

Digital Transformation of an Organization's Finance Function: Centralization vs Decentralization

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ABSTRACT

The rapid evolution in the field of digital banking practices has brought about a change in the very nature of finance functions in banking organizations, where companies are now compelled to restructure their financial processes to achieve better efficiencies and decision-making capabilities. Advanced technologies, including artificial intelligence (AI), enterprise resource planning (ERP) and centralized digital treasury systems have all contributed to the digital integration of finance functions. In this context, the present research paper seeks to explore how the centralized and decentralized finance functions affect organizational performance in a digital banking context. A comparative case study design is adopted for the purpose of the study, wherein the secondary financial data of JPMorgan Chase India and Deutsche Bank India are analyzed for the period of FY2022-FY2024. Financial statements and ratio analysis data from the Capitaline database are employed to analyze the following aspects: capital allocation, efficiency, liquidity, cost control, profitability and revenue diversification. The results suggest that there is excellent performance in terms of cost effectiveness, capital allocation, liquidity management, and profit generation in JPMorgan Chase, where the use of the digitally integrated and centralized finance system proves to be highly effective. On the other hand, there is more flexibility, better credit deployment locally, and greater response to market conditions in the decentralized structure of Deutsche Bank, despite the higher costs involved in it. It can be said from this study that although digitized banking systems increase the effectiveness of centralized finance by means of automation, standardization of processes, and financial control, the decentralized structure offers certain strategic advantages. This study makes a valuable contribution to the existing research on digital banking digital integration and flexibility.

Keywords: Digital Banking Practices, Finance Function Centralization, Cost Efficiency, Capital Allocation Decentralization, Financial Performance Operational Efficiency Banking Sector

1. INTRODUCTION

The fast-changing nature of digital banking has brought about the way financial organizations operate and run their finance function. The growing use of technology, including Artificial Intelligence (AI), Enterprise Resource Planning (ERP), centralization of treasury management system and process automation, has helped banks to increase financial control, decision-making ability and improve operations efficiency. As a result of digital transformation, the finance

function is no longer confined to the area of accounting and financial statements but becomes the tool for capital allocation, risk management, liquidity planning and value creation.

The design of the finance function in the digital world has become a critical decision in a company's strategy. Financial institutions opt for one of the two options of organizational structure, either centralized or decentralized, in order to allocate their financial resources and achieve their goals. While digital technologies help to create a single information flow and real-time reporting, the successful operation of these technologies greatly depends on the way financial power, decision-making and operations are organized in an organization.

On the other hand, decentralization of finance function implies decentralization of financial authority through geographical or business unit dispersion of financial management authority which allows local managers to take decisions in line with the market conditions and customers' demands. Digital banking technologies help in achieving decentralized finance function through provision of quick financial information and coordination among geographically dispersed operations. Decentralization increases flexibility and adaptability and makes decision-making process quicker but at the same time causes duplication of activities and increase in operating expenses and inconsistencies in financial governance.

Thus, the choice of centralization or decentralization of finance function is not only an organizational design issue but also a strategic decision-making task in the context of digital banking. While centralized finance function may be enhanced by digital banking technologies for achieving greater cost efficiency, effective capital management and financial control, decentralized finance function provides greater flexibility and quick adaptation to regional market conditions and customer needs. The banking sector is one of the areas where such relationships can be examined since digitization has greatly affected the mobilization of deposits, credit allocation, liquidity management, financial risks monitoring, and delivery of financial services by banks. The structure of the finance function has a great impact on how digital banking technologies support financial performance and organizational efficiency and effectiveness.

The research will compare JPMorgan Chase India and Deutsche Bank India which are global banking organizations that have quite different finance function structures in the context of digital banking. Thus, JPMorgan Chase India has a highly centralized finance function structure while Deutsche Bank India has a relatively decentralized finance function structure. This study will allow comparing two companies within one industry and the same legal and regulatory framework to understand the impact of finance function structure on organizational performance.

The fundamental aim of this research is to study the impact of centralized and decentralized finance functions on organizational performance in the context of digital banking practices. Secondary financial data from FY2022 to FY2024 is used in this study for evaluating the different dimensions including capital structure, efficiency, liquidity, cost, profitability, and income diversification. The results provide practical insights on how digitally aligned finance functions enable organizational performance and at the same time point out the inherent trade-offs of efficiency and flexibility in finance functions. In view of the increasing role of digital transformation in banking processes, it has become necessary for the financial organizations to explore the link between digital banking practices and finance functions.

2. LITERATURE REVIEW

(Xiaojun Fan, 2022) analyzed the link between centralization in firms and their performance using threshold regression in Chinese listed firms. Results show that centralization is effective depending on the size of the firm, having strong positive effects on ROA and ROE in small and medium-sized firms but not

for large firms. Centralization is effective in enhancing efficiency in the allocation of cost, reducing agency costs, and R&D activities through reduction of information asymmetry. Too much centralization may be ineffective due to managerial constraints and information overload. The study also found that centralization is more effective in privately-owned firms.

(Fory A. N Away, 2021) studied the impact of centralization, decentralization, and the quality of human resources on organizational performance in Indonesian rural banks through multiple linear regression. It has been found that centralization and the quality of human resources have positive effects on the performance of the organization, but decentralization does not have any statistical significance on its own. All these variables help in improving the performance of the organizations. The research stresses on the point that centralization will help in ensuring effective financial control, credit decision, risk management, and regulation.

(Polak, 2024) has examined the utilization of artificial intelligence (AI) in centralization of finance activities through the digital transformation of Chinese businesses. The research shows that the main technologies used for finance transformation are AI-enabled ones such as automated reconciliation, intelligent financial reporting, big data analytics, RPA, OCR, and LLMs. They help to improve the quality of reporting, operational efficiency, and decision making and reduce information asymmetry and risk management. However, it should be mentioned that finance functions which are integrated via digitization provide better control over finances, although corporate ownership structure influences the process of digital transformation.

(Ming Jin, 2025) examined the effect of financial decentralization on firm-level risks employing a multi-period Difference-in-Differences (DID) approach through the process of reforming the Rural Credit Cooperatives to Rural Commercial Banks in China. The results show that financial decentralization leads to higher corporate risks as a result of the tightening of financing constraints and decrease in financial flexibility. The paper found that the crowding out effect of financial institutions and corporate loans is one of the key mechanisms through which capital allocation is affected. This effect is especially apparent for small, non-state owned, and low profitability firms.

(Sokheang Men, 2025) A study of 879 Scopus-based articles was conducted on organizational restructuring and decentralization through CiteSpace. Results show that corporate governance, ownership structure, coordination, and organizational performance are the major themes that have been studied extensively. It has been noted that the decisions taken about centralization and decentralization affect agency costs, capital budgeting, resource allocation, and shareholders' monitoring. Ownership structure plays an important role in organizational performance and governance helps in improving financial efficiency.

(Tavares, 2024) The effects of decentralization in the decision-making process within organizations have been explored by Maria C. Tavares (2024). Specifically, the impact of low-level managers in financial and operational decisions is investigated. The results reveal that decentralization helps improve resource management and the responsiveness of the organization in relation to the utilization of local knowledge and expertise. On the other hand, the lack of governance system can lead to inconsistencies in financial planning and performance evaluation. In this case, there is a balance between organizational control and flexibility, which requires effective governance systems to ensure financial performance of an organization.

(Wenlong, 2022) studied fiscal and financial decentralization from the perspective of macroeconomic governance with particular emphasis on their impact on capital allocation, financial stability, and resource

distribution. It was found that misalignments of revenue and expenditure decentralization affect financial management negatively and create financial risks in the system. The research suggests that coordinated financial systems help to enhance efficiency of capital allocation, risk management and financial governance.

(Eva Labro, 2023) Predictive Analytics, Organizational Centralization, Corporate Governance and Financial Decision-Making have been analysed by Eva Labro in relation to each other. The results show that predictive analytics decreases information asymmetry, increases the power of control over finances in the hands of headquarters and increases the accuracy of forecasts and financial decisions. Moreover, the research shows that data-based analytics increases performance measurement, managerial control systems and incentive structures. The results show the significance of using predictive analytics to improve allocation of resources, financial control, operational efficiency and overall performance.

(Li, Zhong, & Yang, 2024) analysed the effect of digital transformation of commercial banks on corporate financial constraints using data of listed Chinese companies. The results show that digital transformation has significant effects on lowering down the information costs and information asymmetry that allows banks to perform better in credit allocation, lending efficiency, and finance. Moreover, the use of technologies like big data, artificial intelligence, and digital information processing helps in risk assessment, financial decisions, and capital allocations. In summary, digital transformation of banks enhances financial efficiency, mitigates corporate financing constraints, and helps in sustainable growth of organizations and economy.

(Papathomas, 2024) investigated the digital transformation process for financial organizations and suggested a framework comprising adaptation, growth, and transformation as three stages. This review shows that digital transformation is not only the use of technology but also the alignment of organization's strategy, leadership, people, innovation, and customer value. In addition, the research proposes the use of measurable Progress Tracking Indicators (PTIs) to evaluate digital maturity at each stage. According to the results, financial organizations may improve their efficiency and competitiveness implementing digital transformation programs.

Research Gap

Existing literature has provided ample discussions on the topics of centralization, decentralization, corporate governance, artificial intelligence, and digital transformation separately. Studies by (Xiaojun Fan, 2022) and (Fory A. N Away, 2021) primarily focus on the influence of centralized and decentralized organization structures on financial performance, cost efficiency and governance while (Ming Jin, 2025), (Tavares, 2024) and (Wenlong, 2022) emphasise the implications of decentralisation for capital allocation, financial flexibility and risk management. However, there is no comparative study on the joint relationship of digital transformation and design of centralized and decentralized finance function in the banking industry. There is a paucity of empirical analysis on the way that these finance functions impact cost efficiency, capital allocation, operational efficiency, financial control, and overall performance of the organization.

Furthermore, research by (Polak, 2024), (Eva Labro, 2023), (Li, Zhong, & Yang, 2024) and (Papathomas, 2024) highlights the growing role of Artificial Intelligence (AI), predictive analytics, digital banking technologies and enterprise-wide digital transformation in improving financial decision making and operational efficiency. Nevertheless, limited empirical evidence exists regarding how these digital technologies influence the effectiveness of centralized versus decentralized finance functions in terms of cost efficiency, capital allocation, financial control, operational performance, and risk management.

In addition, while studies such as (Sokheang Men, 2025) discuss organizational restructuring and governance, comparative evidence from global commercial banks operating under different finance structures, particularly within the Indian Banking Sector remains scarce. Therefore, the present study addresses these research gaps through a comparative analysis of **JPMorgan Chase India** and **Deutsche Bank India**, providing insights into how **digital banking practices** and finance function design jointly influence organizational performance.

3. RESEARCH METHODOLOGY

Research Design: This research will use a comparative approach to examine the effect of finance functions that are more centralized and those which are decentralized on the performance of organizations. This will be done by comparing JPMorgan Chase India and Deutsche Bank India, the former has more centralized finances while the latter has decentralized finances. The areas of financial performance, capital deployment, operational efficiency, liquidity and risk management are examined in light of digital transformation.

Source of Data: The research uses secondary data obtained from Capitaline AWS through PES University. Capitaline assures accuracy and reliability of financial data since it uses the same format for all the companies. The study makes use of financial data from Balance Sheet, Profit and Loss Statement, Cash Flow Statement and Key Financial Ratios.

Sampling technique: JPMorgan Chase India is chosen for the purpose of studying since it provides an example of a rather centralized finance function with centralized treasury management, uniform financial processes and integrated global governance. Deutsche Bank India is chosen as it is characterized by rather decentralized finance function with more autonomy of regions in providing loans and making decisions. Such companies serve as appropriate samples for the analysis of impact of the structure of finance function on organizational performance in the banking industry.

Data analysis: Performance of companies will be analysed with the help of ratio analysis which will facilitate the process of comparing companies based on the categories of profitability, liquidity, efficiency and capital structure. In order to enhance internal validity, firms from the same industry will be compared, financial data will be obtained from a single source and will be analysed for a certain period of time.

4. DATA ANALYSIS

The financial performance of JPMorgan Chase India and Deutsche Bank India is evaluated based on secondary financial data sourced from the Capitaline AWS database during the research period. The analysis focuses on the comparison of important financial indicators that represent profitability, liquidity, capital deployment, efficiency, and risk management to see how the relative centralization and relative decentralization of the finance functions affect organization performance in terms of digital transformation. The financial performance analysis employs the ratio analysis method to determine the disparities in financial results of the companies under consideration.

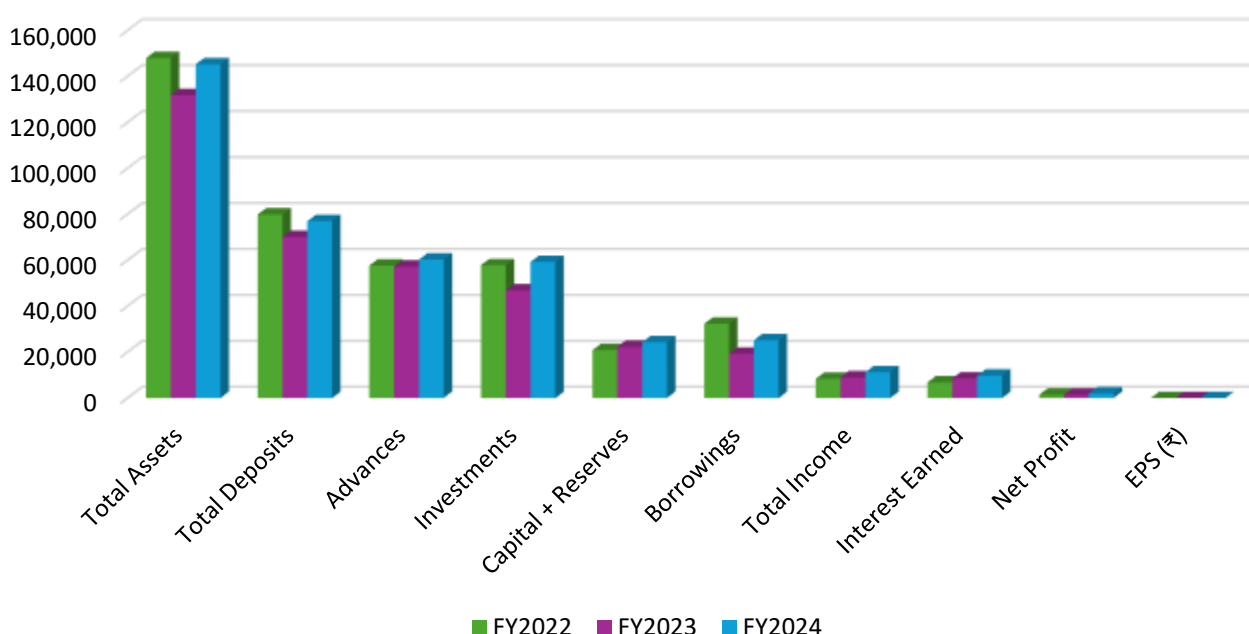
Data Overview

A. Deutsche Bank India — Financial Summary

Metric (₹ Crores)	FY2022	FY2023	FY2024	FY23 YOY (%)	FY 24 YOY (%)
Total Assets	1,47,955	1,31,841	1,45,235	-10.89%	10.16%
Total Deposits	79,908	70,070	76,994	-12.31%	9.88%

Advances	57,649	57,196	60,241	-0.79%	5.32%
Investments	57,813	46,839	59,236	-18.98%	26.47%
Capital + Reserves	20,845	22,312	24,289	7.04%	8.86%
Borrowings	32,313	19,286	25,109	-40.32%	30.19%
Total Income	8,382	8,994	11,234	7.30%	24.91%
Interest Earned	6,836	8,518	9,723	24.61%	14.15%
Net Profit	1,474	1,467	1,977	-0.47%	34.76%
EPS (₹)	1.75	1.74	2.34	-0.57%	34.48%

Deutsche Bank India — Financial Summary



Deutsche Bank India experienced a temporary decline in its financial performance in FY2023 followed by a robust growth in FY2024. There was a reduction of 10.89% in total assets in FY2023 followed by an increase of 10.16% in FY2024. Similarly, there was a reduction of 12.31% in total deposits in FY2023 followed by a rise of 9.88% in FY2024. This shows that FY2023 was a consolidation period for the bank as it optimized its balance sheet and took a conservative approach towards risk management and liquidity management, and as a result of improvement in business environment in FY2024, there were more deposits and growth in assets. The same pattern was noticed for advances and investments. There was just a slight decline of 0.79% in FY2023 followed by a growth of 5.32% in FY2024 in advances, and similarly there was a decrease of 18.98% followed by an increase of 26.47% in FY2024 in investments. This clearly shows that the bank reduced its risk-taking activity in terms of lending and investments.

Although there is a decline in certain aspects of the balance sheet for FY2023, capital and reserves show a steady increase of 7.04% and 8.86% in FY2023 and FY2024, respectively, indicating a good capitalization for the bank during the period. The borrowings have also fallen significantly by 40.32% in FY2023, indicating lesser reliance on external funding sources, after which they have increased by 30.19% in FY2024 to support business expansion.

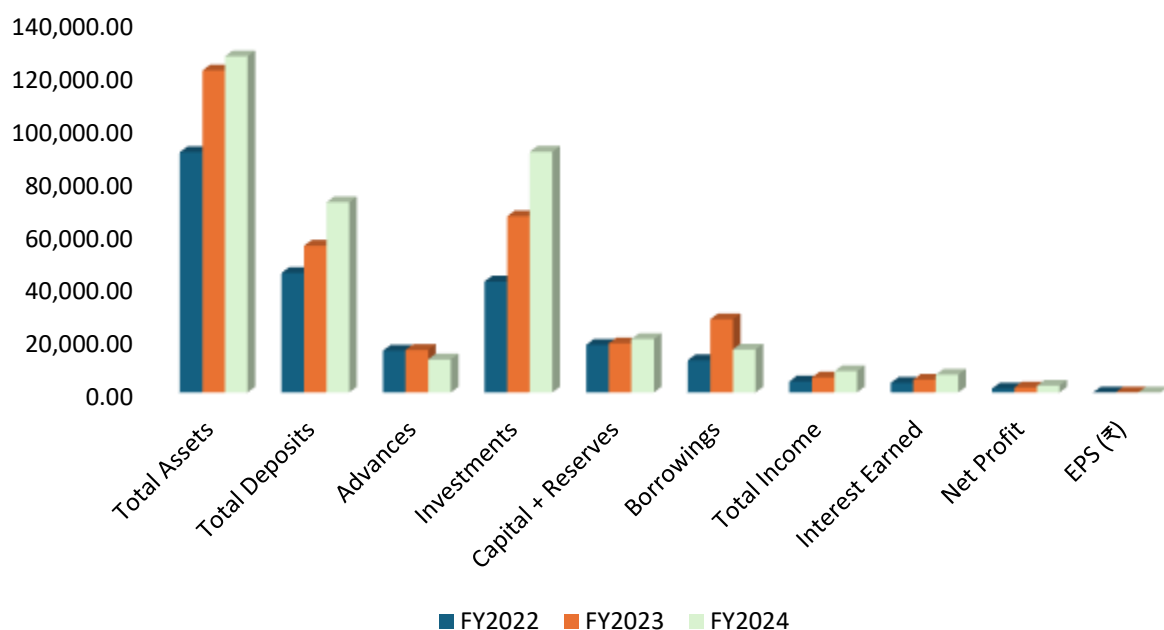
The income and profitability of the bank showed steady growth over the three-year period. There is an increase in total income of 7.30% in FY2023 and an acceleration to 24.91% in FY2024, and the interest earned increased by 24.61% and 14.15%, respectively. Although net profit and EPS showed a marginal decline of 0.47% and 0.57%, respectively, in FY2023, there was sharp growth in FY2024 of 34.76% and 34.48%, respectively.

The change from negative growth in FY2023 to positive growth in FY2024 could be because of the combination of changes in the balance sheet, improved macroeconomic environment, portfolio management, and base effect. As there is a decline in certain financial measures in FY2023, the low base resulted in higher percentage growth in FY2024.

B. J P Morgan Chase – Financial Summary

Metric (₹ Crores)	FY2022	FY2023	FY2024	FY23 YOY (%)	FY 24 YOY (%)
Total Assets	90,873.77	1,21,602.24	1,26,875.52	33.81%	4.34%
Total Deposits	45,265.81	55,596.82	72,033.93	22.82%	29.56%
Advances	15,876.29	16,097.43	12,494.74	1.39%	-22.38%
Investments	42,022.01	66,758.15	91,025.35	58.86%	36.35%
Capital + Reserves	18,077.92	18,650.18	20,264.64	3.17%	8.66%
Borrowings	12,197.39	27,761.19	16,272.33	127.60%	-41.38%
Total Income	4,190.58	5,704.88	8,096.89	36.14%	41.93%
Interest Earned	3,651.94	4,827.74	6,739.16	32.20%	39.59%
Net Profit	1,480.31	1,932.35	2,563.73	30.54%	32.67%
EPS (₹)	2.25	2.94	3.9	30.67%	32.65%

JP Morgan Chase Financial Summary



Financial and operational performance of JP Morgan Chase was quite good during the three-year period under review. Total assets of the company rose from ₹90,873.77 crore in FY2022 to ₹1,26,875.52 crore in FY2024, thus demonstrating consistent growth of the firm. Deposits made by the customers grew too: there was a growth by 22.82% in FY2023 and 29.56% in FY2024.

It should be noted that investments made by the bank also experienced significant growth (by 58.86% in FY2023 and 36.35% in FY2024). Thus, it is possible to assume that the bank has paid a lot of attention to its investment operations. Income of the company and interest earned showed consistent growth: there was a rise by 36.14% in FY2023 and 41.93% in FY2024 in case

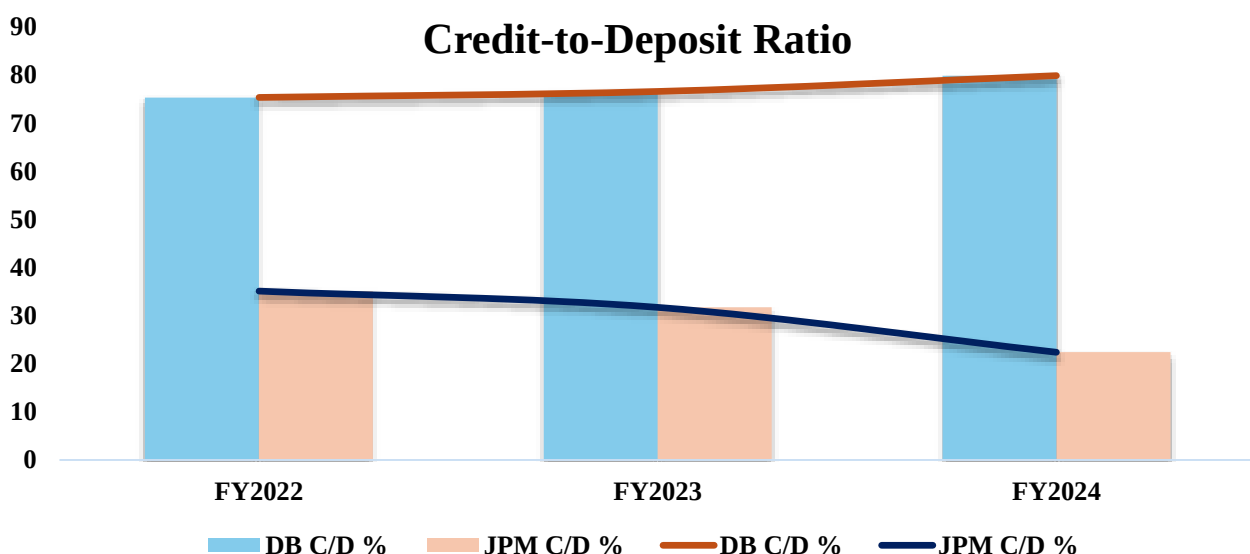
The firm's profitability increased significantly since the net profit went up by 30.54% for FY2023 and further by 32.67% for FY2024, coupled with an increase in EPS from ₹2.25 to ₹3.90. The firm also recorded stable increases in the capital and reserves, which indicated that there was a healthy capital structure. Nevertheless, the advances fell by 22.38% for FY2024, showing a more prudent borrowing stance of the company or re-balancing of the portfolio. Moreover, the borrowings fell by 41.38% for FY2024, following a significant increase in FY2023, which implied less borrowings.

Overall, the performance of JP Morgan Chase was characterized by good asset growth, deposits, investment, income, and profitability.

I. Capital Allocation

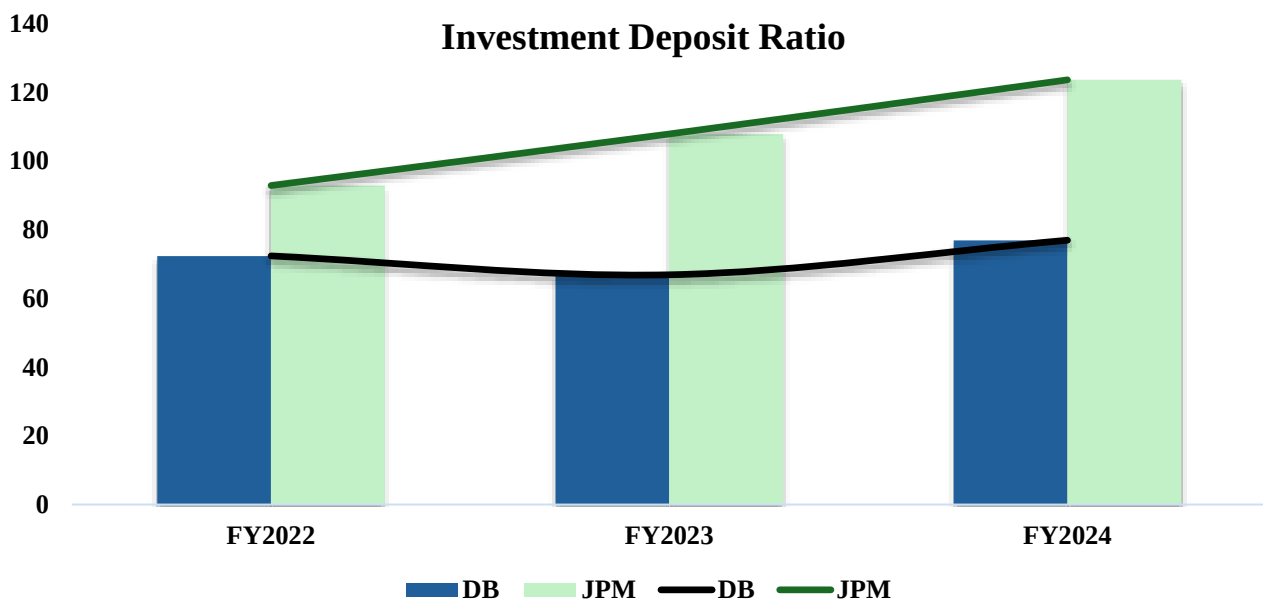
i) C/D Ratio

The Credit–Deposit (C/D) ratio shows the extent to which deposits are transformed into loans. It is also used to assess the structure of capital and the function of finance. Deutsche Bank India's C/D ratio (75.33% to 79.85%) shows the bank's aggressive deployment of local credit and the relatively decentralized structure of finance. This means that regional units have more freedom to make credit decisions. On the other hand, JPMorgan Chase India's C/D ratio (35.07% to 22.40%) shows the relatively centralized structure of finance, meaning centralized management of treasury function and global capital. What is evident from the data given is that decentralization provides flexibility to lending, and centralization offers a better liquidity position and control over risks, as well as more strategically placed capital.



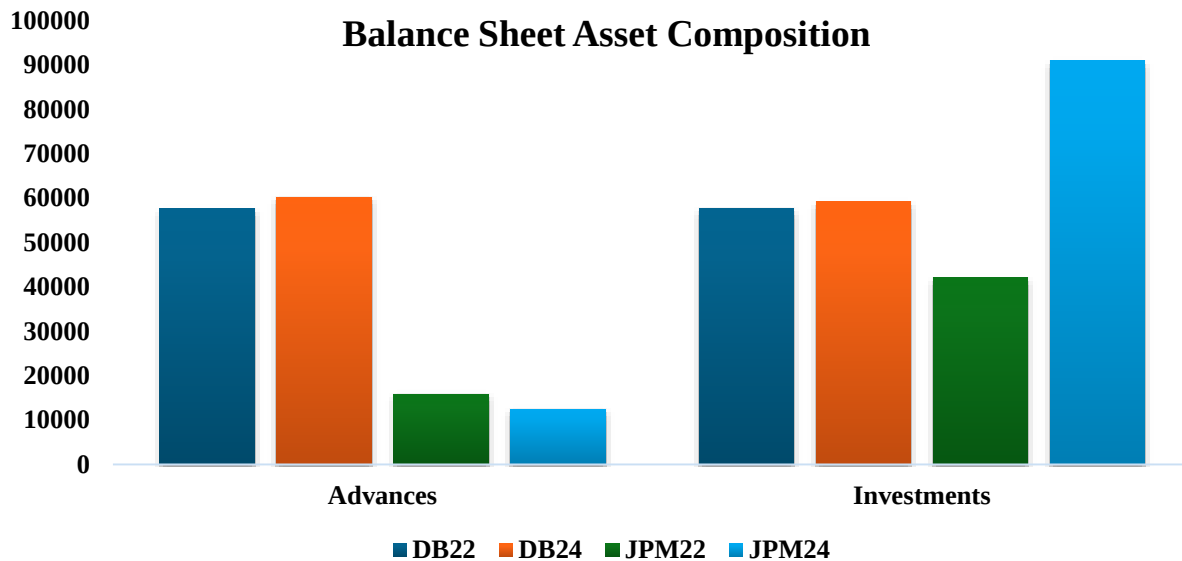
ii) Investment to Deposit Ratio

This ratio shows the extent to which deposits are placed into investment portfolios as opposed to lending. JPMorgan Chase India's Investment-to-Deposit ratio shows the bank's centralized treasury function and finance structure, and placement of global funds and a diversified capital and investment approach (the ratio exceeded 100% from FY 2023). On the other hand, Deutsche Bank India's ratio remained between 66% and 77% showing a relatively stable (balanced) placement of funds in lending and investments. This data indicates that centralization provides control over liquidity and the capital and investment placement structure, while decentralization provides greater lending to customers and financial intermediation.



iii) Asset Composition on Balance Sheet

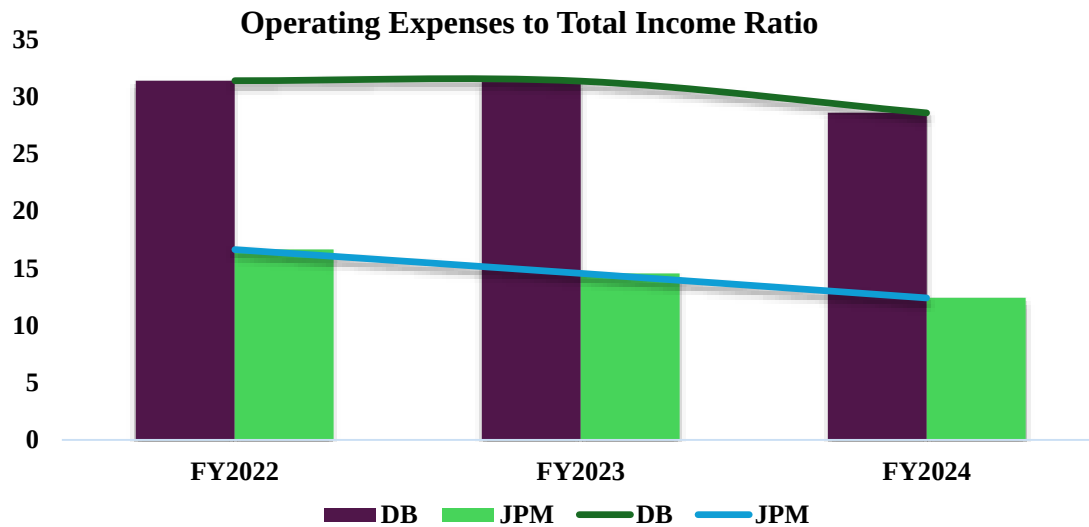
The analysis of asset composition shows two varying methods of capital deployment within the two banks. Deutsche Bank India demonstrated a stable portfolio complemented with a moderate increase in both advances and investments, indicating a somewhat decentralized finance function with a focus on local lending and client financing. In comparison, JPMorgan Chase India reported a marked increase in investments coupled with a decrease in advances. By FY2024, investments made up more than 70% of total assets. This demonstrates a finance function design of a centralized treasury, with the preference for investments over the expansion of local credit. The evidence shows the finance function design shapes the availability and accessibility of capital in the long run.



II. Cost Efficiency

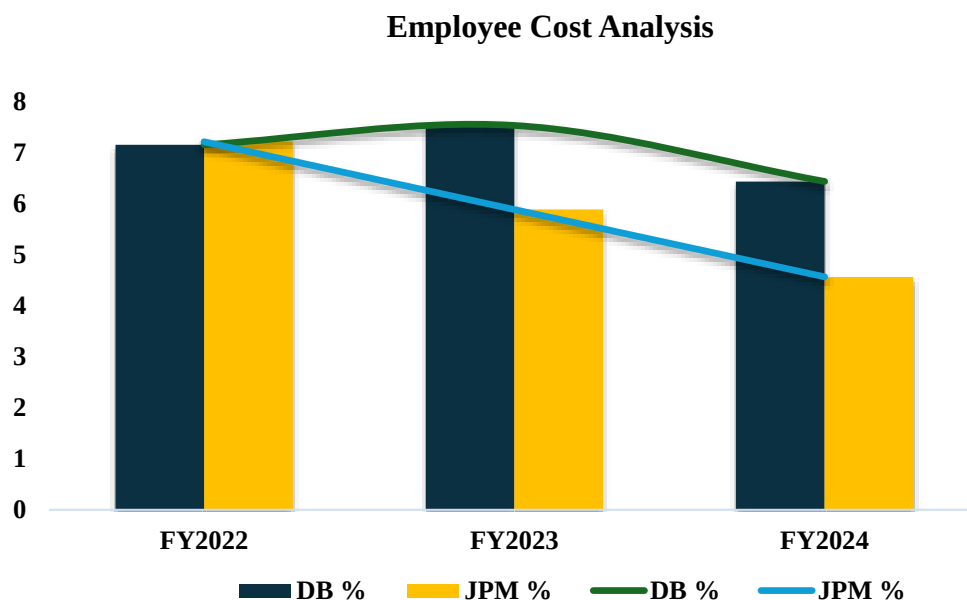
i) Operating Expenses to Total Income Ratio

This ratio shows how much of an organization's income is spent on operating expenses. JPMorgan Chase India achieved this efficiency target consistently and comparatively lower than Deutsche Bank India. Deutsche Bank India's Operating Expenses to Total Income Ratio for the period 2018 to 2022 is noted between 16.65% in 2018, and 12.42% in 2022. It also shows Deutsche Bank India's capability to manage their operating costs, and standardize some of the banking processes, and achieve cost optimizations along with improved economies of scale with the service of the centralized Finance function. Deutsche Bank India's Operating Expenses Ratio also registered marginal improvement from 31.41% to 28.60%. However, Deutsche Bank India's operating costs were significantly higher. This is in-line with Deutsche Bank India's approach of managing their operations in a decentralized manner and sustaining their local administration offices. The observations also indicate the benefits of operational efficiency and cost rationalization with the aid of digitalization and integrated centralized Financial Management.



ii) Employee Cost Analysis

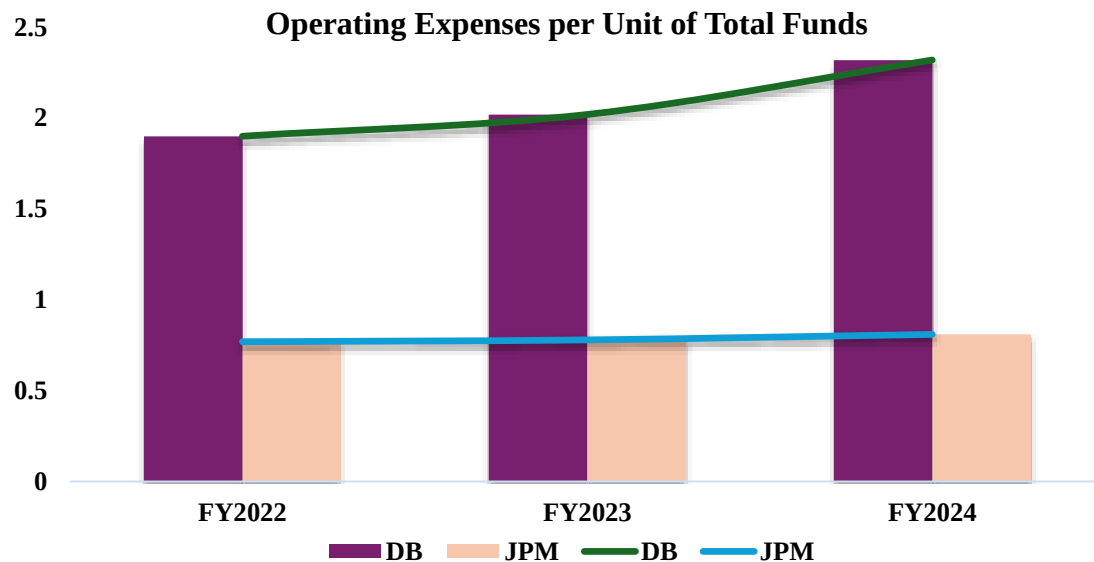
The rationalization of costs in the central finance function and improved employee productivity is apparent in the employee cost analysis. Deutsche Bank India's decentralized finance function, which makes operating units maintain dedicated personnel and local management, leads to higher employee costs than the operating income. Employee costs (as a % of income) improved for JPMorgan Chase India from 7.21% to 4.56%. The observations also indicate the benefits of operational efficiency and cost rationalization with the aid of digitalization and integrated centralized Financial Management



iii) Operating Expenses per Unit of Total Funds

Operating Expenses per unit of Total Funds shows up the operational cost per unit of financial resource utilized by banks. JPMorgan Chase India continued to enjoy single digit or low digits at around 0.8%, which demonstrates prudent cost control measures under central finance function. In contrast, Deutsche Bank India experienced increasing operational cost intensity from 1.90 per cent to 2.32 per cent due to

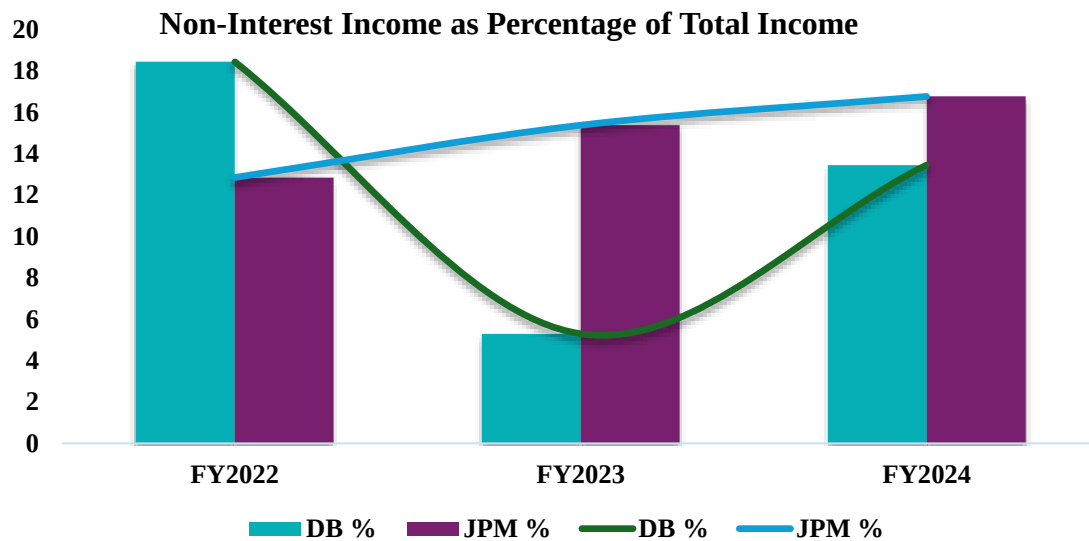
higher administration and upkeep cost due to decentralized set up. Divergence shows that centralized finance supported by digital technology could have better operational leverage, resource efficiency and also sustain long-term cost efficiency.



III. Revenue and Financial Performance

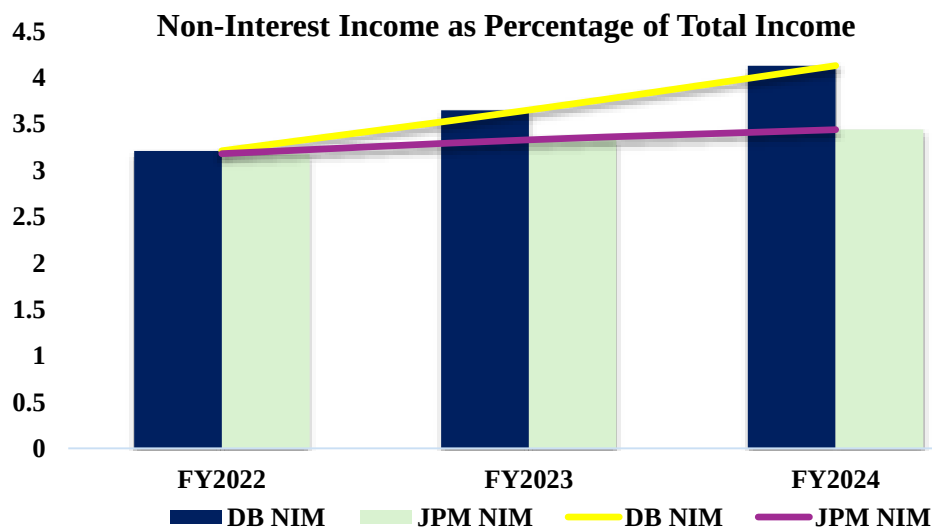
i) Non-Interest Income as Percentage of Total Income

Percentage contribution of non-interest income-This is indicative of how well the revenues are diversified apart from interest earnings on its core lending business. JPMorgan Chase India exhibited a constantly growing share of contribution by non-interest income at 16.77% FY2024 comprising income derived from investment Banking treasury functions as well as various fee-based activities. On the contrary, Deutsche Bank India was more volatile and has a more traditional banking outlook depending on interests through core lending as analysed by the experts. The conclusion drawn, therefore is that, with a well-structured Finance Function at the core facilitated by digital transformation and integrated treasury structure, banks will also able to generate diversified revenue stream, which significantly bring down their dependence on the traditional lending related interest income.



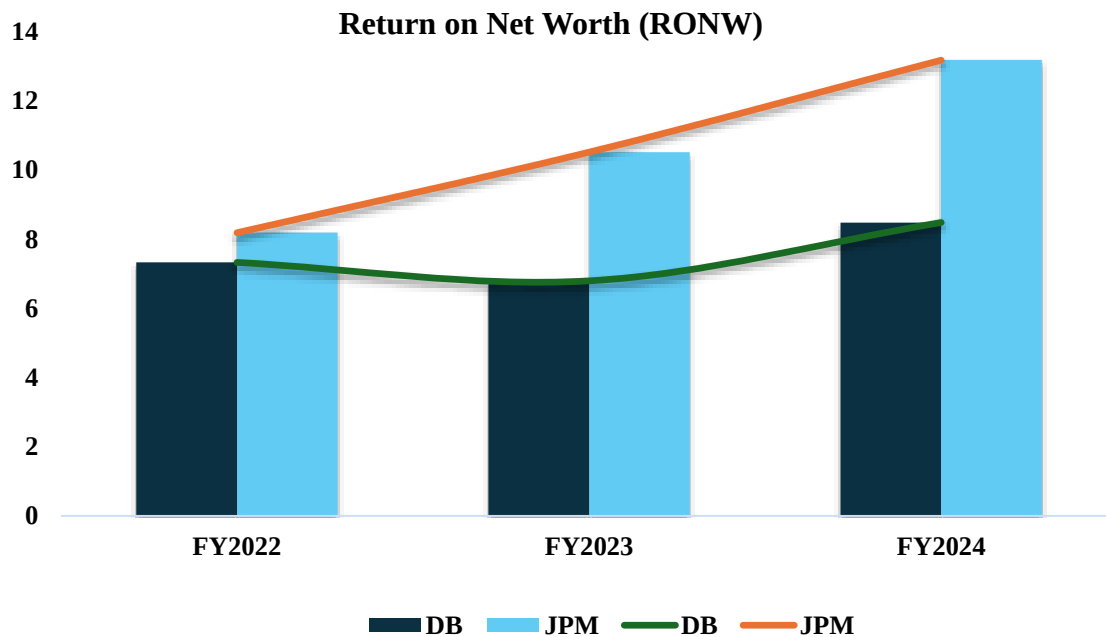
ii) Net Interest Margin (NIM)

The Net Interest Margin (NIM), an indicator of bank's efficiency in earning from their lending and investments, has been steady upward trend of 3.21% to 4.13% in case of Deutsche Bank India showing their localized credit deployment effectively with de centralize way of lending. The case for J.P. Morgan Chase, its margin has been comparatively on steady note on de centralizing mode where its financial centralization helps in de-emphasis of lending growth by favouring with Treasury function of Bank to focus on investment and other activities and risk-free business to get the risk weighted returns from that.



iii) Return on Net Worth (RONW)

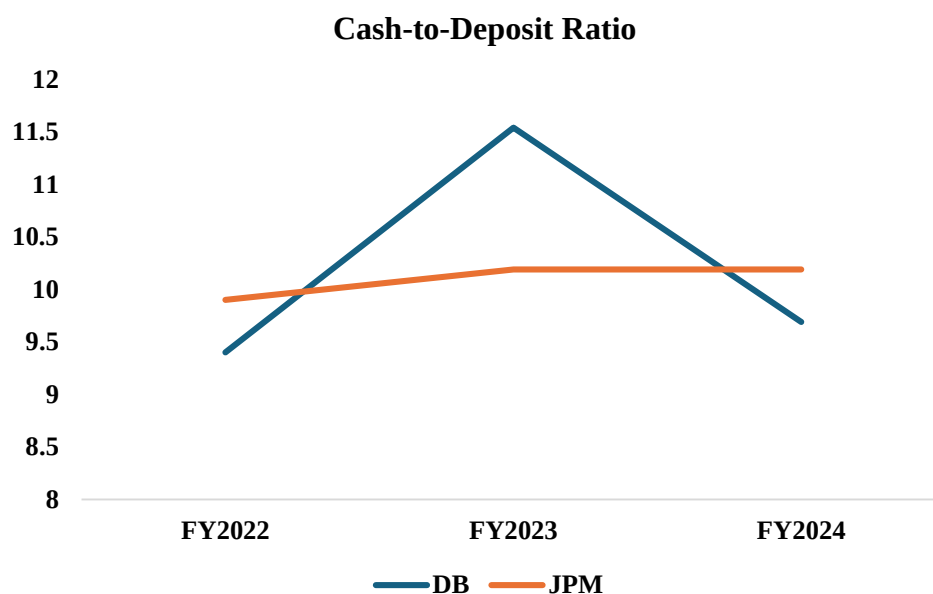
JPMorgan India outperformed Deutsche India with RO NW of 8.19 to 13.18%. In terms of capital allocation, it delivered superior returns and managed costs more efficiently due to centralised finance function. Despite an increase of RO NW to 8.48% in FY2024 Deutsche Bank continues to lag due to operational expenses and higher proportion of loans being granted. Centralised Finance function enabled digital adoption creating shareholder value.



IV. Liquidity Management

i) Cash-to-Deposit Ratio

The Cash to Deposit ratio is an indicator of the banking firm's capacity to meet their short-term commitments for liquidity at the best interest rate. JPMorgan Chase India's ratio remained stable, close to the vicinity of 10% for the entire duration under survey thereby showing the control provided by the organized treasury for centralized liquidity regulation; where Deutsche Bank India had high variability which is expected with decentralisation since the financial management being localised for managing liquid resources based on local needs. 8 This implies that the firm centralised liquidity manages well with no negative effect over its operational feasibility with regulatory compliance, stable finances and efficient utilisation of liquidity, 98 Deutsche Bank India was considered worse from both points of view.



5. FINDINGS

As can be seen in our comparative analysis, a relatively centralized finance function within the organisation at JPMorgan Chase India appears to be a superior strategy compared to Deutsche Bank India's relatively decentralized approach on a wide range of financial and operational metrics in FY2022-FY2024. The confluence of these centralisation efforts along with Digital Standardisation has resulted in JPMorgan Chase India reporting better cost efficiency, efficient capital allocation, efficient liquidity and enhanced Return on Net Worth (RONW). Our observation of improving investment-to-deposit and consistent low operating cost ratio reveals the digital impact to the centralized finance function where good resource allocation capabilities, enhanced use of Automation, and tight fiscal management lead better decision making through a central channel. In the case of Deutsche Bank India, our comparison suggests higher local deployment, as measured by the higher CD ratio where local operational agility and efficiency provide faster localized decisions in a more localized manner.

Although decentralisation helps in faster, localized, and customer friendly credit disbursal which can make the local management quicker, it does create cost redundancies and financial volatility in the organization. Our comparative study reiterates that digital can also provide the right level of automation and operational efficiency for any of the finance functions. Technologies like ERP, Automation, Analytics, centralization, and an ERP system can also enable a de-centralised approach of finance function and can improve on efficiency, financial reporting and the overall strategic governance of a financial institution; however, the centralized finance has shown better results on returns and operational efficiency parameters. Our research shows an implication that centralization offers organizational agility and fiscal efficiency whereas decentralization offers efficiency in the local operations and the speed in decision making; organization must adopt the right balance of Centralization and De- centralization based on the digital capabilities.

6. RECOMMENDATIONS

Based on the results obtained, it can be argued that financial institutions need to move towards a finance function which will be digitally integrated and incorporate the strengths of both the centralized and decentralized finance functions. Centralized functions like treasury operations, financial reporting, compliance, risk management, and capital allocation should continue to benefit from AI, ERPs, predictive analytics, and automation. Simultaneously, the banks should preserve decentralized control of customer loans, regional credit analysis, and decision making to gain more responsiveness and better service.

In terms of sustainability, banks should promote digital banking initiatives which will ensure effective resource usage, elimination of paper processes in finance, real-time reporting and analytics, and decision-making to achieve operational efficiency and sustainability of their operations in the long run. Investments in digital infrastructure, cyber-security, development of digital competencies of the employees, and AI governance would bring even greater organizational resilience and compliance with the regulations.

Hybrid models of governance which combine centralized strategic management and decentralized execution supported with integrated digital platforms are another step banks could take to improve their financial performance.

7. SCOPE FOR FUTURE STUDY

This research paper makes use of the comparison of finance functions of JPMorgan Chase India and Deutsche Bank India through secondary financial data. Future research could benefit from extending the scope of the research to cover a more extensive number of commercial banks around the globe with

varying banking sectors. Researchers could further explore how the development of technologies such as Artificial Intelligence (AI), Machine Learning (ML), blockchain, cloud computing, and predictive analytics affects centralized and decentralized finance functions.

Primary data can be incorporated for future studies to gather information on organizational practice and digital transformation from finance functioners and banking executives. Moreover, future research could explore the connection between finance functions transformation through digitalization and Environmental, Social, and Governance (ESG) initiatives, sustainable banking practices, and financial performance.

8. LIMITATIONS OF THE STUDY

There exist certain limitations of the study. Firstly, the analysis is conducted with the focus on two commercial banks functioning in India, which makes the generalizability of the results to the banking sector impossible. Secondly, the study is purely focused on the use of secondary financial data, collected through Capitaline AWS database and does not involve any primary data collected from bank employees and managers. Thirdly, the analysis is carried out for only three fiscal years, namely FY2022, FY2023 and FY2024, which makes it impossible to analyse the long-term tendencies related to the digital transformation and organizational performance. Fourthly, the distinction between the relative centralization and decentralization of the finance functions is made by comparing their financial and organizational parameters. Lastly, external factors like macroeconomic situation, technological advancements and others may affect financial performance, yet they are not considered in this study.

9. CONCLUSION

In the present study, the impact of centralized versus decentralized finance functions on organizational performance in the digital banking environment is explored through the comparative analysis of JPMorgan Chase India and Deutsche Bank India. The study found that while JPMorgan Chase India had more centralized finance function, it proved to perform better in terms of cost, capital management, liquidity management and financial performance, thanks to digital integration of its treasury systems and automation of financial operations.

However, Deutsche Bank India with its more decentralized finance function was able to make better use of credit locally and showed greater flexibility to changing market conditions, albeit at the price of comparatively high operating costs. Therefore, the study demonstrates that digital transformation substantially improves performance of finance functions because of enhanced financial control, efficiency, transparency and governance. Instead of advocating for any particular type of organizational structure, the study highlights the need for finding a proper balance between centralized strategic control and decentralized flexibility in the rapidly changing digital banking environment.

10. References

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