

Semester “Spring 2011”

“Principles of Management (MGT503)”

Assignment No.2

Marks: 20

“Planning and Decision Aids”

Solution

SWOT analysis of a bank is the evaluation of existing internal and external environment of a financial institution in terms of its strengths, weaknesses, opportunities and threats. . The SWOT analysis identifies major elements to help the top management in formulating strategies such as discovering new markets, launching new products and capturing valuable customers; and also improving its systems and focusing on marketing and promotion etc.

STRENGTHS

The banks financial position and market position is the major indicator to understand the strengths and the weaknesses of a bank. It is an internal component that helps the bank in achieving its goals and because of these it works for its future existence. A bank’s strength could be in its financial position, high customer satisfaction and its staff’s personal abilities and motivation. For example efficient customer service, maximum account retention, physical and financial asset of a bank, optimum use of technology and diversified product etc.

WEAKNESSES

The weaknesses of a bank are the areas where it shows incompetence and needs improvement. In today’s competitive environment the main weaknesses of banks can be low employee and customer satisfaction, poor use of technology, limited products and services and inefficiency of employees etc.

OPPORTUNITIES

It is an external factor and is an area that you can exploit to grow the business considering your strengths and weaknesses. Like any other organization the banks too have opportunities to spread their business. Opportunities for bank can be some vacant geographical location/ market segment, demand of some particular product (type of loan),

plastic money, e-banking, favorable political/legal and economic factors, availability of new technology etc.

THREATS

In a free market economy threats are unavoidable. Increasing number of competitors, political situation of a country, melt down of local and international economy, increasing cyber crimes related to online banking etc. can be the major threats which a bank can face.