period constitutes Rs. 885.59 crore

Per branch Productivity Ratio

Per branch productivity is an important factor in enhancing the profit and profitability of UCBs. The formula used for calculation per branch productivity ratio is given below

Per employee productivity ratio = Turnover divided number of employees and

Multiplied by 100

The method involved in calculation of per employee productivity is presented in table number 12.

Table No. 12 Per Branch Productivity Ratio
(Rs in crore)

Year	Turnover(Rs)	Number of branches	Per Branch Productivity (Rs)
2019-20	71303.72	1145	6227.39
2020-21	74799.47	1122	6666.61
2021-22	76414.58	1065	7175.07
2022-23	77057.99	1054	7311.00
2023-24	81055.97	1105	7335.38

The above table reveals the per branch productivity of the UCBs functioning in Karnataka and on an average the per branch productivity during the study period constitutes Rs. 6943.09 crore.

Investments

In accordance with guidelines issued by the RBI the investments other than shares in co-operative banks and societies are classified into three categories viz., 'Held to Maturity (HTM)', 'Available for sale (AFS)' and 'Held for Trading (HFT)'. As per the RBI directive the entire SLR investments should compulsorily be invested only in the Government Securities. The investment other than the SLR investment are called as non-SLR investments and other investments and as per RBI exposure norms the Non-SLR investment should exceed 10 per cent of the deposits shown in the balance sheet of the

previous financial year. The total investment made by the UCBs during the period under study is presented in table No. 13

Table No. 13 Investments
(Rs in crore)

Year	Investments	Growth rate in percentage
2019-20	16939.99	--
2020-21	18947.71	11.85
2021-22	23600.57	24.55
2022-23	19745.83	-16.33
2023-24	20325.76	2.93

The above describes the investment position the UCBs functioning in Karnataka and it has recorded a positive growth except during the year 2022-23 On an average the growth rate of investments constitutes 4.6 per cent.

Investment to Deposit Ratio

The bank cannot lend entire deposits mobilized from the members and customers. As per Section-18 of Banking Regulation Act the bank has to invest 4 per cent of the net demand and time liabilities in Cash Reserve Ratio (CRR) and as per Section- 24 of Banking Regulation Act it has to invest 18 per cent of the net demand and time liabilities in Government securities. The CD ratio and investment to deposits ratios are inversely proportionate. It means that an increase in CD ratio results in decrease in investment to deposit ratio and vice-versa. The details of investments to deposits ratio and formula used for calculation of this are as follows.

Investment to Deposit Ratio= Total investments multiplied by 100 and divided number of Total deposits

Table No. 14 Investment to Deposit Ratio
(Rs in crore)

Year	Investments (Rs)	Deposits (Rs)	Ratio
2019-20	16939.99	43191.27	39.22
2020-21	18947.71	45580.09	41.57
2021-22	23600.57	47030.67	50.18
2022-23	19745.83	47258.28	41.78
2023-24	20325.76	47043.84	43.20

The above table describes the investments to deposits ratio. As per the RBI norms the credit deposit ratio

should not exceed 70 per cent. If it is the case, the investment to deposits ratio should not exceed 30 per cent. On an average UCBs maintains 13.19 per cent is in excess of 30 per cent. The yield on investment in the prevailing economic condition is not showing an encouraging sign. Hence, accepting deposits at higher rate of interest and parking the funds in investment at a lesser rate of return will certainly affects the profit and profitability of the UCBs.

Loans and advances

The main objective of UCBs is to meet the credit needs of members. The UCBs extends different types of loans to the members and customer. The UCBs can lend 70 per cent of the deposits, 100 per cent of its borrowed fund and 75 per cent of its own funds to extent credit facilities to their members and customer. The UCBs are expected to lay down, with the approval of their boards, transparent policies and guidelines for credit dispensation, in respect of each broad category of economic activity, keeping in view the credit exposure norms and various other guidelines issued by the Reserve Bank of India from time to time. UCBs are permitted to determine their lending rates taking into account their cost of funds, transaction costs etc., with the approval of their Board. However, banks are advised to ensure that the interest rates charged by them are transparent and known to all customers. The details of loans and advances made by UCBs functioning in Karnataka is presented in table number 15

Table No. 15 Loans and advances
(Rs in crore)

Year	Loans and advances (Rs)	Growth rate in percentage
2019-20	28112.45	
2020-21	29219.38	3.93
2021-22	29383.91	0.56
2022-23	29799.71	1.41
2023-24	34012.13	14.13

The above table explains the loans and advances made by the UCBs in Karnataka and it is been showing an increasing trend during all the period under study

Credit Deposit Ratio (CD ratio)

This ratio reveals the quantum of loans advanced by the bank from out of the total deposit mobilized. It is

considered as one of the most important parameter to assess the financial health of the UCBs. An increase the credit deposit ratio paves way for enhancing the profit and profitability position of the UCBs and a decrease in the CD ratio will impair the profit and profitability of the UCBs to a greater extent. However, as per the RBI norms the CD of the UCBs should not exceed 70 per cent. The details of the credit deposits ratio and formula used for calculation of this ratio are as follows.

Credit deposit ratio= Total advances divided by total deposits multiplied by 100

Table No. 16 Credit Deposit Ratio

(Rs in crore)

Year	Total loans advances (Rs)	Total deposits (Rs)	Ratio
2019-20	28112.45	43191.27	65.08
2020-21	29219.38	45580.09	64.10
2021-22	29383.91	47030.67	62.49
2022-23	29799.71	47258.28	63.05
2023-24	34012.13	47043.84	72.29

The above table highlights the credit deposit ratio of the UCBs functioning in Karnataka and the credit deposit ratio maintained the UCBs are ranging from 72.29 per cent to 62.49. The credit deposit ratio maintained by the UCBs during the year 2023-24 has exceeded the norms(70 per cent) prescribed by the RBI and on an average the credit deposit ratio maintained the UCBs constitutes 65.40. Overall the credit deposit ratio maintained by the UCBs is stable unlike other credit cooperatives functioning in Karnataka.

Net profit

The net profit earned by the UVBs shows its managerial efficiency. The growth rate of net profit earned by the UCBs is presented in table No. 17

Table No. 17 Net profit

(Rs in crore)

Year	Net profit	Growth rate in percentage
2019-20	399.13	
2020-21	301.34	-24.50
2021-22	195.48	-54.15
2022-23	426.71	118.28
2023-24	465.47	9.08

The above table explains the net profit earned by UCBs and it has recorded a negative growth during the year 2020-21 and 2021-22 and from the year 2022-23 the profit earned by the urban cooperative banking sector is started showing an increasing trend.

III. FINDINGS

The major findings of the analysis are as follows.

- The number of UCBs functioning in Karnataka is showing a declining trend and it is not an encouraging sign for the further growth and development of the urban cooperative banking sector. During 2023-24, licences of 24 UCBs were cancelled, raising the total number of cancellations to 70 since 2015-16. 94.3 per cent of the cancellations have been in the non-scheduled category and it is not an encouraging sign for the further growth and development of UCBs in India.
- The number of UCBs branches are decreasing year after year except during the year 2023-24 and it may be due to the autonomy given the RBI with regard of opening of new branches in the recent past.
- The number of members is also showing a declining trend except during the year 2023-24 (1.24 per cent).
- The number of employees is constantly showing a decreasing trend and if it continues providing an effective and focused customer service becomes difficult.
- The growth rate of share capital has recorded a positive growth during all the period under study except during the year 2020-21(-2.46 per cent).
- The reserve funds and other funds position is also increasing year after year except during the year 2023-24 (-8.34 per cent).
- The owned fund position is also showing an increasing trend except during the year 2023-24 (-5.82 per cent).
- The deposits held by the UCBs have recorded a positive growth with a marginal decrease during the year 2023-24 (-0.45 per cent).
- The working capital held by the UCBs is showing a positive growth during all the period under study.

- The profitability ratio maintained by the UCBs is not showing an encouraging sign and it is less than one per cent. It is a clear indication of imprudent way of funds management by the UCBs functioning in Karnataka.
- On an average per employee productivity constitutes Rs. 885.59 crore.
- On an average per branch productivity constitutes Rs.6943.09 crore.
- The investments made by the UCBs have recorded positive growth during all the period under study except during the year 2022-23 (-16.33 per cent).
- The investment to deposit ratio is on higher side and it will certainly affects the profit and profitability position of the UCBs either in the short run or in the long run.
- The credit delivery by the UCBs is showing a positive sign.
- The UCBs functioning in Karnataka are maintaining a very good credit deposit ratio and on an average the credit deposit ratio maintained by the UCBs in Karnataka constitutes 65.40 per cent.
- Initially the net profit earned by the UCBs is showing a negative trend and subsequently from the year 2022-23 it has started showing a positive growth.

IV. SUGGESTIONS

- For the last two to three decades the number UCBs functioning in Karnataka is showing a declining trend. Hence, steps may be initiated to strengthen the functioning UCBs by focusing more attention on the key areas like funds and investment management, prudent lending and credit appraisal system and effective governance etc.
- Steps may be initiated by the urban cooperative banking sector to avoid further decline in the membership position. Extending the modern and digital based banking services may attract youth as members of the UCBs.
- The profitability ratio maintained by the UCBs is less than one per cent and it is the clear indication of imprudent funds and investment management. In order to increase the profitability ratio the UCBs should avoid

focusing much attention on maintenance of excess CRR and SLR than the norms prescribed by the RBI, adequate initiatives to mobilize more low cost deposits and focusing more attention on lending operations rather than on investments.

- Achieving capital adequacy norms is purely based on the owned fund position and own funds consists of share capital and reserves. Hence, steps may initiated by the UCBs to increase the share capital and reserve funds position.
- So as to further increase the credit deposits ratio the UCBs should come forward to explore the new avenues of lending and make an attempt to meet credit needs of the different sections of the society.
- The proper monitoring and supervision of loans and advances avoids accumulation of non-performing assets and thereby avoids unnecessary provision for NPA. The bank should formulate a suitable recovery policy to recover the dues in right time and strictly follow the legal measures pertaining to recovery of loans.
- The UCBs should take necessary initiative for diversification of business activities which in turn results in enhancement of non-fund based income.
- The bank should regularly train their employees about recent trends and development in the area of banking in general and digital banking, cybercrime and cyber security in particular.

V. CONCLUSION

Urban Co-operative Banks (UCBs) occupy an important place among the Non-Agricultural Credit Society and it caters the credit needs of people residing in urban areas. The overall analysis of performance of the UCBs functioning in Karnataka is good in area like deposit mobilisation, lending operations, working capital management etc. In the present competitive environment rendering quality services and focusing much attention on modern banking services becomes need of the hour. Rendering quality services and moving from the era of traditional banking to digital banking will certainly give value addition in the functioning of urban cooperative banking sector in Karnataka. Further, designing suitable strategies to overcome the

challenges like management of NPA, emerging competition due to the advent of new generation banks, Small and Payment banks will certainly enhance operational efficiency UCBs functioning in Karnataka.