

AN EVALUATION OF ASSET LIABILITY MANAGEMENT OF INDIAN SCHEDULED COMMERCIAL BANKS: A CANONICAL CORRELATION ANALYSIS.

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ABSTRACT

Indian banking industry is moving away from traditional lines of services and venture into the innovative financial services. Introduction of new financial products such as financial derivatives and deregulation of financial sector opened up doors and enabled the banks to augment revenue along with the increased risk exposure. Asset liability Management is an attempt of an overall management of balance sheet so that the risk exposure due to interest rate sensitivity and maturities of assets and liabilities are contained at the desired level. In this study the researcher study the relationship of the liability side and asset side of the Indian Scheduled Commercial Banks for the period of 2002-2012. For the analysis, multivariate statistical tool canonical correlation is used and it is found that there is a strong relationship between asset side and liability side of the balance sheet of all the group of Scheduled Commercial Banks.

KEYWORD: Asset Liability Management, Canonical Correlation, Financial Derivatives, Financial Products, Financial Sector, Scheduled Commercial Banks.
