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A CRITICAL ASSESSMENT OF BANKING SECTOR IPOS FROM 2011 TO 2022

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Abstract

This comprehensive study provides a rigorous examination of Initial Public Offerings (IPOs) within the banking sector for the period spanning from 2011 to 2022. The review's scope spans a broad array of subjects, such as financial performance, market conditions, regulatory modifications, and investor perspectives. The findings of the study disclose a complex interplay of several factors that might lead to diverse financial outcomes. Certain financial organizations saw robust stock performance and revenue growth subsequent to their first public offering (IPO), whilst others had challenges pertaining to profitability. The impact of regulatory changes, including the heightened capital adequacy and transparency norms, significantly affected the strategy and outcomes of initial public offerings (IPOs). The role of investor sentiment has become a pivotal determinant of performance, with a strong correlation to market conditions, economic indicators, and perceived risk levels. The significance of time became evident as banks consistently synchronized their initial public offerings with favourable market periods. This research offers valuable insights for financial institutions contemplating initial public offerings (IPOs), emphasizing the need of proactive regulatory alignment, strategic timing, and effective investor engagement. This statement emphasizes the importance of ongoing adjustment in a constantly changing financial environment. It also emphasizes the need for further investigation into the lasting effects of regulations, the disruptive influence of financial technology, the dynamics of cross-border transactions, and the incorporation of sustainability factors in initial public offerings within the banking sector. This research is necessary to provide guidance to institutions navigating the dynamic landscape of initial public offerings.

Keywords: Initial Public Offerings (IPOs), Capital, Banking Industry, Market Structure, Finance.

1. INTRODUCTION

The Initial Public Offering (IPO) market plays a pivotal role in the transition of businesses from privately owned entities to publicly listed organizations. This facilitates the acquisition of a wider range of financial resources by organizations, therefore showcasing their commitment to growth and accountability. The banking sector has significant importance within the global monetary system and serves as a crucial catalyst for the development and progress of domestic economies. In recent years, this industry has become one of the several sectors that have made their entry into the initial public offering (IPO) market. The period spanning from 2011 to 2022 saw a confluence of several occurrences, including volatile economic circumstances, the evolution of regulatory structures, and significant technology transformations. The aforementioned advancements have had a significant impact on the dynamics surrounding initial public offers (IPOs) within the banking sector. Ally, Z. (2013[1])

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This research article will commence by doing an examination of the initial public offers (IPOs) that occurred within the banking sector within the specified time frame, spanning from 2011 to 2022. By doing so, the study aims to provide a comprehensive understanding of the challenges, successes, and transformations that have impacted the banking industry's association with the initial public offering (IPO) market. This is achieved by thoroughly examining the many aspects of these public offerings. This research paper endeavours to unravel the intricate history of initial public offerings (IPOs) in the banking industry by a comprehensive examination of financial performance, market circumstances, regulatory advancements, and investor viewpoints. The primary objective of this study is to provide insight into the ramifications that initial public offerings (IPOs) have on financial institutions and the wider economic environment. Gupta, M. Vashisht, A. and Sharma, M. (2014[2]).

Over the last twelve years, our focus has been on navigating the intricate landscape of initial public offerings (IPOs) within the banking sector. Our objective is to uncover valuable insights that not only contribute to the knowledge of scholars but also provide guidance to regulators, investors, and other stakeholders involved in the banking industry. The investigation of this particular historical era will ultimately contribute to a deeper understanding of the intricacies and importance of initial public offers (IPOs) within the continuously developing global financial landscape. This study aims to analyze trends, successes, failures, and insights that have broader implications outside the confines of the banking sector. Gupta, S. and Kaur, J. (2014[3])

2. OBJECTIVE OF THE STUDY

The primary objective of this review paper is to critically assess the banking sector IPOs from 2011 to 2022. This evaluation will encompass various dimensions, including financial performance, market conditions, regulatory environment, and their impact on the banking sector's public offerings during this period.

- To conduct a comprehensive examination of the financial performance metrics of banking sector IPOs, including initial valuations, post-IPO stock price performance, revenue growth, and profitability.
- To evaluate the evolving regulatory environment and policy changes affecting the banking sector from 2011 to 2022.
- To analyse the influence of market conditions, economic factors, and global events on investor behavior and their participation in these IPOs.

3. RESEARCH METHODOLOGY

This report employs a mixed-method research approach to comprehensively examine Initial Public Offerings (IPOs) within the banking sector from 2011 to 2022. Quantitative analysis plays a crucial role in this method, necessitating the collection of historical data pertaining to

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initial public offers (IPOs) within the banking sector. The dataset need to have crucial details, such as the identities of the issuing banks, the sizes of the offerings, the initial price of the stocks, the post-IPO stock performance, and other financial indicators. Quantitative data is derived from reputable financial databases, sources of stock market data, and databases pertaining to initial public offerings (IPOs). Pandey, I.M (2011[4]).This facilitates the use of statistical techniques, such as regression analysis and trend analysis, to identify potential relationships between financial performance, market conditions, and regulatory modifications. Qualitative research components are included with quantitative research approaches. The research is based on a comprehensive review of existing literature, incorporating qualitative perspectives on market sentiment, regulatory attitudes, and contextual factors that influence the outcomes of initial public offerings (IPOs). These insights are derived from interviews conducted with industry experts and surveys administered to investors. Furthermore, the examination of case studies pertaining to individual initial public offerings (IPOs) within the banking sector offers a comprehensive evaluation of distinct experiences. These studies primarily examine the decision-making processes and strategies used by banks to effectively navigate and respond to the dynamic initial public offering (IPO) landscape. Tripathi, P. (1991[5])

4. DATA SOURCES

The inquiry utilizes a diverse range of reliable and credible data sources. Financial databases such as Bloomberg, Reuters, and Fact Set are used to gather pertinent financial data pertaining to initial public offerings (IPOs) within the banking sector. The dataset includes financial information before to the initial public offering (IPO), details on price, and the subsequent performance of the stock after the IPO. After an initial public offering (IPO), data sources related to the stock market may be used to gather information on the trading performance of the banking industry. These include reports from stock exchanges and market indices. In order to get comprehensive information on initial public offerings (IPOs), IPO databases such as IPO Scoop, Renaissance Capital, and Dealogic are consulted and analysed. These databases provide users the ability to obtain prospectuses and complete offering documents. The study involves examining regulatory papers, reports, and amendments issued by relevant authorities, such as the Securities and Exchange Commission (SEC) in the United States or similar agencies in other countries, to monitor and understand the modifications in initial public offering (IPO) regulations. To get qualitative data, researchers conduct structured interviews with industry experts and stakeholders. These interviews provide firsthand insights. Simultaneously, the acquisition of qualitative data pertaining to investor sentiment and perspectives on initial public offerings (IPOs) within the banking industry is facilitated by the distribution of questionnaires to investors, analysts, and market participants. The robustness and comprehensiveness of the critical review are bolstered by the diverse range of data sources used. Kharti, S. (2012[6]).

5. LITERATURE REVIEW ON BANKING SECTOR IPOs

5.1 IPO Introduction

The decision-making process in the field of finance is heavily influenced by two key factors:

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the transition of a corporation to a public entity and its profitability. Consequently, it is essential for every organization to prioritise the preservation of its core operations and the sustained prosperity of all its stakeholders, with a special emphasis on shareholders. In order to facilitate the expansion of a firm, it is important to maintain a sufficient cash reserve for investment purposes. This capital infusion may originate from several sources, such as the company's own stock, external equity, debt financing, or other funding mechanisms. In addition to the financial resources provided by shareholders, corporations often acquire funds from the market via various means, including private sector investment, venture capital, loans, and debt issuance. In some instances, corporations may also choose to raise funds via the issuance of debt instruments. Conventional means of financing, including as equity from owners, loans, and retained earnings, may sometimes be insufficient in fulfilling an organization's finance requirements. This phenomenon sometimes occurs when an organization is undergoing fast development or facing a significant increase in costs. Rock (1986[7]) posits that a significant factor influencing firms' decision to refrain from going public is their inclination to avoid risk. This phenomenon may be attributed to the exclusive sharing of risk among the proprietors and financiers of publicly traded entities. Hence, the use of an initial public offering (IPO) might be a viable strategy for acquiring funds. Initial Public Offerings (IPOs) are often used as a means to secure financial support from the general public for the purpose of funding new business ventures and allocating ownership interests in the form of securities. Loughran and colleagues (1994[8]) identified three primary procedures that were shown to be present in every nation: auctions, fixed price agreements, and the books building method. Sherman (2005[9]) asserts that book building is a superior technique compared to auctioning, since it offers more effectiveness and lower costs. This is mostly due to the underwriter's role in ensuring the involvement of a minimum number of informed investors.

In their study, Neupane et al. (2017[10]) investigated the Indian market and identified novel factors influencing investors' flipping behaviour in the context of two main initial public offering (IPO) allocation methods: book building and auction. The study was focused on the Indian market. The researchers found that the adaptability of the underwriters throughout the share allocation process not only aided in avoiding the allocation of shares to individuals who quickly sell them for profit, but also facilitated the establishment of enduring connections with investors participating in initial public offerings.

5.2 Market Conditions and Economic Factors

This section is devoted to the examination of the banking sector and its distinguishing characteristics in comparison to other initial public offerings (IPOs) in a broader context. While the preceding part has already addressed the current literature and findings about the underperformance of initial public offerings (IPOs), the following section will narrow its emphasis to the banking sector. The banking sector has certain characteristics that set it apart from other firms. The banking industry in many countries has been subjected to more extensive regulatory measures compared to other sectors, primarily because to its crucial role in the distribution of resources and fostering economic development. Additionally, it has been observed that these regulations have been further tightened in developing countries

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(Kumbhakar & Sarkar, 2002[11]). The banking sector in India, as to that of many other developing countries, is distinguished by the presence of several ownership groups, including private local and private international entities. During the 1950s and 1960s, India began the process of nationalizing its primary private sector banks with the aim of effectively addressing the nation's social and economic objectives. The decision was made to allow the coexistence of smaller private sector banks, as well as foreign banks, alongside the bigger public sector banks.

Bikhchandani, S., Hirshleifer, D., &Welch, I. (1992[12]) The banking sector reform initiated in 1992 with the objective of enhancing the operational effectiveness of banks via the implementation of measures such as deregulation of market entry, removal of licencing requirements for branches, liberalization of interest rates, and authorization for both public and private sector banks to raise equity capital from the capital market. The aforementioned changes were made with the objective of enhancing the operational effectiveness of the banking sector. Granting public sector banks access to the capital market is primarily motivated by the need to support the re-capitalization needs of these institutions. This is one of the major factors. Based on the forecasts put up by the Reserve Bank of India, it is anticipated that the public sector banks in the nation would want an additional amount of Rs.100 billion in capital during the next five-year period, in order to fulfil the capital adequacy criterion. The aforementioned forecasts are derived from an analysis of the prevailing economic growth rate. There are two possible sources of additional capital that may be utilized: the infusion of funds by the government and/or providing the banks access to the capital market. Given the current necessity for fiscal consolidation and the many constraints on the government's financial resources, it is not appropriate to consider a subscription to banks' capital as a priority claim on the budgetary resources. The Narasimham Committee Report strongly recommended that Public Sector Banks actively engage in local and foreign capital markets as a means to fulfil their re-capitalization needs. Narasimham. M (1998[13])

Research studies on banking give a wealth of data on how to evaluate market structure using indicators like concentration and market share. Banks' long-term health and overall success are directly influenced by these indicators (Berger, 1995[14]; Beck et al., 2013[15]). Berger (1995) offers two hypotheses explaining the connection. According to the structure-conduct-performance (SCP) theory, businesses that command a sizable portion of the market may charge more than their competitors for the same goods. A bank may charge higher interest rates on loans and lower rates on deposits in a highly concentrated market. The second hypothesis is based on the idea of relative market power (RMP), which states that businesses may grow their market share by proactively promoting a wider variety of products, which will inevitably result in higher-than-average profits. Both theories argue that businesses' ability to charge different prices under different market conditions has a direct effect on their success. Market dominance is seen negatively across industries, including the banking industry (Guzman, 2000[16]). Our study's overarching goal is to learn more about how underpricing of IPOs could be affected by the degree to which local banking market concentration affects the availability of funding for local businesses.

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According to the research conducted by Beck, Demirgui-Kunt, and Levine (2003[17]), a banking system with lower levels of concentration is more likely to exhibit more financial stability. Similarly, Boyd and De Nicolo (2005[18]) have shown that in a market with less competition, the presence of Too-Big-To-Fail concerns may lead to less efficiency and stability within the market. The impact of market concentration on credit availability in China has been seen by Chong et al. (2013[19]). However, this relationship does not hold true when examining data from the Philippines. The empirical study conducted by Love and Martinez Peria (2015[20]) provides support for the market power hypothesis, which posits that in markets with higher levels of concentration, there is a decrease in the number of individuals opting for bank loans. According to Leon (2015[21]), the presence of competition among banks has a significant impact on reducing the number of low-quality loan approvals and mitigating borrower discouragement. This finding is based on a comprehensive analysis of a sample consisting of 28,642 firms from 69 countries with low- or middle-income levels.

5.3 Regulatory Environment

India is host to a diverse range of banks, including both big and small entities, as well as those that are publicly or privately owned. Moreover, the banking landscape in India include both well-established institutions and emerging players, with varying degrees of success. There is significant variation seen among these entities with regard to their size, organizational structure, geographical scope, and specialized knowledge domains. The Reserve Bank of India (RBI) is the governmental institution responsible for formulating and implementing banking policy in India. In addition to the computation of currency reserves, the principal impetus for the establishment of the Reserve Bank of India (RBI) was the facilitation of monetary circulation. The major responsibility of the entity is to supervise the security of banknotes and their associated reserves, with the objective of maintaining the monetary stability of India (Mahboob, 2013[22]).

In their empirical research, Ray and Mohan (2004[23]) assessed the efficacy of government and private banks. The study endeavours to conduct a comparative analysis of public, commercial, and international banks, with a focus on measuring their inputs and outputs. Furthermore, the research aims to assess the effectiveness of these banks in optimizing their revenue generation. The study has a duration of eight years, namely from 1992 to 2000. The research used a total of 58 banking institutions. The investigation included a total of 27 public banks, 20 private banks, and 11 overseas institutions. The findings indicate that public banks had superior performance compared to private banks, albeit they did not outperform their foreign rivals.

The financial performance of Regional Rural Banks in India was assessed by Brama (2012[24]). The purpose of this study was to investigate the prototype model for the expansion of Indian Regional Rural Banks. Various sources of secondary material, including books, journals, articles, magazines, and newspapers, were thoroughly examined in order to accomplish the objectives. The sources used in this study are the Indian Banks Association (IBA), the Annual Reports of Affected Banks, and the Reserve Bank of India. The investigation covers a period

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of ten years, namely from 1990 to 2010. The process of data analysis encompasses a diverse array of statistical techniques, such as percentage calculations, compound annual growth rate estimation, data envelopment analysis, standard deviation computation, and ranking methodologies. The findings of the study indicate that there was a positive trend in the growth, profitability, and branch density of Rural Banks throughout the observed period.

In their study, Pandey and Singh (2015[25]) used the Malmquist and Data Envelopment Analysis Method to empirically assess the efficiency of commercial banks in India. The researchers examined the operational effectiveness of Indian banks for the period spanning from 2008 to 2013. The panel data used in this study consisted of a total of 26 public sector banks, 10 private banks, and 4 foreign banks. The data was obtained from the Reserve Bank of India's annual release of bank-specific statistical tables. The yearly reports published by the Reserve Bank of India (RBI) on the condition of India's banking sector were significant sources of information. In their research, banks were seen as intermediaries that facilitated the transformation of inputs into finished goods. The analysis of productivity included the use of three input variables and two outcome variables. The measurement of technical efficiency was first conducted using the DEA Model, which was then disaggregated into technical efficiency alone and scale efficiency utilizing the VRS Model. The study findings indicate that the use of internet technology has had a substantial influence on the bank's total factor productivity (TFP) development. The study found that IDBI Bank, ICICI Bank, Kotak Mahindra Bank, Citibank, and Standard Charter Bank demonstrate high levels of effectiveness within both the VRS and CRS models. The State Bank of India and the Royal Bank of Scotland consistently demonstrated strong performance in accordance with the efficiency requirements set by VRS. The proponents urged for the expansion of public sector banks' market presence in order to enhance their client base diversification. Additionally, they emphasized the need of banks using the internet to expand their outreach and enhance their ability to innovate.

5.4 Financial Performance of Banking Sector IPOs

Currently, the Indian financial sector is through many transformations, necessitating diligent monitoring of its advancement. Research into the efficiency of banks may provide valuable insights for policymakers, corporate leaders, and other individuals who heavily rely on the banking industry. Numerous stakeholders, including regulatory bodies, customers, investors, and the wider public, exhibit significant concern over the efficacy of banking institutions. Policymakers may get valuable insights from the success or failure of a bank and use this information to develop efficacious strategies for the future via a comprehensive analysis of the bank's performance. The evaluation of a bank's performance is of utmost importance as it provides valuable insights into its financial well-being and facilitates the identification of areas for improvement in financially vulnerable organizations. It is important to ascertain if the productivity and efficiency of the Indian banking industry align with the regulations and recommendations established by regulators (Malhotra and Aspal, 2014[26]).

A comprehensive understanding of financial performance significantly enhances the ability to forecast, compare, and assess a company's earning potential. Additionally, it is advantageous for facilitating judicious decision-making in the realm of finance and investment. The firm

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provides access to financial accounts and reports. The assessment of a bank's financial well-being may also be conducted by examining its annual report to identify pertinent data. The banking industry plays a crucial role in the modern economy by facilitating the interaction between those who save money and those who borrow it. Financial institutions acquire a diverse range of assets and generate novel types of monetary units. The ability of banks to collectively adapt their preferences is facilitated by the presence of macroeconomic stability, hence enhancing the effectiveness of fiscal policy. Consequently, the economy saw growth due to the effective allocation and implementation of financial resources. Performance assessment is a crucial aspect in understanding the foundation of a highly efficient and productive financial business. The functioning of the banking sector is crucial for maintaining long-term strength and stability in the overall economy (Walia & Kaur, 2013[27]).

In a study undertaken by Khatri (2012[28]), an empirical financial analysis was performed to compare the performance of three banks in India. The primary objectives of the article were to conduct an analysis of financial performance via the use of ratio analysis and to evaluate the financial status by means of examining balance sheets. The study focuses on three prominent banks, namely State Bank of India (SBI), ICICI Bank, and Punjab National Bank (PNB), throughout the period from 2008 to 2012. The data used to achieve the objectives was sourced only from secondary sources provided by diverse financial institutions. Based on the findings of the study, it can be concluded that the State Bank of India (SBI) exhibits superior operational efficiency compared to both Punjab National Bank (PNB) and ICICI Bank. Based on the available data, it can be seen that PNB Bank exhibits higher levels of profitability in comparison to both SBI and ICICI Bank.

In a study conducted by Obia (2012[29]), a comparative analysis was performed to assess the financial performance of SBI and ICICI Banks. The objective of the study was to produce an informed estimation of the comparative financial performance of the two banks. The main objective of the research was to assess the impact of reform measures on the productivity, profitability, and overall performance of banks throughout the period spanning from 2000 to 2001 to 2011 to 2012. The study only used secondary sources, including annual reports from participating banks, scholarly journals and publications, newspapers, magazines, the Progress of Banking in India publication, books, and websites. The study findings indicate that ICICI bank exhibits a superior Return on Assets (ROA) compared to SBI. However, it is noteworthy that SBI has a greater average Total Assets. The poll also revealed a significant discrepancy in the cash deposit ratios between the two banks.

5.5 Investor Perspectives

In order to enhance comprehension of the evaluation process of private banks in India, an empirical study was undertaken by Moniska and Singla (2012[30]). The objective of this study was to examine the efficacy of private banks in India and suggest potential changes to enhance their productivity. Data for the period spanning from 2007 to 2011 was extracted from publications by the Reserve Bank of India (RBI) pertaining to the advancements in the banking sector inside India. This investigation selected a total of 18 private sector banks, consisting of eleven well-established institutions and seven more recent entries. The efficiency of financial

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institutions was assessed with the CAMEL model. The assessment of management performance was conducted via the computation of two key metrics: profit per worker and business per worker ratio. Based on the research results, it is recommended that banks focus on enhancing their Capital Adequacy Ratio (CAR), improving their Asset quality, and bolstering their Liquidity. It is suggested that development credit institutions enhance their management skills via the use of suitable processes.

Selva Kumar and Aruna (2013[31]) conducted a study with the aim of evaluating the efficacy of India's Regional Rural Banks. The objectives of this research include an examination of the profitability of Regional Rural Banks (RRBs) in India, as well as an assessment of their annual revenue generation. The data used in this study was collected via secondary means, namely from sources such as annual reports on banking advancements in India spanning the period from 2001-02 to 2010-11. The statistical study included the use of percentages, annualized rates of rise, compound annual rates of growth, as well as the application of the Mann-Whitney test, the Kruskal-Wallis test, and the Mann-Whitney Wilcoxon test. The study's findings indicate that the use of advanced technologies, including core banking, automated teller machines (ATMs), and remote banking services, has the potential to improve the overall quality of banking services across several domains. According to experts, the use of new technology should be leveraged to enhance productivity across many domains of the company landscape.

Misra and Yadav (2015[32]) conducted an analysis of the financial performance of ICICI Bank and State Bank of India (SBI) in the Indian context. The study covers the time period from 2008-09 to 2012-13. The study and comparison of ratio analysis were used to examine trends in the profitability of the banking business. The financial performance of SBI and ICICI Banks was assessed by using six key financial indicators. Several ratios may be derived to assess the financial performance of a company, including profit per employee, net non-performing assets to net advances, capital adequacy ratio, and return on average assets, and expenses to income. The concept has also been investigated via the Mann-Whitney U-test. According to the survey findings, it was observed that both banks are seeing an annual increase in their overall branch count. However, SBI's performance in terms of branch expansion is comparatively worse than that of ICICI banks. The State Bank of India (SBI) has a greater number of branches in rural regions compared to ICICI banks, but the disparity is gradually diminishing over time. It is worth mentioning that both banks have seen only marginal growth in the percentage of their branches situated in rural regions. The study revealed that ICICI Bank exhibited greater performance compared to SBI Bank.

Goyal and Joshi (2011a[33]) assert that small and local banks have significant challenges in navigating the impacts of the global economy, necessitating external support and therefore leading to merger activities. To expand their range of services, many private banks underwent a process of consolidation. Major Indian banks are failing to capitalize on significant financial opportunities by neglecting the rural markets in India. Hence, ICICI Bank Ltd. has used mergers as a strategic way to penetrate the rural market. The organization has effectively established a presence in rural India. This strategy enables organizations to extend their market presence in other geographical areas, attract fresh clientele, and enhance their total market

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dominance.

5.6 Challenges and Risks

Gupta (2014[34]) analysed the financial health of Indian banks during the years 2003 and 2008. The study's primary aim was to examine Economic Value Added alongside conventional performance indicators as predictors of banks' financial well-being. The research used multiple correlation and panel regression analysis to see whether Economic Value Added is a more accurate indicator of a bank's financial well-being than more conventional metrics of performance. The 20 largest private banks by market capitalization were chosen for this secondary data analysis of bank performance. When comparing EVA to other conventional measures of performance, she found that EVA was more indicative of a bank's strong financial position. A strong positive association was found between EVA and almost 45 percent of the sampled banks, making it the second most significant variance.

Economic Value Added was compared to other performance indicators often used to assess financial institutions in an empirical study conducted by Gupta, Vashisht, and Sharma (2014[35]). Their primary goal in writing this article was to assess how well EVA predicts shareholder wealth maximization in public sector banks in India in comparison to ROCE, RONW, PBDIT, and EPS. All Indian PSU banks were included in the research to evaluate EVA's efficacy. The decade of 2003-2012 was examined in their secondary data investigation. Whether or not EVA is more strongly connected with Market Value Added compared to other standard performance indicators was also investigated using multiple correlation and backward linear multiple regression analysis. The research indicated that in virtually all the banks analysed, MVA/EC was substantially linked with the independent variables profit before depreciation, interest, and taxes and profits per share. At the 5% level of significance, EPS is positively connected with RONW and PBDIT is correlated with ROCE among independent variables. Regression study shows a strong correlation between EVA/EC and other conventional performance measures and MVA/EC, indicating that these metrics serve as better gauges of performance. The findings also show that EVA is not a more accurate indicator of shareholder value maximization than ROCE, RONW, PBDIT, or EPS. They reasoned that EVA should not be considered the only metric of performance impacting MVA. It must be combined with more conventional indicators of productivity.

According to Shrivastav (2013[36]), foreign institutional investors (FIIs) have a major impact on the outlook and direction of the Indian equities market. The effects of foreign direct investment (FDI) on the Indian economy were addressed by Raj (2003). Based on his analysis of daily flow data, he determined that stock market performance is the only factor influencing FII flows, but data for the month leading up to the Asian crisis in 1998 reveals a possible inverse relationship. According to Kumar (2001[37]), Indian Mutual Funds and FIIs are the primary factors propelling the Indian equities market. Stock market liquidity and volatility in India are mostly attributable to foreign institutional investors (FIIs), claims Chittedi (2009[38]).

Based on the quarterly ownership pattern, FIIs exhibit substantial herding behaviour, as stated

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by Sehgal and Tripathi (2009[39]). According to Pal (2004[40]), foreign institutions with large investment volumes may serve as market makers. Consequently, FII inflow is a clear indicator of market psychology. Banerjee (2013[41]) demonstrated that after the introduction of the mandatory IPO grading regime in the Indian capital market, there is no evidence of a difference in the change in the money supply in the economy, despite there being a significant difference in terms of prior market return during the time frame when fundamentally different companies accessed the primary market.

To evaluate banks' overall risk management abilities, Sensarma and Jayadev (2009[42]) used a subset of accounting ratios as risk management variables. In order to synthesise these accounting ratios, they used multivariate statistical methods. The article also used regression analysis to examine the effect of these risk management ratings on stock returns. The risk management capacities of Indian banks were found to have increased during the course of the study. The capacity of banks to manage risk appears to be a key factor in the stock market returns of banks. According to the findings, if banks wish to increase their shareholders' wealth, they need to pay close attention to the dangers they face.

According to Goyal and Joshi (2011a), small and local banks have a hard time weathering the effects of the global economy and, as a result, need assistance and, therefore, mergers. In order to broaden their services, several private banks merged. Big Indian banks are missing out on a tonne of money by ignoring India's rural markets. That's why mergers have been ICICI Bank Ltd.'s approach for breaking into the rural sector. They've managed to successfully establish a foothold in rural India. It helps them expand their reach into other regions, acquire new customers, and increase their market share overall.

Five businesses were selected at random from the thousand organizations and 8752 respondents polled by Business Today from 800 cities in India analysed by Saxena and Monika (2010[43]). The poll included nine primary areas, such as professional and personal development, reputation of the organization, opportunities for advancement, financial rewards for good performance, and more. It was determined that integrating new hires into the established culture posed the greatest difficulty for businesses. The cultures of different organizations tend to conflict when they are combined. Employees blame "cultural differences" for low retention rates, citing things like difficulties with self-identity, communication, human resources, ego clashes, and intergroup conflicts.

6. KEY FINDINGS AND INSIGHTS FROM REVIEWS

The financial performance of IPOs in the banking industry over the research period was found to be varied. Some banks saw huge increases in stock price and income after their IPOs, while others battled to stay profitable and fell short of investor expectations. The differences in results highlighted the need of careful pre-IPO research and successful post-IPO planning.The banking industry's participation in initial public offerings (IPOs) was profoundly affected by regulatory changes and reforms. Banks shifted their IPO tactics in response to new regulations, such as Basel III's tighter capital requirements and the SEC's increased emphasis on transparency.

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Banks that adapted well to regulatory changes and shown openness fared well in the eyes of investors.

- **Changes in Investor Attitudes:** Positive investor attitudes were crucial to the success of initial public offerings in the banking industry. Investor mood was shown to be highly correlated with market performance, economic indicators, and views of banking sector risk. Successful banks were those that earned investors' confidence, clearly articulated their plans, and reacted quickly to changing market conditions.
- **Market timing was very important for initial public offerings in the banking industry.** According to the research, IPO issuers that strategically planned their offerings to coincide with favourable market circumstances, economic cycles, and regulatory milestones had more success in securing high valuations and generating funds.
- **Increased scepticism about financial stability and regulatory compliance were two of the banking industry's particular concerns in the IPO market**. In order to overcome these obstacles, financial institutions have to master complex regulatory environments and provide clear explanations of their risk management techniques to investors.
- The study found that **worldwide economic patterns affected the success of banking sector IPOs**, but local and regional variables also had a role. The success of IPOs for banks operating in various countries was affected by a wide range of factors, including legislative changes and market circumstances.The research showed that initial public offerings (IPOs) in the banking industry attracted a wide variety of investors from different backgrounds. It was vital for issuers to grasp this variety and adapt their communication tactics appropriately.

After carefully analyzing IPOs in the banking industry from 2011 to 2022, we found that they have several facets. Successful IPOs needed a mix of strategic planning, regulatory compliance, and excellent communication with investors, in addition to strong financial performance. This was because of the interaction between regulatory changes, investor mood, and market circumstances. These results provide useful information for financial institutions thinking about going public and add to our knowledge of the dynamics of initial public offerings (IPOs) in the banking sector within a dynamic financial environment.

7. RECOMMENDATIONS OF THE STUDY

Banking institutions that are in the process of arranging initial public offerings (IPOs) would be well to proactively adjust their IPO strategy in order to effectively navigate the continuously evolving regulatory environment. This entails staying abreast of the continuously increasing standards for capital adequacy disclosure and banking legislation. In order to effectively demonstrate their dedication to openness and stability, financial institutions need to engage in thorough risk assessment and compliance planning, in addition to fulfilling regulatory

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obligations. Ensuring the reasonableness and efficacy of regulations pertaining to successful initial public offerings (IPOs) may be facilitated by active engagement with regulatory authorities and industry groups, wherein valuable insights and recommendations for regulatory modifications can be provided. The timeliness of market entry remains a critical factor in determining the success of initial public offerings (IPOs) within the banking sector. When facilitating the organization of initial public offers (IPOs), financial institutions should exercise prudent deliberation on market conditions, economic fluctuations, and alterations in regulatory frameworks. Timing initial public offerings (IPOs) is of utmost importance, since it is essential to avoid doing them during periods characterized by elevated uncertainty or unfavourable economic conditions. The capacity to delay or accelerate an initial public offering (IPO) in reaction to fluctuating market circumstances enhances the potential for attaining elevated values and more efficiently securing capital.

It is essential for banks to priorities activities aimed at engaging and communicating with investors throughout the whole process of an initial public offering (IPO). Effectively conveying the bank's financial stability, risk management strategies, and prospects for expansion is of paramount importance in establishing investor trust. Enhance the appeal of initial public offerings (IPOs) within the banking sector by strategic targeting of regional or global issues and diverse investor categories, including institutional and retail investors, among others. Maintaining effective communication channels with shareholders is of utmost importance after the completion of an initial public offering (IPO).

It is important to acknowledge the significance of both global and local factors in determining the efficacy of an initial public offering (IPO). It is essential for multinational banks to customize their initial public offering (IPO) strategies to align with the distinct market conditions and regulatory frameworks prevailing in the countries where they do business. Banks may effectively navigate the challenges associated with overseas initial public offerings (IPOs) by demonstrating a comprehensive understanding of the contextual factors involved.

The initial public offering (IPO) landscape is characterized by constant fluctuations, necessitating vigilant monitoring and timely adaptations. The use of real-time protocols for monitoring regulatory modifications, market conditions, and investor sentiment might provide advantageous outcomes for the banking sector. The capacity to adapt initial public offering (IPO) tactics in accordance with evolving market circumstances is a highly important strategic resource. Incorporating the following tips into their initial public offering (IPO) plan may enhance banks' prospects of achieving successful IPOs and attaining superior performance within a dynamic financial environment.

8. FUTURE RESEARCH DIRECTIONS

Future research should examine the potential long-term consequences of regulatory changes on the performance of companies after their initial public offerings (IPOs) and the strategies they use to control risks. This investigation should specifically focus on the banking sector within the IPO market. Given the ongoing nature of these concerns and their consequential effects on the banking sector, it is imperative to do research on their influence on the initial

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public offering (IPO) landscape. Moreover, in the context of globalization and evolving geopolitical landscapes, comprehending the manner in which banks engage with international markets and regulatory frameworks may be attained by examining the global dynamics of initial public offerings (IPOs) within the banking industry. The increasing significance of responsible and ethical practises in attracting investors and ensuring long-term success in the initial public offering (IPO) market might be elucidated via study on sustainability and ESG (Environmental, Social, Governance) concerns within the banking sector. The following avenues of investigation have the potential to provide scholars with a deeper understanding of the intricate dynamics surrounding initial public offers (IPOs) within the banking sector.

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