TO STUDY DATA ANLYSIS IN BANKING SECTOR

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University of Mumbai for partial completion of the degree of

Bachelor in Commerce (BANKING & INSURANCE)

Under the Faculty of Commerce

By

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Certificate

This is to certify that Mr/Ms **AASTHA LALIT JAIN** has worked and duly completed his Project Work for the degree of Bachelor in Commerce
(Banking & Insurance) under the Faculty of Commerce and his/her project is entitled, **"IMPACT OF SERVICE QUALITY OF HDFC BANK ON CUSTOMERS"** under my supervision.

I further certify that the entire work has been done by the learner under my guidance and that no part of it has been submitted previously for any Degree or Diploma of any University.

It is his own work and facts reported by his personal findings and investigations.

NAME & NAME &

SIGNATURE OF GUIDE SIGNATURE OF EXTERNAL

Date of submission:

Declaration by Learner

I the undersigned Ms/Mr AASTHA LALIT JAIN hereby, declare that the work embodied in this project work titled **"IMPACT OF SERVICE QUALITY OF HDFC BANK ON CUSTOMERS''** forms my own contribution to the research work carried out under the guidance of Mr. NIRAV GODA, result of my own research work and has not been previously submitted to any other University for any other Degree/ Diploma to this or any other University.

Wherever reference has been made to previous works of others, it has been clearly indicated as such and included in the bibliography.

I, hereby further declare that all information of this document has been obtained and presented in accordance with academic rules and ethical conduct.

Name and Signature of the learner

Certified by
Name and signature of the Guiding Teacher

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1.INTRODUCTION

Bank plays an important role in the economic development of a country. It is a financial institution that expects deposits and channels those deposits into lending activities either directly or through capital markets. A bank connects customers which have capital deficits to those customers' surpluses. The banking industry in India is facing certain challenges i.e challenges of quality service, customer satisfaction, customer retention, customer loyalty. Quality service plays a major role in achieving customer satisfaction and creating brand loyalty in banking sector.

Provide service with a smile:

The present demanding saving money clients will agree to nothing less. The customer has come to realize somewhat belatedly that the customer is the king.

Better quality of services provided by the bank has a positive influence on satisfaction of its customers and it directly contributes to profitability of banking industry. Good quality of service provides numerous benefits to banking industry like better corporate image, enhancement in customer satisfaction, cross-selling opportunities, and increased chances of word to mouth recommendation and facilitates the maintenance of log term and good customer relationships.

The customer's choice of one entity over another is determined by reflections of service quality rather than any other factor in the industry. He/she wants competitive loan rates but at the same time also wants his loan or credit card application processed in double quick time.

He/ she insists that he be promptly informed of changes in deposit rates and service charges and he bristles with "customary rage" if his bank is slow to redress any grievance he may have.

He/ she cherishes the convenience of impersonal net banking but during his occasional visits to the branch he also wants the comfort of personalized human interactions and facilities that make his banking experience pleasurable.

In short the customer wants financial house that will more than just clear his cheque and updates his passbook: he/she wants a bank that cares and provides great services.

So des HDFC bank meet these expectations of customers?

What are the customer's perceptions regarding service quality of the banks?

What are the dimensions of service quality where HDFC bank is performing well?

To find out answer to these questions I undertook survey of HDFC bank in Srinagar, Kashmir.

A lot of surveys have been done in the past to understand the aspect of customer satisfaction and to find out the service quality that customer friendly banks try to offer to clients.

My search is conducted to find out "SERVICE QUALITY OF HDFC BANK" with the help of SERVQUAL model. The research is conducted on the basis of RATER scale.

1.1 History of Indian banking industry

Banking in India originated in the last decades of the 18th century.

The first bank was The General Bank of India, which started in 1786.

Bank of Hindustan was the 2nd bank, which started in 1790; both are now defunct.

The oldest bank in existence in India is the State Bank of India, which originated in the Bank of Calcutta in June 1806, which almost immediately became the Bank of Bengal.

The period between 1906 and 1911, saw the establishment of banks inspired by the Swadeshi movement. A number of banks established then have survived to the present such as Bank of India, Corporation Bank, Indian Bank, Bank of Baroda, Canara Bank and Central Bank of India. During the First World War (1914–1918) through the end of the Second World War (1939–1945), and two years thereafter until the independence of India were challenging for Indian banking.

Post Independence• India observed the emergence of large number of institutions for providing finance to different sectors of the economy.• The entry activities of private sector and foreign banks were restricted through branch licensing and regulation norms. Steps taken by Indian Govt. to regulate banking are: Reserve bank of India was nationalized on January 1, 1949 under the terms of Reserve bank of India. In 1949; the Banking Regulation Act was enacted. The Banking Regulation Act also provided that no new bank or branch of an existing bank could be opened without a license from the RBI. No two banks could have common directors.

Nationalization The nationalization of banks in India took place in 1969 by Mrs. Indira Gandhi. It nationalized 14 banks. Before the steps of nationalization of Indian banks, only State Bank of India (SBI) was nationalized. Nationalization of Seven State Banks of India

(formed subsidiary) took place on 19th July, 1960.The second phase of nationalization of Indian banks took place in the year 1980. Seven more banks were nationalized with deposits over200 corers. The stated reason for the nationalization was to give the government more control of credit delivery.

1.2 COMPANY PROFILE

The Housing Development Finance Corporation Limited (HDFC) was amongst the first to receive an ‘in principle’ approval from the Reserve Bank of India (RBI) to set up a bank in the private sector, as part of RBI’s liberalization of the Indian Banking Industry in 1994. The bank was incorporated in August 1994 in the name of 'HDFC Bank Limited', with its registered office in Mumbai, India. HDFC Bank commenced operations as a Scheduled Commercial Bank in January 1995.

As on 31st March, 2015 the authorized share capital of the Bank is Rs. 550 crore. The paid-up share capital of the Bank as on the said date is Rs501, 29, 90,634/- (2506495317) equity shares of Rs. 2/- each). The HDFC Group holds 21.67 % of the Bank's equity and about 18.87 % of the equity is held by the ADS / GDR Depositories (in respect of the bank's American Depository Shares (ADS) and Global Depository Receipts (GDR) Issues). 32.57 % of the equity is held by Foreign Institutional Investors (FIIs) and the Bank has 4, 41,457 shareholders.(corporate profile)

(https://www.hdfcbank.com/aboutus/News_Room/hdfc_profile.html)

As of June 30, 2017, the bank's distribution network was at 4,715 branches and 12,260 ATMs across 2,657 cities and towns. The bank also installed 4.30 Lacs POS terminals and issued 235.7 Lacs debit cards and 85.4 Lacs credit card in FY 2017 (Wikipedia)

HDFC bank comprises of dynamic and enthusiastic team determined to accomplish the vision of becoming a World-class India bank. HDFC bank’s business philosophy is based on our

four core values – Customer Focus, Operational Excellence, Product Leadership and People. They believe that the ultimate identity and success of their bank will reside in the exceptional quality of people and their extraordinary efforts. They are committed to hiring, motivating and retaining the best people in the industry.

1.3 BUSINESS FOCUS

HDFC Bank's mission is to be a World Class Indian Bank. The objective is to build sound customer franchises across distinct businesses so as to be the preferred provider of banking services for target retail and wholesale customer segments, and to achieve healthy growth in profitability, consistent with the bank's risk appetite. The bank is committed to maintain the highest level of ethical standards, professional integrity, corporate governance and regulatory compliance. HDFC Bank's business philosophy is based on five core values: Operational Excellence, Customer Focus, Product Leadership, People and Sustainability. (HDFC bank limited profile)

Vision Statement

The bank is committed to maintain the highest level of ethical standards, professional **integrity**, corporate governance and regulatory compliance. HDFC Bank's business philosophy is based on **five** core values: Operational **Excellence**, Customer Focus, Product Leadership, People and Sustainability.

Mission Statement

To our share holders, our mission is to optimize returns.
To our customers, our mission is to provide a caring service by anticipating their requirements and innovatively satisfying them beyond their expectations.
To our staff, our mission is to identify their multi-faceted talents, develop, motivate, recognize and reward them towards fulfilment of the institutional and national housing vision.

To the national economy and the industry regulator, we are the key driver and thought leader, shaping and financing the national housing policy.
To our natural environment, we enforce sustainable practices across all our activities.

The objective is to build sound customer franchises across distinct businesses so as to be the preferred provider of banking services for target retail and wholesale customer segments, and to achieve healthy **growth** in **profitability**, consistent with the bank's risk appetite

1.4 BUSINESS STRATEGY

- Increasing market share in India's expanding banking.
- Delivering high quality customer service.
- Maintaining current high standards for asset quality through disciplined credit risk management.
- Develop innovative products and services that attract targeted customers and address inefficiencies in the India financial sector.

1.5 PROMOTER

HDFC is India's premier housing finance company and enjoys an impeccable track record in India as well as in international markets. Since its inception in 1977, the Corporation has maintained a consistent and healthy growth in its operations to remain the market leader in mortgages. Its outstanding loan portfolio covers well over a million dwelling units. HDFC has developed significant expertise in retail mortgage loans to different market segments and also has a large corporate client base for its housing related credit facilities. With its experience in the financial markets, strong market reputation, large shareholder base and unique consumer franchise, HDFC was ideally positioned to promote a bank in the Indian environment.

1.6 DISTRIBUTION NETWORK

HDFC Bank is headquartered in Mumbai. As of March 31, 2015, the Bank's distribution network was at 4,014 branches in 2,464 cities. All branches are linked on an online real-time

basis. Customers across India are also serviced through multiple delivery channels such as Phone Banking, Net Banking, Mobile Banking and SMS based banking. The Bank's expansion plans take into account the need to have a presence in all major industrial and commercial centres, where its corporate customers are located, as well as the need to build a strong retail customer base for both deposits and loan products. Being a clearing / settlement bank to various leading stock exchanges, the Bank has branches in centres where the NSE / BSE have a strong and active member base.

The Bank also has a network of 11,766 ATMs across India. HDFC Bank's ATM network can be accessed by all domestic and international Visa / MasterCard, Visa Electron / Maestro, Plus / Cirrus and American Express Credit / Charge cardholders.

1.7 MANAGEMENT

Mrs. Shyamala Gopinath holds a Master's Degree in Commerce and is a CAIIB. Mrs. Gopinath has 39 years of experience in financial sector policy formulation in different capacities at RBI. As Deputy Governor of RBI for seven years and member of the Board. Mrs. Gopinath had been guiding and influencing the national policies in the diverse areas of financial sector regulation and supervision, development and regulation of financial markets, capital account management, management of government borrowings, forex reserves management and payment and settlement systems.

The Managing Director, Mr. Aditya Puri, has been a professional banker for over 25 years and before joining HDFC Bank in 1994 was heading Citibank's operations in Malaysia.

The Bank's Board of Directors is composed of eminent individuals with a wealth of experience in public policy, administration, industry and commercial banking. Senior executives representing HDFC are also on the Board.

Senior banking professionals with substantial experience in India and abroad head various businesses and functions and report to the Managing Director. Given the professional expertise of the management team and the overall focus on recruiting and retaining the best talent in the industry, the bank believes that its people are a significant competitive strength.

1 8 TECHNOLOGY

HDFC Bank operates in a highly automated environment in terms of information technology and communication systems. All the bank's branches have online connectivity, which enables the bank to offer speedy funds transfer facilities to its customers. Multi-branch access is also

provided to retail customers through the branch network and Automated Teller Machines (ATMs).

The Bank has made substantial efforts and investments in acquiring the best technology available internationally, to build the infrastructure for a world class bank. In terms of core banking software, the Corporate Banking business is supported by Flex cube, while the Retail Banking business by Fin ware, both from i-flex Solutions Ltd. The systems are open, scalable and web-enabled.

The Bank has prioritised its engagement in technology and the internet as one of its key goals and has already made significant progress in web-enabling its core businesses. In each of its businesses, the Bank has succeeded in leveraging its market position, expertise and technology to create a competitive advantage and build market share.

Chapter 2: Research Methodology

2.1 IMPORTANCE OF SERVICE QUALITY

Service quality is considered as the most critical determinant of competitiveness for establishing and sustaining satisfying relationship with customers (Lewis, 1989). Business firms including banks have recognized the fact that the only one best way to manage the competition is the quality differentiation. Advance technology, customer oriented corporate culture, a well designed service-system and excellent information system are the major factors that decide the superior quality of service of an organization. Providing excellent service quality and maintaining the high customer satisfaction is the important issue and the challenge facing contemporary service industry (Hung, 2003). Thus Service Quality is an important subject in both public and private sectors business firms and service industries. Banking sector is not an exception to this. Before independence the banking system in India was in private sector and in very weak position. To strengthen the banking system then government established Reserve Bank India (RBI) in 1935 and empowered to regulate banking companies by issue of directive, inspection, amalgamation, mergers etc. Major action was taken 1949 by passing the Banking regulation Act which was very important in respect of structural reforms in the banking sector. This act had given extensive regulatory powers to RBI over the banks in India. Nationalization of banks was another major step of the government (14 banks on 19th July, 1969 and 6 banks on 15th April, 1980) to constitute the public sector banks. These public sector banks occupied a vital role in Indian economy in general and banking sector in particular. Government implemented many social welfare schemes through these banks. Prior to globalization there was very little competition in the

banking sector and the public sector banks played dominating role in terms of size of assets? Due to changing global scenario, the government recognized the need to introduce reforms to make banking industry more competitive. Thus, the government had made policy changes like deregulation of interest rates and dilution of consortium lending requirement. Moreover, banking sector had been opened up to the private sector. With this, new banks have been set up in private sector, called as new private sector banks, foreign banks have entered the Indian banking sector and existing banks in private sector (old private sector banks) changed their level of operations. All these increased the competition among the banks and efficiency of the banking industry.

2.2 SERVICE QUALITY DIMENSION - SERVICE QUALITY GAP MODEL (SERVQUAL)

The gap model (also known as the "5 gaps model") of service quality is an important customer-satisfaction framework. In "A Conceptual Model of Service Quality and Its Implications for Future Research" (The Journal of Marketing, 1985), A. Parasuraman, VA Zeitham and LL Berry identify five major gaps that face organizations seeking to meet customer's expectations of the customer experience. SERVQUAL is one the tools used in measuring the quality of services. According to Buttle (1996), SERVQUAL is for the measuring and managing the quality of service. Asubeonteng et al (1996) also intimated that the model is used to measure the quality of service from the customer's point of view. The originators of the model are Parasuraman, Zeithamal and Berry. It was developed in 1985 but was polished in their subsequent articles (Parasuraman et al 1988). The main aim of SERVQUAL is to have a standard and a reliable tool that can be used to measure the quality of services in different service sectors. Originally, those who developed SERVQUAL introduced ten service quality dimensions or attributes. These are: 1. Tangibles, 2. Reliability, 3. Responsiveness, 4. Competency, 5. Courtesy, 6. Communication, 7. Credibility, 8. Security, 9. Access and 10. Understanding the customer.

Table – 1 Definition of Original Ten SERVQUAL Dimensions

Sl. No.	Dimension	Definition
1	Tangibles	Appearance of physical facilities, equipment personnel and communication materials.
2	Reliability	Ability to perform the promised service dependably and accurately.

3	Responsiveness	Willing to help customers and provide prompt service.
4	Competence	Possession of the required skills and knowledge to perform the service.
5	Courtesy	Politeness, respect consideration and friendliness of contact personnel.
6	Credibility	Trustworthiness, believability, honesty of service provider.
7	Security	Freedom from danger, risk of doubt.
8	Access	Approachability and ease of contact
9	Communication	Keeping customers informed in language they can understand and listening to them.
10	Understanding the Customer	Making the effort to know customers and their needs
Source: Zeithmal, Parasuraman and Berry, (1988) Delivering Quality Service, New York, Free Press, p 21 -22 (Modified)		

However, in the 1988 article, these were pruned to five (Parasuraman et al 1988). These are, 1. Tangibles, 2. Reliability, 3. Responsiveness, 4. Assurance and 5. Empathy. Tangibility refers to the physical environment in which the service provider operates. It comprises the physical facilities available, workers, and equipment and communication materials. Reliability concerns the ability with which the service organization can deliver the service dependably and accurately. Empathy on the other hand, is about the special care and attention given to individual customers when being served. Responsiveness is also the preparedness of the service provider to assist customers and render as quick of prompt service as possible. Assurance too is in connection with knowledge and the courteous attitude of staff and their ability to in still, trust and confidence in customers.

Survival of banks, in heavy competition, depends upon how the banks are providing quality services to their customers. Service quality is a comparison of expectations with performance. From the viewpoint of business administration, service quality is an achievement in customer service. It reflects at each service encounter (Bhatia, Assessment of Service Quality in Public and Private Sector Banks of India with Special Reference to Lucknow City). A customer's expectation of a particular service is determined by factors such as recommendations by

peers, personal needs and past experiences. The expected service and the perceived service sometimes may not be equal, thus leaving a gap. The service quality model or the 'GAP model' developed by the authors- Parasuraman, Zeithaml and Berry at Texas and North Carolina in 1985, highlights the main requirements for delivering high service quality. It identifies 'gaps' that cause unsuccessful delivery of service. Customers generally have a tendency to compare the service they 'experience' with the service they 'expect'. If the experience does not match the expectation, there arises a gap.

Table – 3 Definition of Service Quality Dimensions		
Sl. No.	**Dimension**	**Definition**
1	Tangibles	Appearance of physical facilities, equipment personnel and communication materials.
2	Reliability	Ability to perform the promised service dependably and accurately.
3	Responsiveness	Willing to help customers and provide prompt service.
4	Assurance	Knowledge and courtesy of employees and their ability of convey trust and confidence.
5	Empathy	Caring, individualized attention the firm provides its customers.
Source: Zeithmal, Parasuraman and Berry, (1988) Delivering Quality Service, New York, Free Press, p 26.		

2.3 SERVICE QUALITY DIMENSION IN BANKS

Several researchers have suggested that the search for universal conceptualization of the service quality construct may be futile (Levist, 1981; Lovetock, 1983). The service quality construct is either industry or context specific (Babakus and Boller, 1992). The measurement of the service quality construct is multidimensional. In its original structure, service quality consists of five dimensions (Parasuraman et al., 1988; Carman, 1990; Rust and Oliver, 1994). These are:

1. The tangibility aspects of the service

2. The reliability of the service provider

3. The assurance provided by the service provider

4. The responsiveness of the service provider; and

5. The service provider's empathy with customers

The included variables to measure the service quality of commercial banks were ranging from seventeen to fifty seven variables (Narul Islam, 2005; Verma and Vehra, 2000; Sharma and Mehta, 2004; Elango and Gudep, 2006; Sharma and Sharma, 2007; Bhat, 2004; Levesque and Gorden, 1996; Bhat, 2005; Zillur, 2005; Gani and Bhat, 2003). In the present study, the included service quality variabes are twenty. (Pacific Business Review International

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Chapter 3: REVIEW OF LITERATURE

It is relevant to refer briefly to the previous studies and research in the related areas of the subject to find out and to fill up the research gaps. The following are the some studies conducted by the eminent authors and practitioners on the area of service quality of banks.

(Dhandabani, 2010) Examined the nature of linkage between service quality and customer loyalty in Indian retail banking. Study used confirmatory factor analysis to identify the service quality dimension. The resulted dimensions are Reliability, Responsiveness, Knowledge and recovery; and Tangibles. The service quality dimensions lead to customer satisfaction and the customers' satisfaction leads to customer's loyalty. The structural equation model reveals that there is no significant direct linkage between service quality and customers loyalty. At the same time, the service quality has a significant indirect impact on customer's loyalty especially through customer's satisfaction.

(Maya Basant Lohani, 2012) Examined on service quality in selected banks and measured in five dimensions by using SERVQUAL scale developed by Parasuraman et al (1988 and revealed that there exist a small perceptual difference regarding overall service quality with the respective banks. The study of found that banks have more concentration on the tangible factor like a computerization, physical facilities, etc. to attract the customers.

(Jain, 2012) In their study “Customer Perception on Service Quality in Banking Sector: With Special Reference to Indian Private Banks in Moradabad Region” try to learn and understand

the customer perception regarding service quality and to learn and understand the different dimension of service quality in banks.

(Thakur, 2011) has presented that how service quality and customer satisfaction is related to customer's loyalty in Indian Banking sector's perspective. He found that customer satisfaction is significantly and positively related with customer loyalty and customer satisfaction is an important mediator between service quality and customer loyalty. In the last of the study he have discussed that banking service providers should follow right course of action to win customer satisfaction by providing better service quality in order to create loyal customer base.

(Desta, 2011) Studied by assessing and measuring the banking service quality perception of the SBI branch customers; and examining the relationship between service quality, customer satisfaction and positive word of mouth and found that the expectations of bank customers were not met and that the largest gap was found in the reliability dimension. This dimension also had the largest influence on customer satisfaction and overall satisfaction of bank customers had a positive effect on their word-of-mouth. The study also suggested that input from employees on what constitutes "service excellence" will be beneficial. The bank need to reassess "what customers expect from the bank" and provide client specific services. It needs to invest on employee training programs that will provide employees with an understanding of service culture and service excellence particularly at front line levels. Employee training programs should focus on interpersonal communication and customer care factors in order to be able to meet the customers' need for personalized service.

(Kheng, et al. 2010) studied on the impact of service quality on customer loyalty of the banks customers in Penang, Malaysia. They opined that a lot of competitive factors in the form of substitutes are forcing bankers to explore the importance of customer loyalty. Therefore, studies need to focus on the changing role of the banking system. They also found that improvement in service quality can enhance customer loyalty.

(Dr. Rupa Rathee, 2014), studied the service quality gaps in banks after nationalization of commercial banks. With the entry of new generation, tech-savvy, private banks the banking sector has become too competitive. Gap analysis was applied to find the gaps between expected and performed service in private banks to find the difference between male and female perception and expectation. This study provided an insight into which attributes of service quality in private bank were most important in providing satisfaction to customers

and areas where significant gaps existed. It concluded that the highest gap was found in the dimension of reliability and empathy and suggested that the banks have to reduce this gap giving individual personal attention to understand customer specific needs. The customers trust the public sector banks. These banks have existed in the market for a longer period than the private sector banks. The reliability factor is a positive factor for these banks. Therefore private banks should position themselves in the market on the basis of this dimension and promote themselves aggressively. It becomes imperative for the private sector banks to train their employees to treat the customers with empathy. Statement of Problem Extensive research has been done by eminent scholars, academicians and practitioners on service quality in the banking industry. All these studies have concentrated on urban areas only. No concrete study found out the perceptions of rural customers about the quality of banks' services in India. There is a need for an extensive study on the rural customers' perceptions on the service quality in banking service offered in rural areas. Hence this research study was undertaken.

Mosahab, et al. (2010) presented a research that was conducted in a bank in Tehran, Iran. This report aimed to determine the quality of services offered by Sepah Bank, and also to study the relationship between the service quality, satisfaction and loyalty. The results of this research showed that in all aspects, customers' expectation, are higher than their perceptions of the Bank's operation, and in fact the quality of offered services is low. Besides, this research findings show that the customer satisfaction plays the role of a mediator in the effects of service quality on service loyalty.

Afsar, et al. (2010) worked on the determinants of customer loyalty in the banking sector of Pakistan. They argued that banking industry needs high interaction with the customers and that's why managers must understand the factors which influence the loyalty. They attempted to find the factors of customer loyalty and their relationships with the banking industry in developing countries. They examined and found that perceived quality, satisfaction, trust, switching cost and commitment are the factors which influence the loyalty of the customers.

J. Joshua Selvakumar (2010) studies the impact of Service Quality on Customer Satisfaction in Public Sector and Private Sector Banks. The study examines the effect of service quality determinants on the degree of customer satisfaction in public and private banks in India. By realizing the gap between the perceived and actual service quality, customer satisfaction can be extremely improved.

Dr. Manasa Nagabhushanam (2010) conducted a research study on service quality of banks in India. The study encompasses the service quality of all the banks i.e., public sector, private sector, and foreign banks and measures the attributes on SERVQUAL scale. The study was conducted to analyze the expected and perceived gap among customers and bankers.

Mukta Dewan and Dr. Sadhana Mahajan (2009) studied the study of the perceived Service Quality and its Dimensions in Private Sector Banks. The study examines that there was a significant difference in the perception of service quality and its dimensions for the private sector bank customers for different categories of demographic factors. The perception of male and female customers varied significantly for the overall service quality and its dimensions – reliability, responsiveness, assurance and empathy. It was found that the male customers had a more positive perception of service quality as compared to the female counterparts.

Maya Basant Lohani and Dr. POOJA Bhatia (2011) studied the Assessment of Service Quality in Public and Private Sector Banks of India. The study was conducted to ascertain service quality variations across selected banks by demographic variations and to measure the customer satisfaction in selected public and private sector banks by analyzing the gap between expectations and their perceptions of banking services.

Vibhor Jain, Dr. Sonia Gupta and Smrita Jain (2014) studied customer perception of service quality in banking sector with special reference to India private banks. The study examines to learn and understand the customer perception regarding service quality and understand the different dimension of service quality in banks. The customers trust the public sector banks. These banks have existed in the market for a longer period than the private sector banks. There is an urgent need for the banking services to reaffirm themselves in view of the cut-throat competition, which is close on the anvil.

Ms. Nisha Malik and Mr. Chand Prakash Saini (2011) studied Private Sector Banks Service Quality and Customer Satisfaction by conducting an Empirical Study of two Private Sector Banks. The aim of proposed study was to find out perception of HDFC and ICICI bank customers regarding to the service quality parameter and gap analysis of expected and acknowledged quality parameters, and also revels the relationship between psychographic factors and satisfaction levels of rural and urban customers.

Akte S. and Ghosh S.K. (2006) examine the gap between expectations and perceptions of customers in Dhaka city of Bangladesh regarding banking services with a special focus on SERVQUAL model. The study concludes that in four dimensions like reliability, empathy, tangibility, assurance, the gap between perceptions and expectations is significant except responsiveness where it is insignificant means banks do not extent that level of services which will satisfy the customers expectations. The study also suggests some recommendations to minimize this gap.

Chapter 4:

Data Analysis, Interpretation and Presentation

Objective of the Study :

To examine the Customer satisfaction of HDFC Bank through analysing the essential dimensions of service quality i.e. (RATER)

To identify in which service quality dimension the bank is performing sound and which part needs improvement and suggestions so as to enhance overall service quality.

To identify the customer grievance if any.

To help bank to know what customer needs/wants from bank, such that they can transform themselves accordingly.

Research Design:

I decided to employ blend of exploratory research and descriptive research, as it is concerned with discovering the general nature of the problem and the variables that relate to it. It turned out to be descriptive while evaluating customer perceptions related to service quality of HDFC BANK.

Source of Data:

1. Primary data

   Questionnaire, Personal interview and observations.

2. Secondary data

   Books, Journals, Brochures, Google, Internet & Websites etc.

DATA COLLECTION TOOL

Likert scaling is a bipolar scaling method, measuring either positive or negative response to a statement. The questionnaire consists of two parts. The first part consists of three questions concerning the demographic information of the respondent such as the name, age, educational qualifications and income. The second part consisting of 18 questions exploring the respondent's perception about the service quality of HDFC. For evaluation of service quality of HDFC bank service quality dimension of reliability, assurance, tangibility, empathy and responsiveness is used in order to evaluate the actual service quality of HDFC bank. The scale use in the study is a **5 point Likert scale** which follows the pattern;

1. Strongly disagree

2. Disagree

3. Neither agree nor disagree

4. Agree

5. Strongly agree

Data Collection Method:

Data collection is done mainly through two sources namely **primary** and **secondary**. Secondary source is nothing but utilizing somebody else's earlier effort and work. Primary source is when the data collection is done for the first time. I had taken up both secondary database and to have greater accuracy I decided to go in for collection of primary database.

To tap **secondary database** I went through the brochures of the companies and even through the web sites of the company.

To tap the primary database I decided to go in for **Survey Method**. Various tools can be used to conduct a survey. These tools are very important to trigger a stimulus, which would bring out their attitude and ideas. I have used **Questionnaire** as a tool for the above-mentioned purpose.

A close-ended Questionnaire has been used in this Project to know the satisfaction level of the customers of the Bank in order to improve the services in the near future.

SAMPLE DESIGN

SAMPLE SIZE: 100

SURVEY AREA: The survey was carried out in Srinagar.

SAMPLING TECHNIQUE: The sampling technique used in this research is non probability sampling and under non probability sampling, judgemental sampling is used.

TIME FRAME: The time frame has been eight weeks.

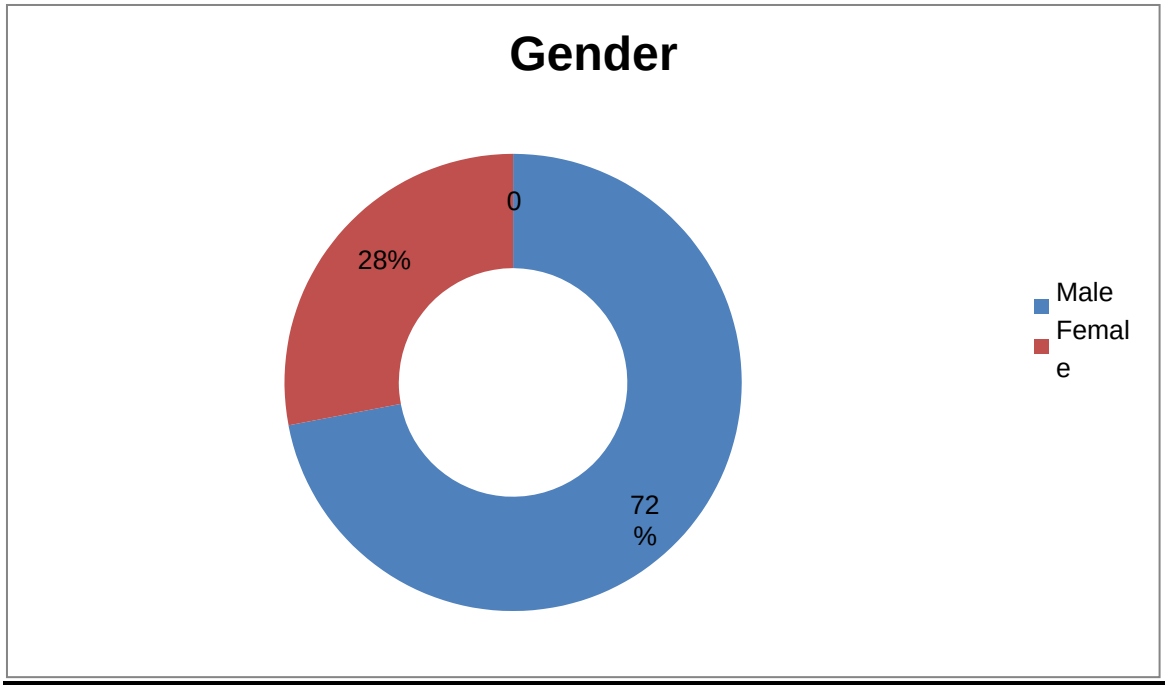
Limitations of the Study

- "100 samples do not reflect the opinion of customers as whole.
- The data was collected only by conducting quantitative research method – distributing questionnaires.
- Due of time constraints it is impossible to find the true calculation & there may be possibility of committing a general error."
- The study is only restricted to a particular location. So, it cannot be taken as a whole representative of the banking industry.
- Many respondents can be baised towards the questions asked and there can be a lot of reasons for not responding at all.
- Some respondents wanted to play safe and used ''uncertain'' as a option which made it difficult to arrive at a right conclusion.

DATA COLLECTION & ANALYSIS

Q. Gender

Gender	Response	Response in % (Sample Size 100)
Male	72	72%
Female	28	28%



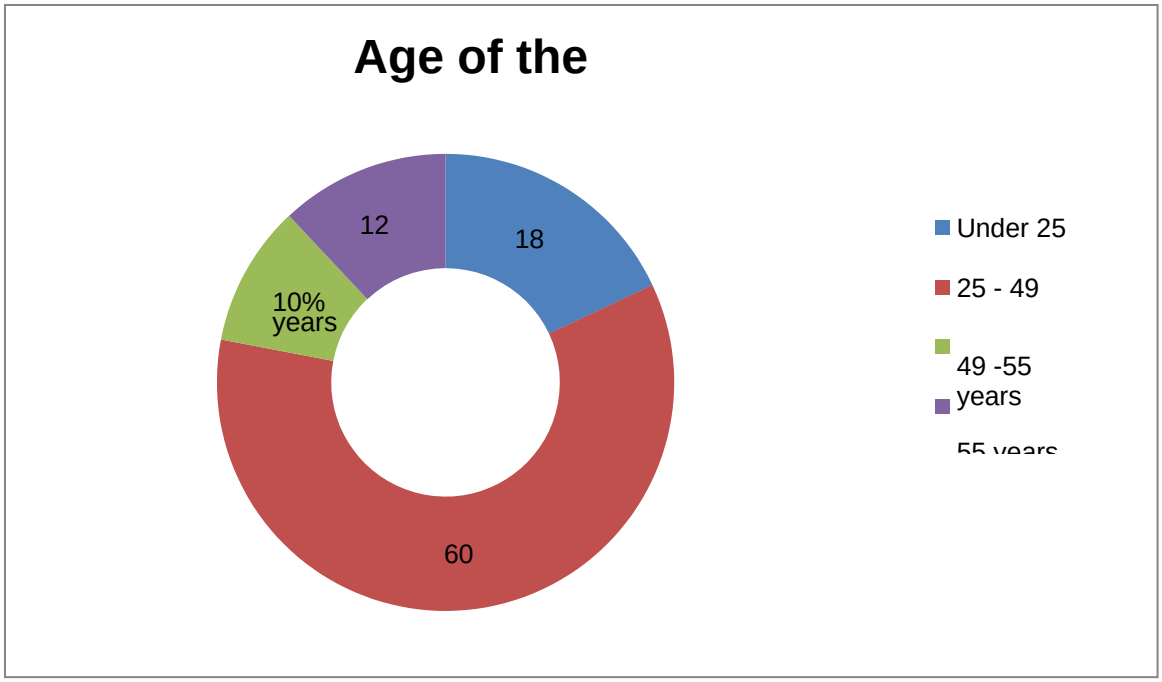
INTERPRETATION:

From the above table and graph it is seen that

- 72% respondents are male.
- 28% respondents are female

Q. Age of the respondent

Age	Response	Response in % (Sample Size 100)
Under 25 years	18	18%
25 - 49 years	60	60%
49– 55 years	10	10%
55 years and above	12	12%



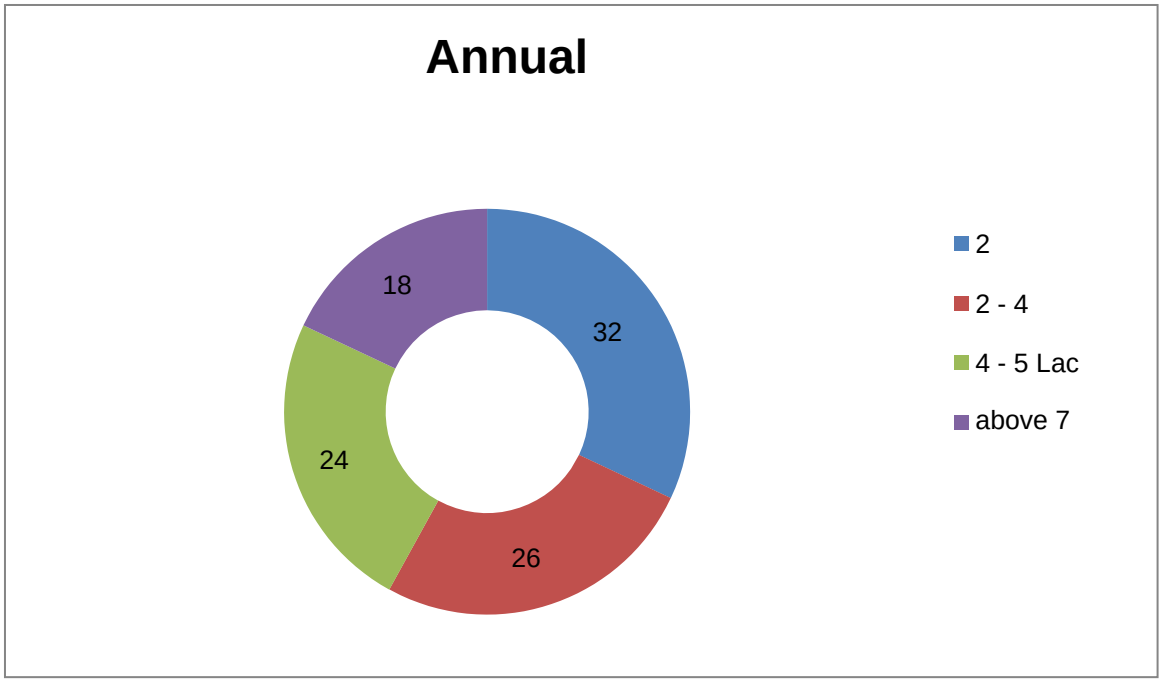
INTERPRETATION:

From the above table and graph it is seen that

- 18% respondent's age are under 25.
- 60%respondent's age are 25 to 49 years.
- 10%respondent's age are 49 to 55 years.
- 12%respondent's age are 55 years and above.

Q. Annual Income

Annual Income	Response	Response in % (Sample Size 100)
2 Lac	32	32%
2 – 4 Lac	26	26%
4 – 5 Lac	24	24%
Above 7 Lac	18	18%



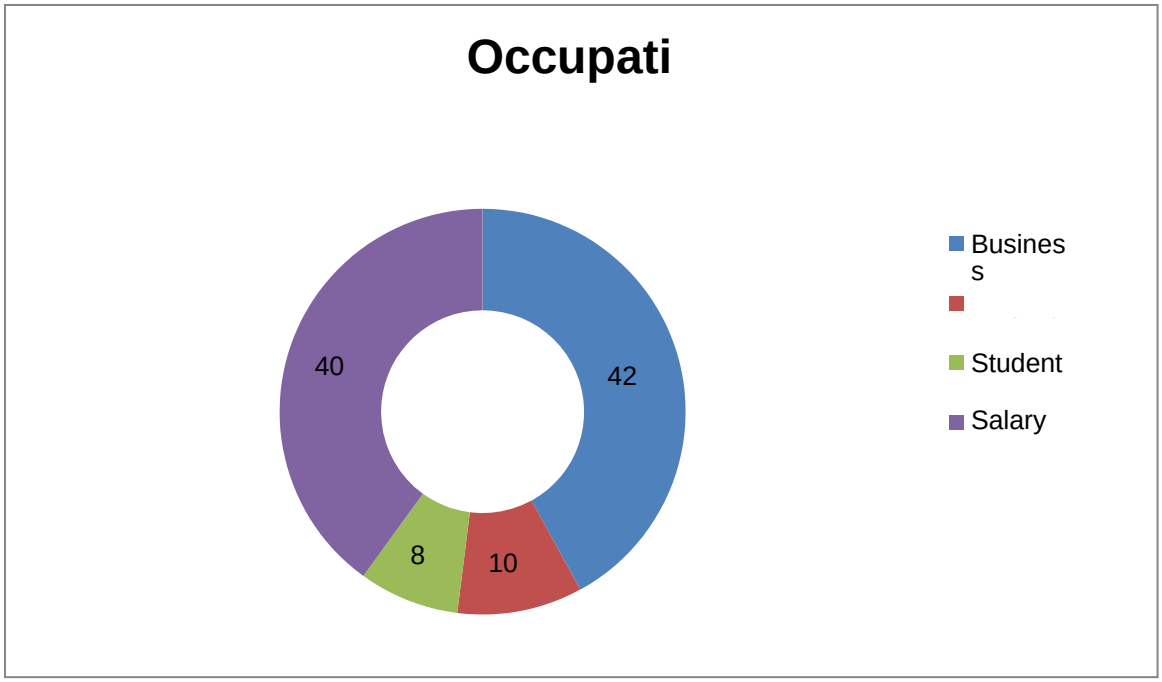
INTERPRETATION:

From the above table and graph it is seen that

- 32% respondent's annual income is 2 lakhs.
- 60% respondent's annual income is 2 to 4 lakhs.
- 10% respondent's annual income is 4 to 5 lakhs.
- 12% respondent's annual income is 7 lakhs above.

Q. Occupation

Occupation	Response	Response in % (Sample Size 100)
Business	42	42%
Retired	10	10%
Student	8	8%
Salary based	40	40%



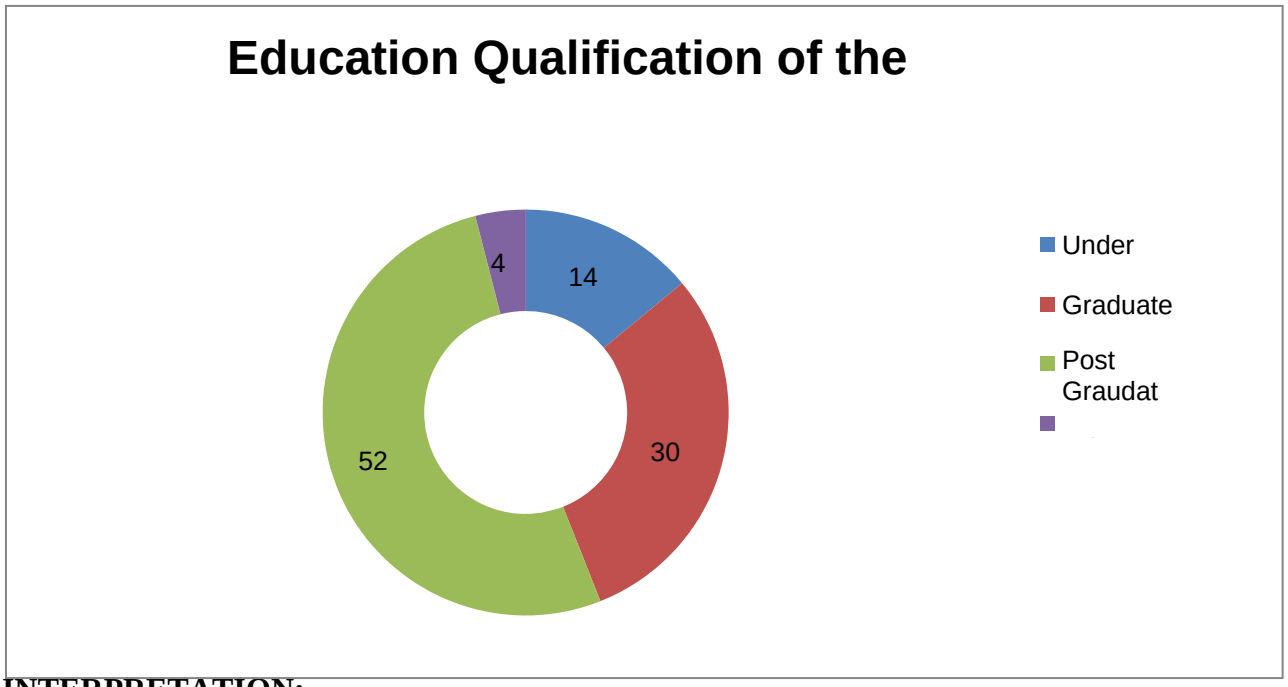
INTERPRETATION:

From the above table and graph it is seen that

- 42% respondent's occupation is business.
- 10% respondents are retired.
- 8% respondent's are students.
- 40% respondent's are salary based.

Q. Education qualification of the respondent

Education qualification	Response	Response in % (Sample Size 100)
Under Graduate	14	14%
Graduate	30	30%
Post Graduate	52	52%
Others	4	4%



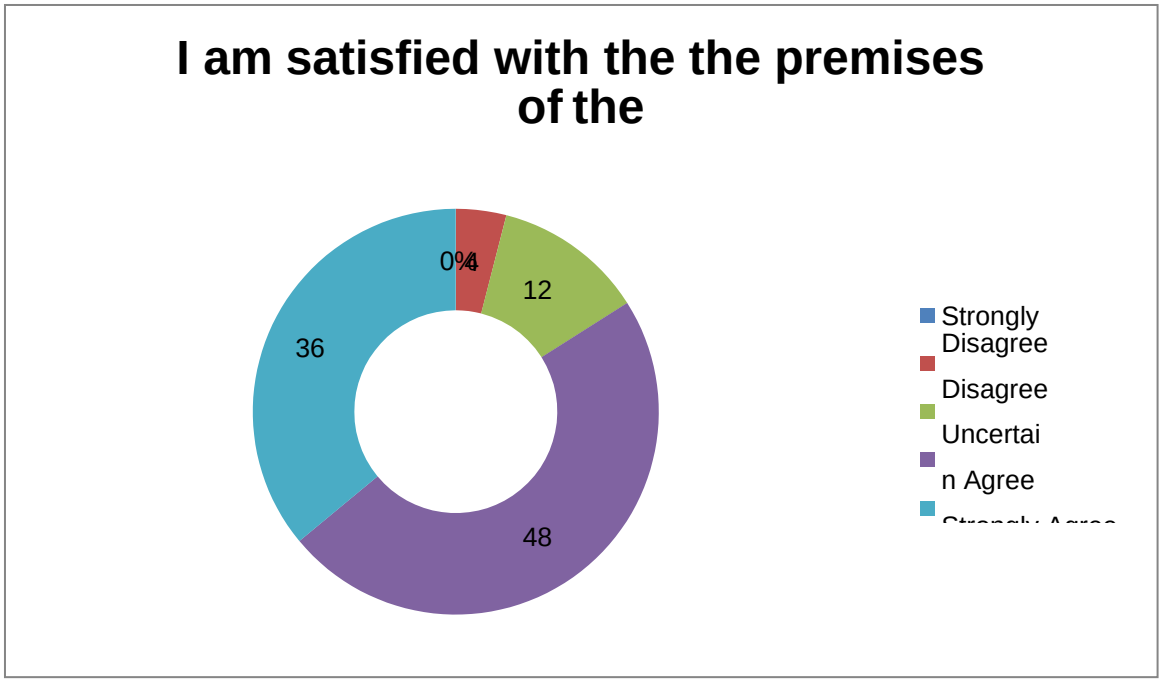
INTERPRETATION:

From the above table and graph it is seen that

- 14% respondent's are under graduates.
- 30% respondent's are graduates.
- 52% respondent's are post graduates.
- 4% respondent's are those who have opted other options as their educational qualifications.

I am satisfied with the premises of the bank and it is visually appealing.

Scale	Response	Response in % (Sample Size 100)
Strongly Disagree	0	0%
Disagree	4	4%
Uncertain	12	12%
Agree	48	48%
Strongly Agree	36	36%

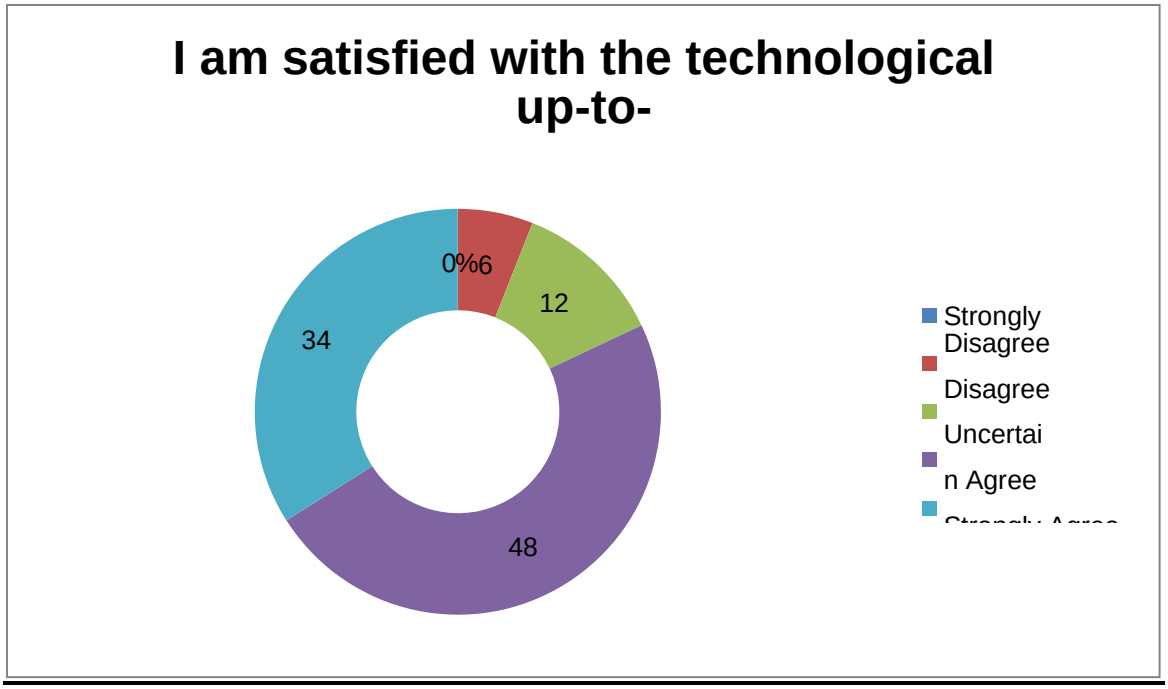


INTERPRETATION:

Here analysis show that most of the respondents agreed with this statement. Among the total respondents 0% strongly disagreed, 4%disagreed, 12%were uncertain, 48%agreed and 36%strongly agreed. After analysis I found that majority of the respondent's think that HDFC Bank has the contemporary premises which are visually appealing.

I am satisfied with the technological up-to-date equipment's of the bank like ATM'S.

Scale	Response	Response in % (Sample Size 100)
Strongly Disagree	0	0%
Disagree	6	6%
Uncertain	12	12%
Agree	48	48%
Strongly Agree	34	34%

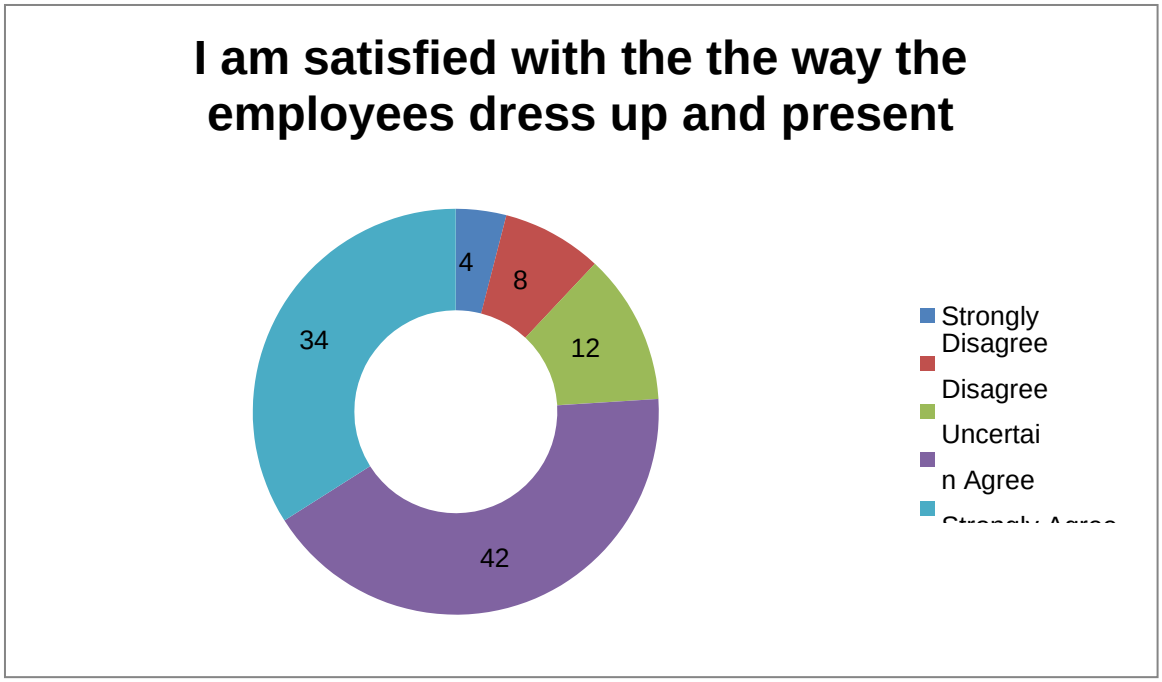


INTERPRETATION:

HDFC Bank is having technologically modern fit equipments. From the above statement I found out that respondent's 0% strongly disagreed, 6%disagreed, 12%were uncertain, 48%agreed and 34%strongly agreed. Hence after analysis it is found that most of the customers are satisfied with the technological up to date equipments.

Q.3.I am satisfied with the way the employees dress up and present themselves.

Scale	Response	Response in % (Sample Size 100)
Strongly Disagree	4	4%
Disagree	8	8%
Uncertain	12	12%
Agree	42	42%
Strongly Agree	34	34%

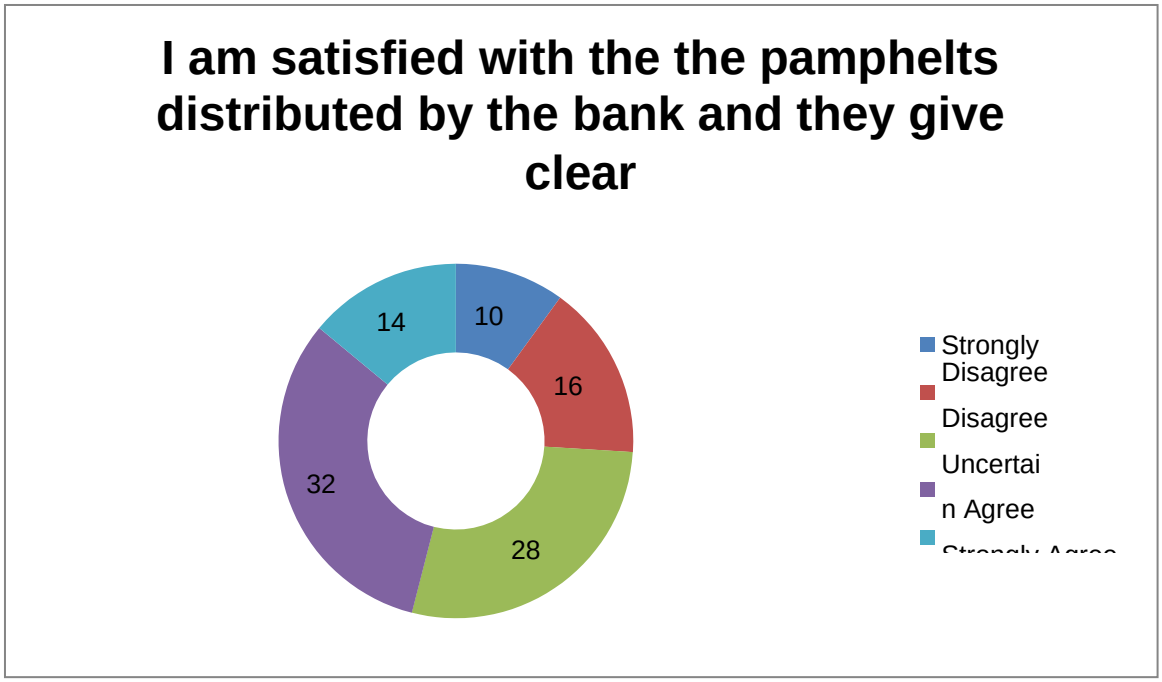


INTERPRETATION:

Majority of the customers believe that the employees dress up formally and neat. The analysis shows that respondent's 4% strongly disagreed, 8%disagreed, 12%were neutral, 42%agreed and 34%strongly agreed. Hence after analysis it is found that most of the customers are satisfied with the way employees present themselves.

Q.4.I am satisfied with the pamphlets distributed by the bank and they give clear and complete information.

Scale	Response	Response in % (Sample Size 100)
Strongly Disagree	10	10%
Disagree	16	16%
Uncertain	28	28%
Agree	32	32%
Strongly Agree	14	14%

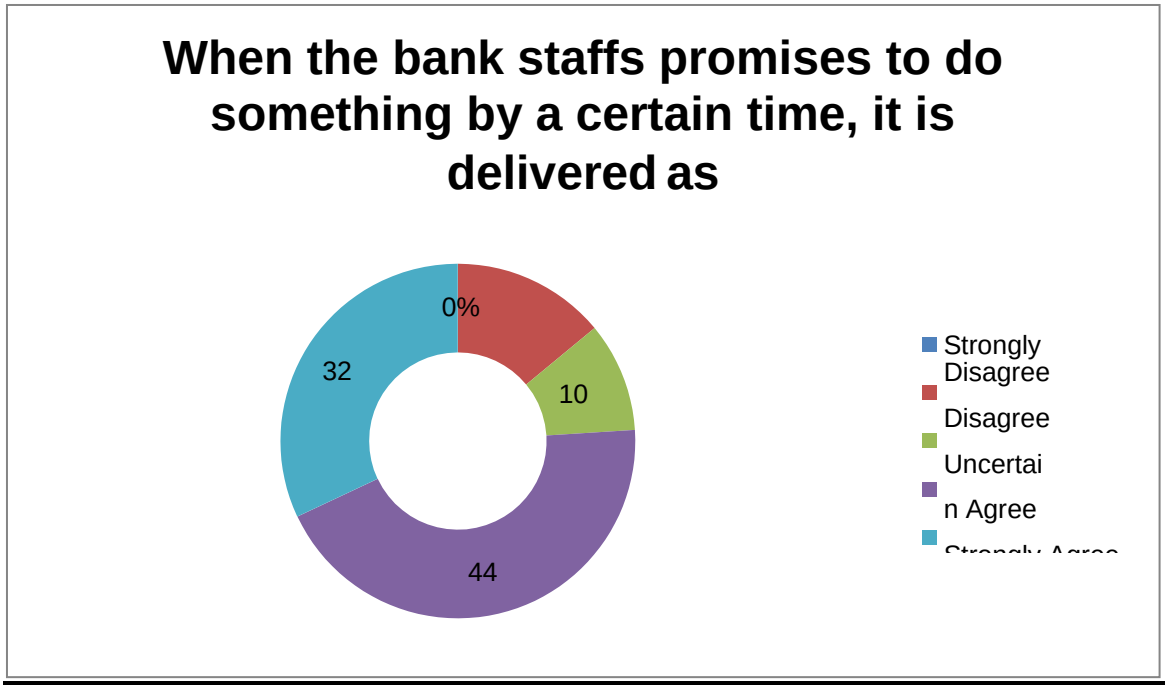


INTERPRETATION:

Materials like pamphlets are well distributed by the Bank. The analysis shows that respondent's 10% strongly disagreed, 16%disagreed, 28%were neutral, 32%agreed and 14%strongly agreed. It can be concluded by saying that bank needs to work more on this aspect as many customers were not agreeing to the fact that they receive any pamphlets. So, they should try to make them widely available.

When the bank staffs promises to do something by a certain time, it is delivered as promised.

Scale	Response	Response in % (Sample Size 100)
Strongly Disagree	0	0%
Disagree	14	14%
Uncertain	10	10%
Agree	44	44%
Strongly Agree	32	32%

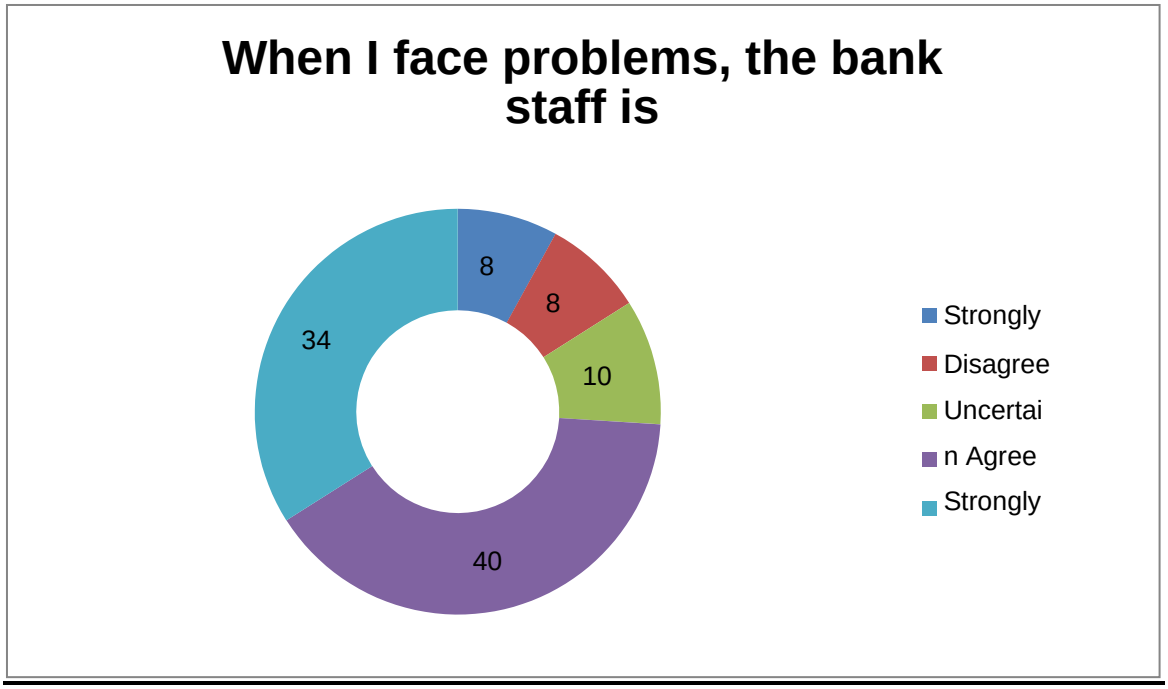


INTERPRETATION:

The analysis shows that among the total respondent's 0% strongly disagreed, 14%disagreed, 10%were neutral, 44%agreed and 32%strongly agreed. HDFC Bank has proved from my analysis that if bank staff promises to do something by a certain time, it is delivered as committed.

When I face problems, the bank staff is sympathetic and reassuring.

Scale	Response	Response in % (Sample Size 100)
Strongly Disagree	8	8%
Disagree	8	8%
Uncertain	10	10%
Agree	40	40%
Strongly Agree	34	34%

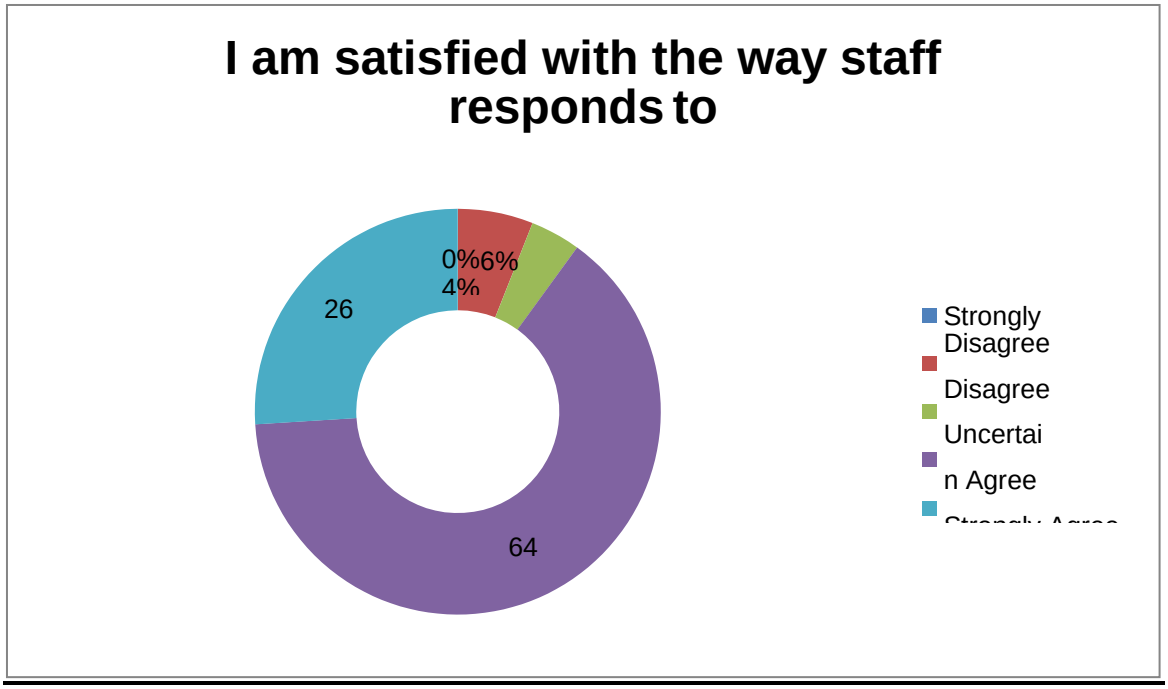


INTERPRETATION:

Employees in the bank are courteous at all. Whenever a customer faces any problem, they show sincere efforts to solve it. The analysis shows that among the total respondent's 8% strongly disagreed, 8%disagreed, 10%were neutral, 40%agreed and 34%strongly agreed. Hence it can be concluded that employees of the bank are highly reliable and sympathetic.

I am satisfied with the way staff responds to my queries.

Scale	Response	Response in % (Sample Size 100)
Strongly Disagree	0	0%
Disagree	6	6%
Uncertain	4	4%
Agree	64	64%
Strongly Agree	26	26%

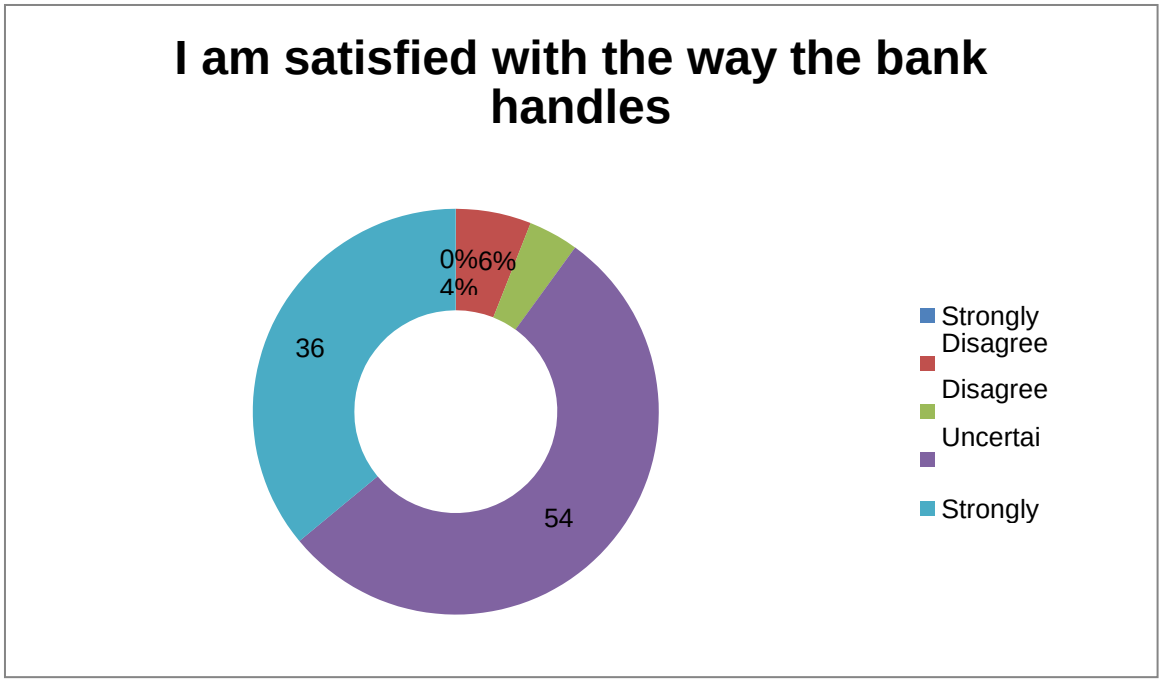


INTE RPRETATION:

The analysis shows that among the total respondent's 0% strongly disagreed, 6%disagreed, 4%were neutral, 64%agreed and 26%strongly agreed. Customers of HDFC Bank highly believe that the employees are able to respond to all the queries put forth.

I am satisfied with the way the bank handles my documents and records.

Scale	Response	Response in % (Sample Size 100)
Strongly Disagree	0	0%
Disagree	6	6%
Uncertain	4	4%
Agree	54	54%
Strongly Agree	36	36%

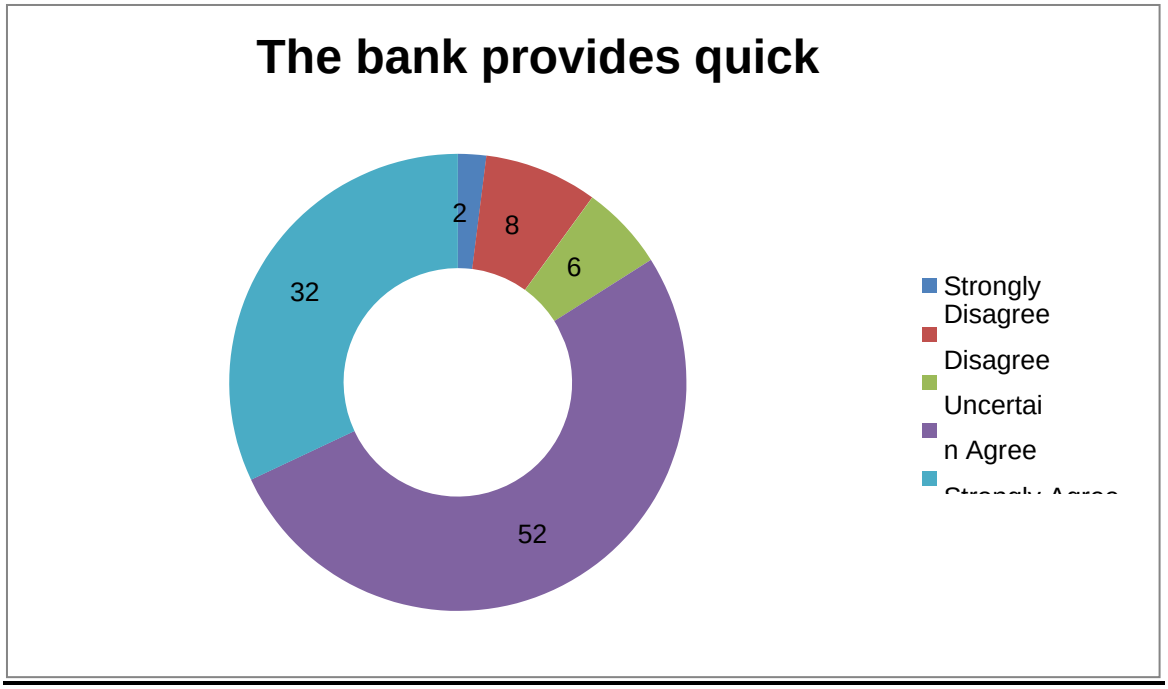


INTERPRETATION:

HDFC Bank has proved to provide expedite records. The analysis shows that 36%of the customers think that they are satisfied with the maintenance procedure of their account, 54%agreed, 4%were neutral, 6%disagreed and 0%strongly disagreed with the statement.

The bank provides quick services.

Scale	Response	Response in % (Sample Size 100)
Strongly Disagree	2	2%
Disagree	8	8%
Uncertain	6	6%
Agree	52	52%
Strongly Agree	32	32%

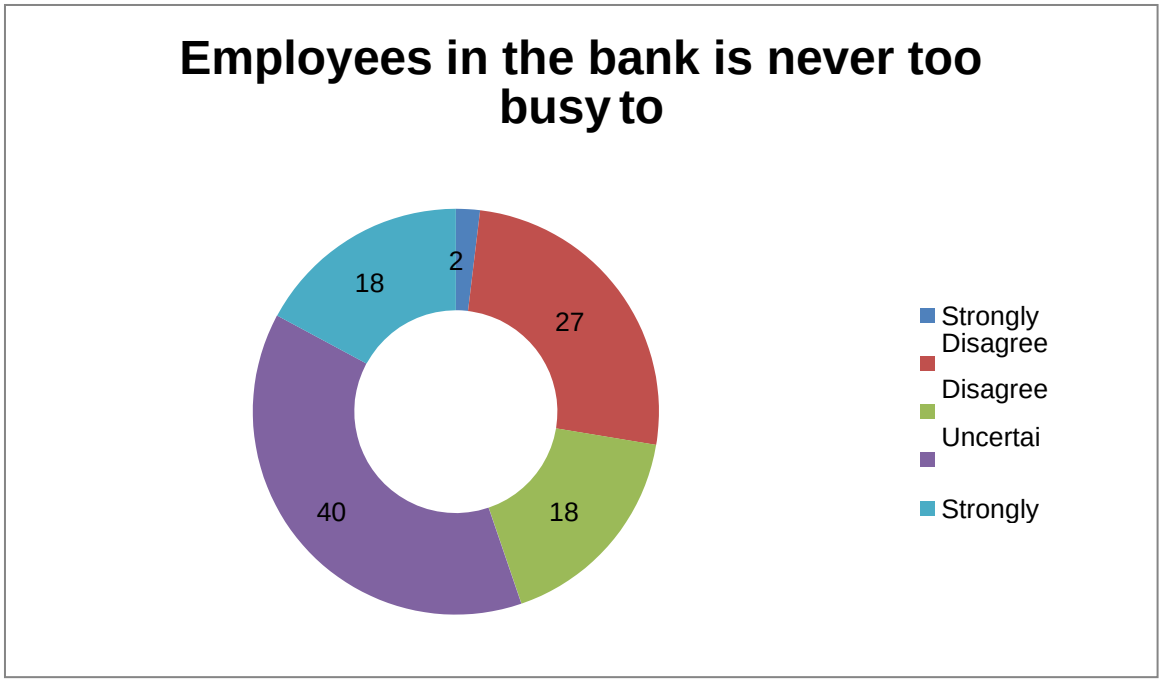


INTERPRETATION:

The analysis shows that 32%of the customers think that they are satisfied with the maintenance procedure of their account, 52%agreed, 6%were neutral, 8%disagreed and 2%strongly disagreed with the statement. Hence it can be concluded that bank staff tells the customer the exact timing of providing the services which is observed to be very quick every time.

Employees in the bank is never too busy to respond to my request.

Scale	Response	Response in % (Sample Size 100)
Strongly Disagree	2	2%
Disagree	27	27%
Uncertain	18	18%
Agree	40	40%
Strongly Agree	18	18%

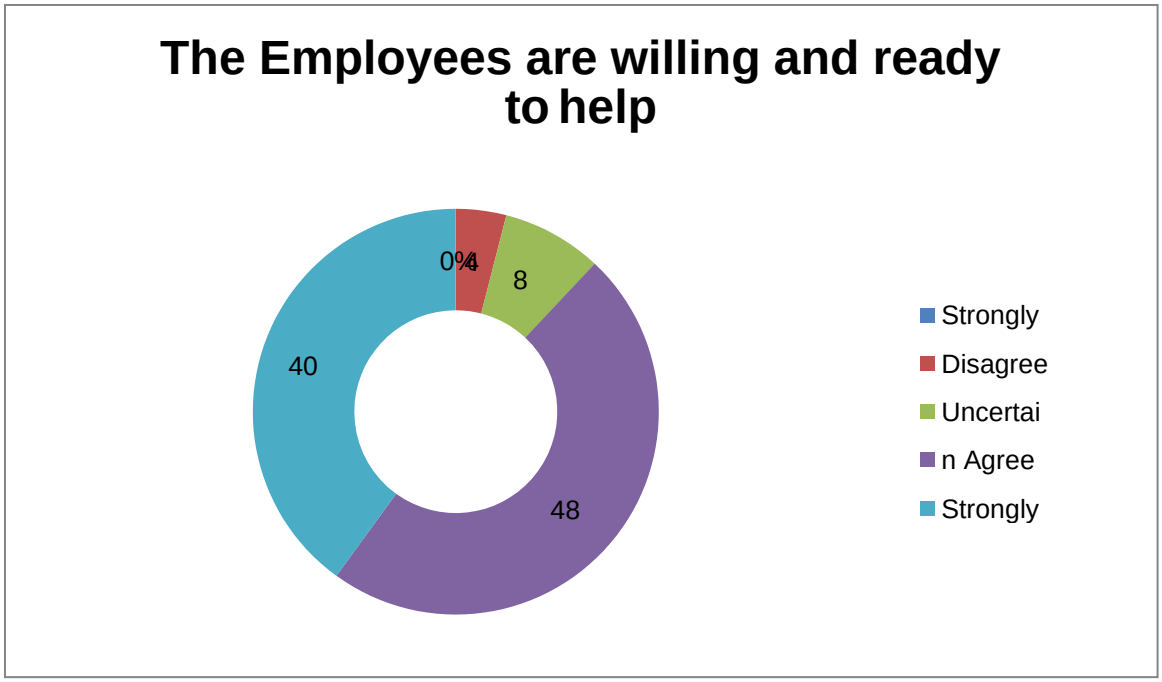


INTERPRETATION:

As per the analysis of the data collected by me, 18% strongly agreed, 40% agreed, 18% were neutral, 22% disagreed and only 2% strongly disagreed with the statement. Hence, we can conclude by saying that employees of HDFC Bank manage to provide prompt service.

The Employees are willing and ready to help customers.

Scale	Response	Response in % (Sample Size 100)
Strongly Disagree	0	0%
Disagree	4	4%
Uncertain	8	8%
Agree	48	48%
Strongly Agree	40	40%

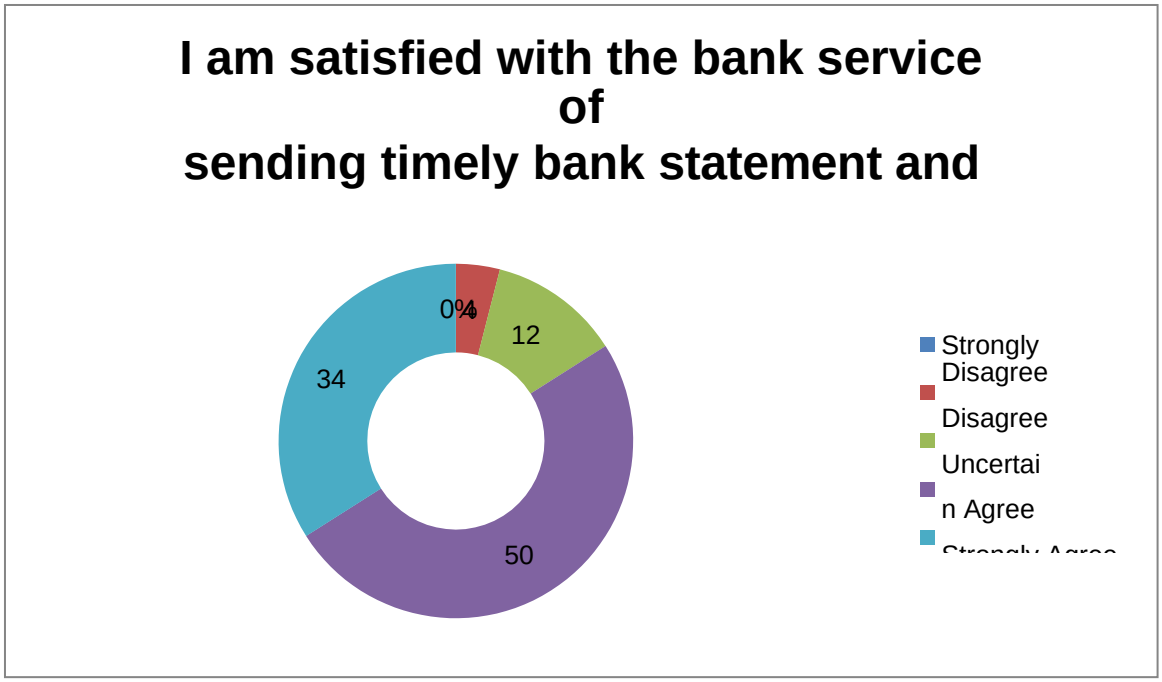


INTERPRETATION:

Employees in the HDFC bank are willing and ready to help the customers. As per the analysis of my data it is shown that 40% of the respondents strongly agreed 48% agreed 8% of were neutral and there was no respondent who strongly disagreed with the statement. This shows that HDFC bank focuses on maintaining the correct policy and for the establishment of healthy relationships with the customers.

I am satisfied with the bank service of sending timely bank statement and other information related to my account.

Scale	Response	Response in % (Sample Size 100)
Strongly Disagree	0	0%
Disagree	4	4%
Uncertain	12	12%
Agree	50	50%
Strongly Agree	34	34%

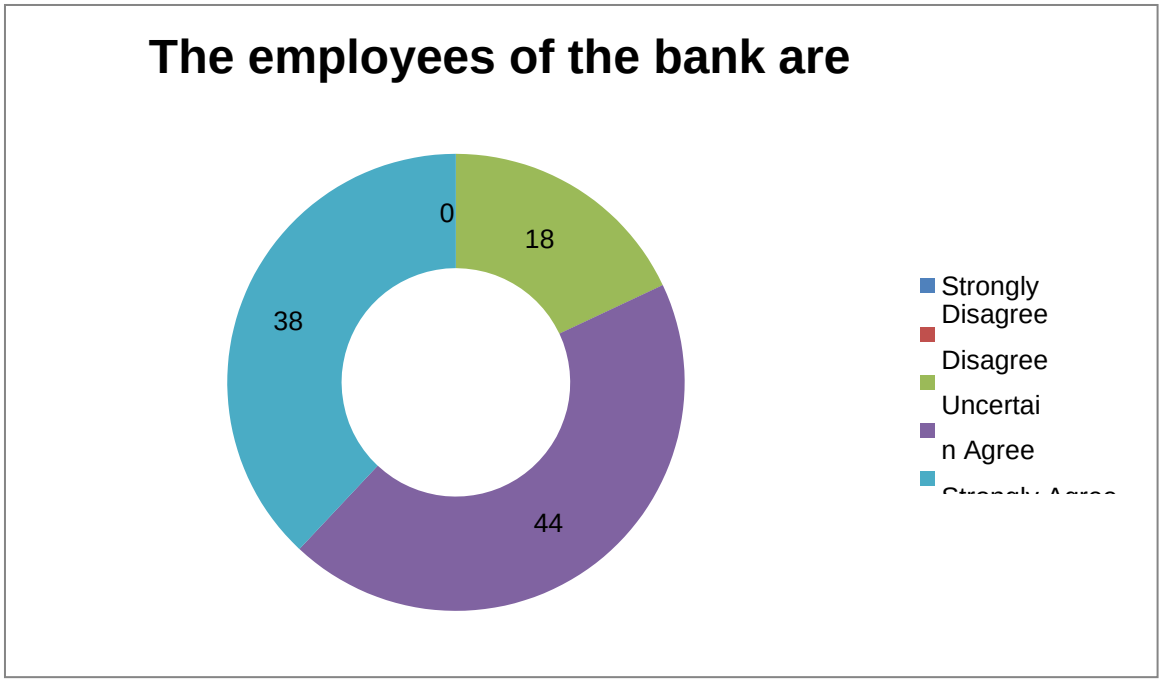


INTERPRETATION:

As per the analysis there was no respondent who strongly disagreed with the statement 4% disagreed 12% were uncertain and 50% agreed and 34% strongly agreed with the fact that they are satisfied with the bank service of providing timely bank statement and other information related to their accounts. So we can conclude that the satisfaction level of the customers with respect to the statement is rated high.

The employees of the bank are trustworthy.

Scale	Response	Response in % (Sample Size 100)
Strongly Disagree	0	0%
Disagree	0	0%
Uncertain	18	18%
Agree	44	44%
Strongly Agree	38	38%

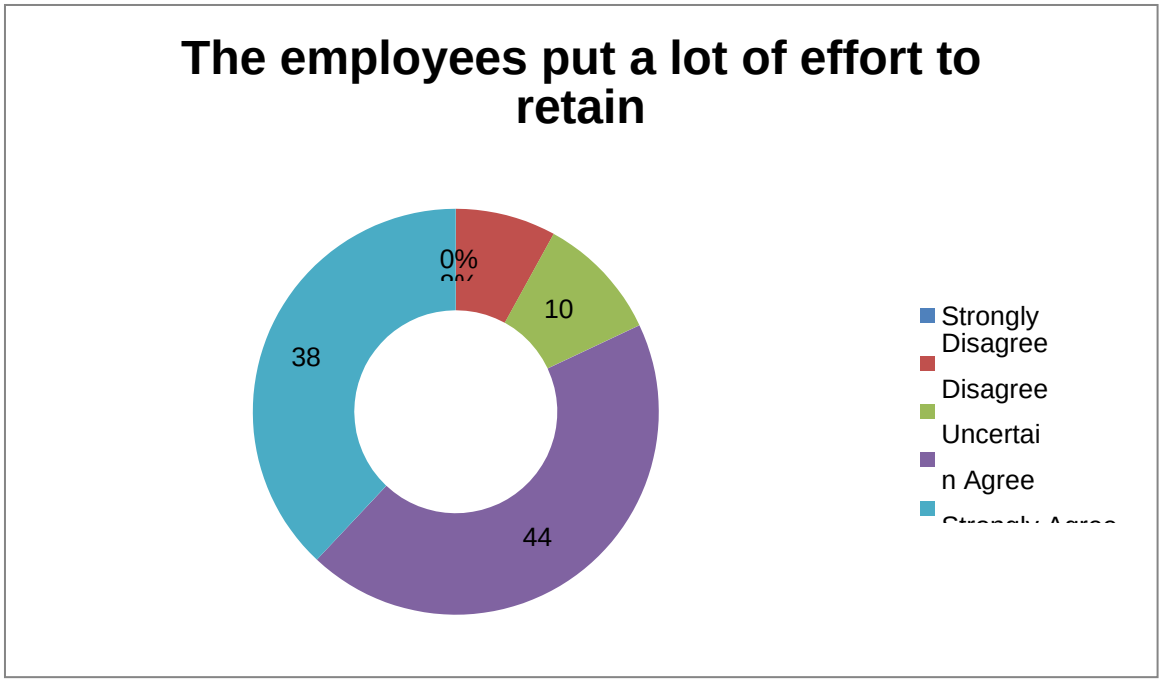


INTERPRETATION:

As per the findings 38% of the respondents strongly agreed 44% agreed 18% were answered and 0% disagreed with the statement. It was well observed during the research that the customers had full faith and trust on the employees because I had personally seen that many of the customers used to provide sensitive information with ultimate trust.

The employees put a lot of effort to retain the customers.

Scale	Response	Response in % (Sample Size 100)
Strongly Disagree	0	0%
Disagree	8	8%
Uncertain	10	10%
Agree	44	44%
Strongly Agree	38	38%

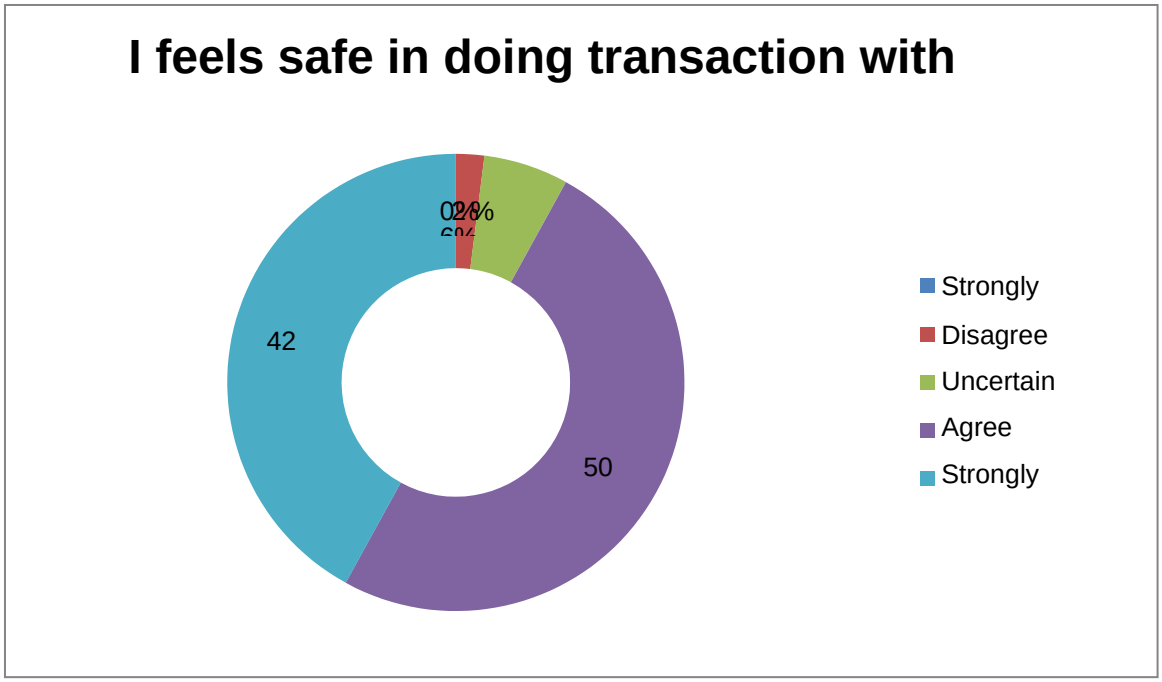


INTERPRETATION:

Among the total customers 38% strongly agreed 44% agreed were uncertain and 8% disagreed with the fact that employs of HDFC bank put a lot of effort to retain the customers. I have observed that if any of the customers faces any problem and the employees are liable for it, the employees make sure that they talk in a very positive and polite manner to solve the problem and in order to retain the customer permanently.

I feels safe in doing transactions with the bank.

Scale	Response	Response in % (Sample Size 100)
Strongly Disagree	0	0%
Disagree	2	2%
Uncertain	6	6%
Agree	50	50%
Strongly Agree	42	42%

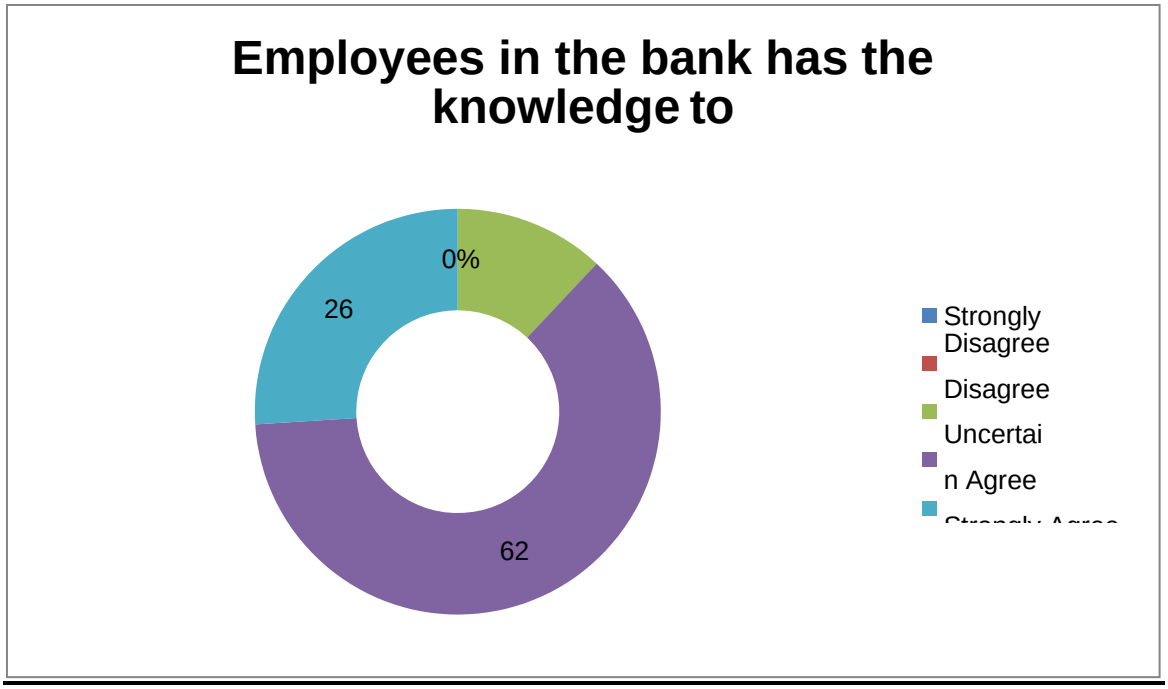


INTERPRETATION:

Safeties always have been a major concern for a customer while choosing the right bank. The customers of HDFC bank feel very safe while doing transactions with the bank. As it is very evident from the data collected 42% strongly agreed with the statement and 50% agreed with the statement and there was no respondent who strongly disagreed with the statement.

Employees in the bank has the knowledge to answer my questions.

Scale	Response	Response in % (Sample Size 100)
Strongly Disagree	0	0%
Disagree	0	0%
Uncertain	12	12%
Agree	62	62%
Strongly Agree	26	26%

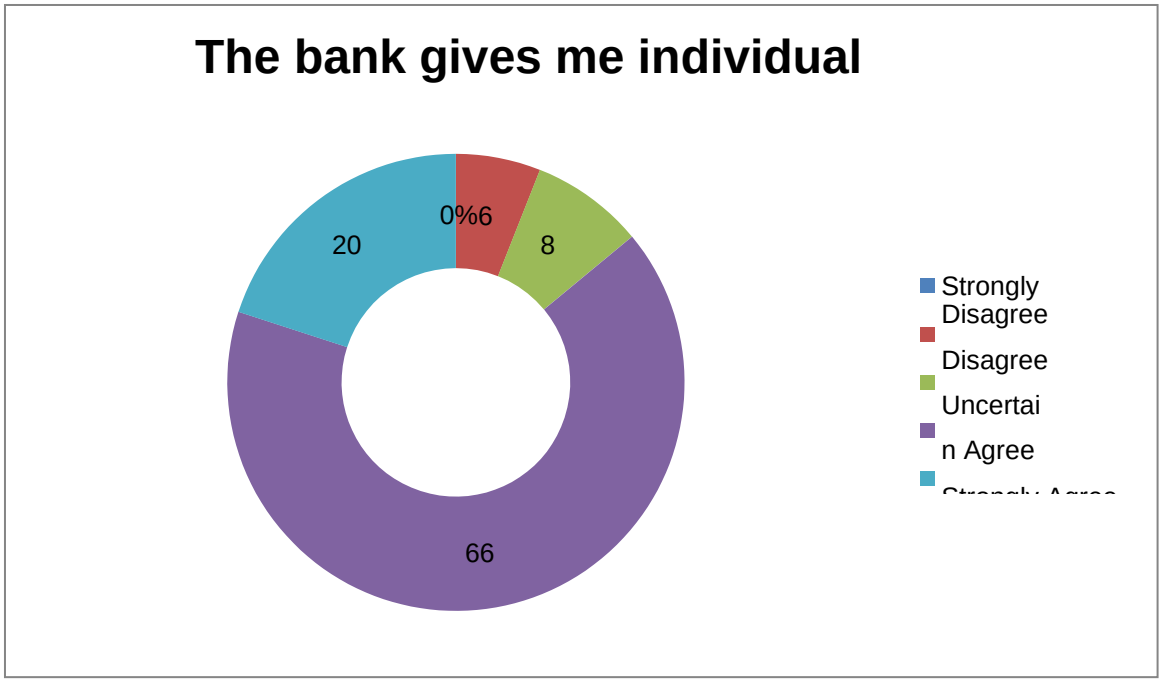


INTERPRETATION:

No doubt all the employees in HDFC bank are very knowledgeable to answer all the queries of the customers as nowadays banks have made criteria to recruit only trained employees who are going to be considered as an asset for the company. As per the findings 26% strongly agreed 62% agreed 12% were neutral and 0% disagreed with the statement.

The bank gives me individual attention.

Scale	Response	Response in % (Sample Size 100)
Strongly Disagree	0	0%
Disagree	6	6%
Uncertain	8	8%
Agree	66	66%
Strongly Agree	20	20%

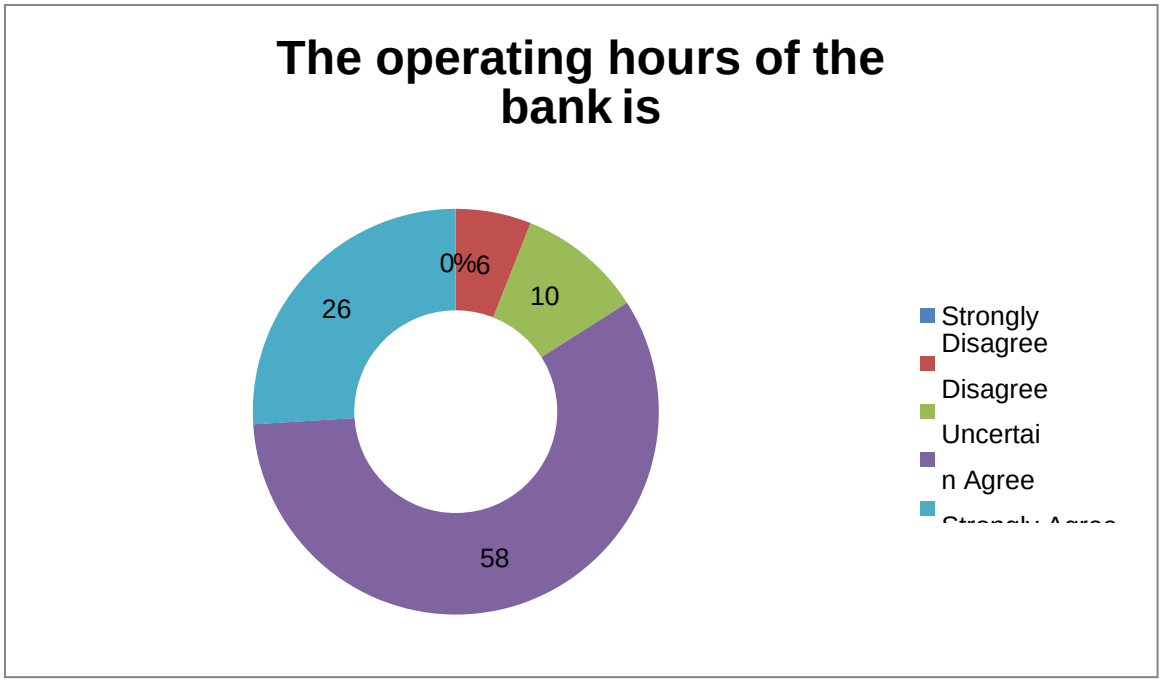


INTERPRETATION:

HDFC bank has been able to provide individual attention to its customers. As per the data collected it shows that 20% strongly agreed 66% agreed with the statement 8% were neutral 6% disagreed and 0% strongly disagreed with the statement.

The operating hours of the bank is convenient to me.

Scale	Response	Response in % (Sample Size 100)
Strongly Disagree	0	0%
Disagree	6	6%
Uncertain	10	10%
Agree	58	58%
Strongly Agree	26	26%

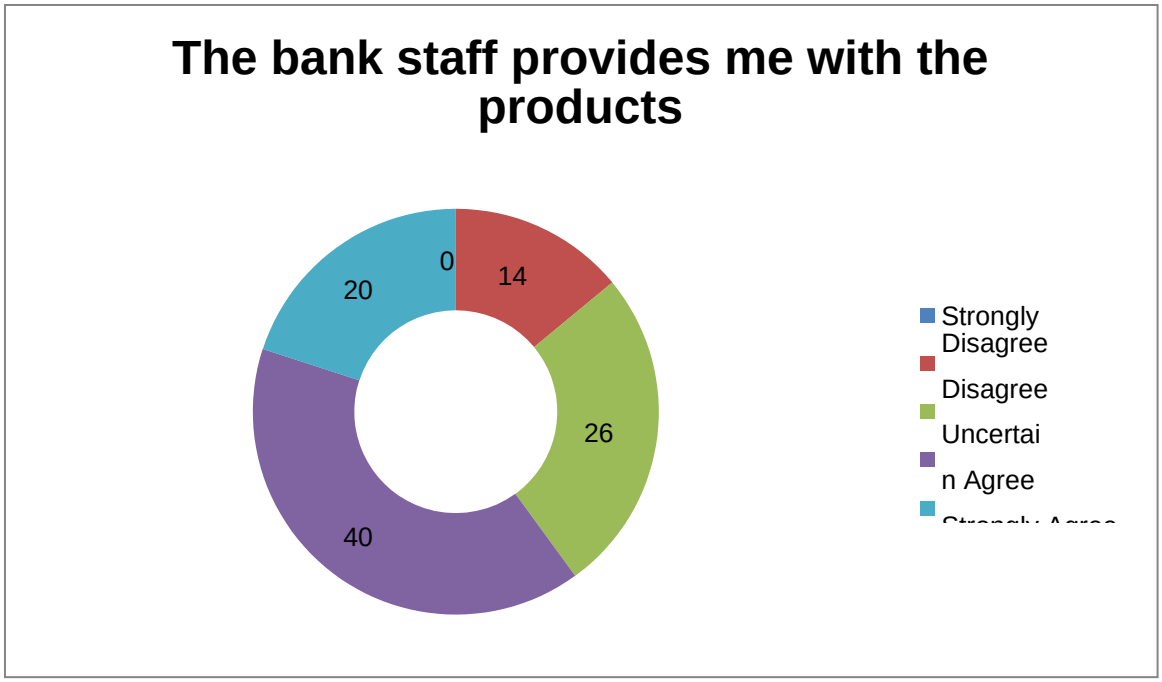


INTERPRETATION:

The operating hours of the bank are convenient to the customers. The data collected shows that 58% agree with the statement and 6% disagree with the statement 10% will neutral and 0% strongly disagreed.

The bank staff provides me with the products and services that are best suited to me.

Scale	Response	Response in % (Sample Size 100)
Strongly Disagree	0	0%
Disagree	14	14%
Uncertain	26	26%
Agree	40	40%
Strongly Agree	20	20%

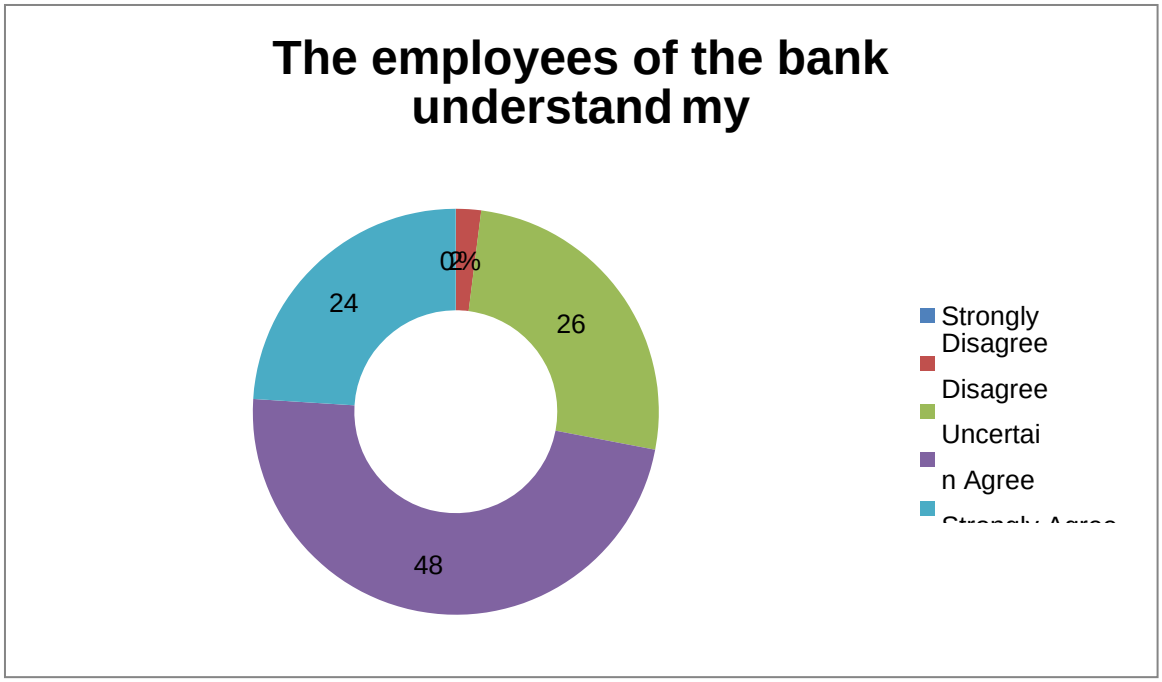


INTERPRETATION:

The data analysis shows that 20% of the respondents strongly agreed 40% agreed 26% were uncertain 14% disagreed and No respondent strongly disagreed with the statement. Somehow it has been seen that the bank staff has not been able to provide the correct choice of products and services to the customers. Hence they should try to fill the gap in order to position right image of the company in the eyes of the customers.

The employees of the bank understand my specific needs.

Scale	Response	Response in % (Sample Size 100)
Strongly Disagree	0	0%
Disagree	2	2%
Uncertain	26	26%
Agree	48	48%
Strongly Agree	24	24%

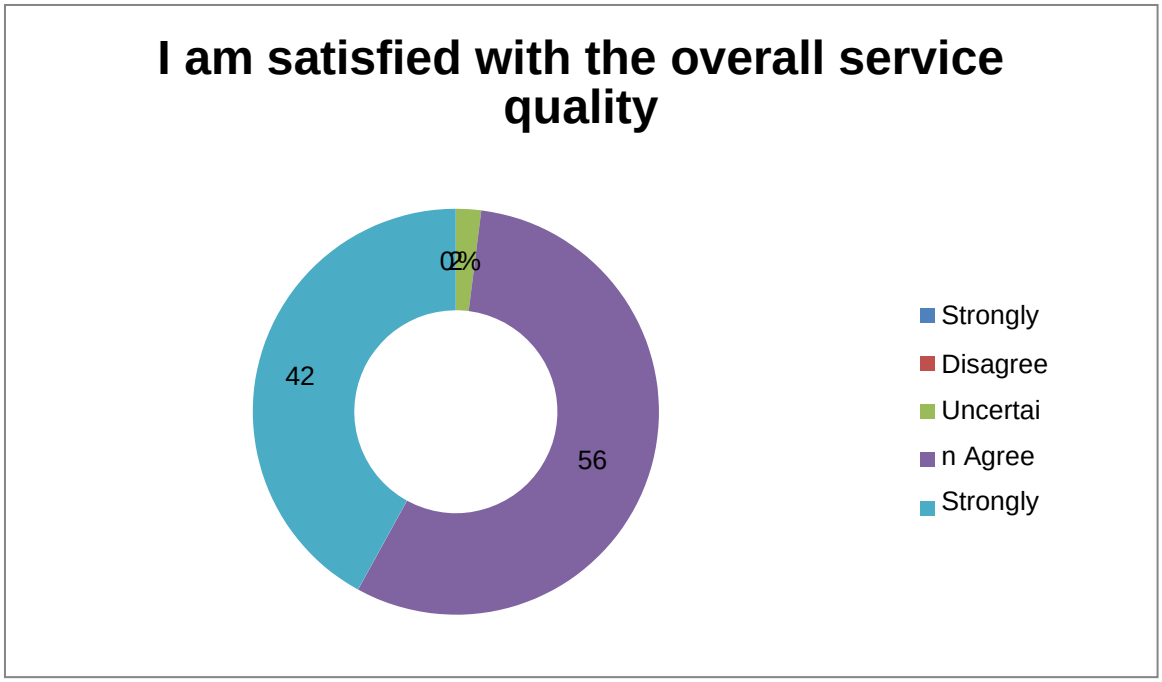


INTERPRETATION:

As per the analysis 26% were uncertain and 48% agreed 24% strongly agreed 2% disagreed and 0% strongly disagreed with the fact that employees of the bank understand our specific needs.

I am satisfied with the overall service quality of HDFC bank.

Scale	Response	Response in % (Sample Size 100)
Strongly Disagree	0	0%
Disagree	0	0%
Uncertain	2	2%
Agree	56	56%
Strongly Agree	42	42%



INTERPRETATION:

The respondents were satisfied with the overall service quality of HDFC bank. As it is quite evident from the research that 56% of the respondents agreed with the statement 42% strongly agreed 2% were neutral 0% disagreed and there was no respondent who strongly disagreed with the statement.

Learnings

1. A satisfied customer in 10 years will bring 100 more customers to the company.
2. It costs 7 times more to attract a new customer than to serve an old one.
3. 20% of the company's loyal customers account for 80% of its revenues. (Pareto's principle).
4. The chances of selling to an existing customer are 1 in 2, the chances of selling to a new customer are 1 in 16.
5. Every part of the company's marketing effort should be geared towards building lifetime relationships.
6. People want to do business with friendly people. To have effective relations a friendly attitude must permeate in the organization.

7. Information technology developments should be positively used to serve the customers.
8. The company should always be flexible to bend its rules and procedures in the client's favour.
9. The company should communicate with its customers even when it is not trying to sell something.
10. The company can communicate and develop stronger customer bonding by providing financial and social benefits.
11. The company should try to know all its customers including their lifestyles, hobbies, likes and dislikes etc.
12. The company should make it a point to deliver more than what is promised.

Chapter 5: Conclusion

"Customer satisfaction depends on the performance relative to a expectations. A key premise in customer satisfaction is understanding the needs and meeting or exceeding the expectations of customers. Furthermore, this is done while optimally using resources. While most companies have developed strategies to improve quality and external customer service," "internal customer satisfaction is a much neglected component of quality improvement. To this end, it is important to emphasize that total customer satisfaction can be attained only if all employees devoted to external customer satisfaction can work together and assist each other to achieve the common objective, when the internal customer isn't satisfied, Relationships with the external customer suffer. So, it is suggested to adopt customer oriented approach to keep the internal customer satisfied and motivated, who in turn will focus their attention and energy upon meeting the requirements of their customers, thereby maximizing the customer, thereby maximizing the customer satisfaction."

Customer satisfaction survey is the process to monitor the satisfaction quotient of their people. In internal satisfaction surveys therefore tracks the return on your investments in keeping your people happy, high salaries, a quality culture, a healthy work environment." The services and

products of HDFC bank have been capturing the customer interest &it has grown substantially in a short course of time.

Recommendations

- "HDFC Bank can open and expand its branches in rural areas to trap more customers for the bank."
- "The forthcoming schemes should be sent to the customers along with their quarterly &monthly statements."
- "Banks would have to find the way to provide door-to-door services for its customers, as it is very much convenient for any businessman & shopkeeper of any particular area."
- Competitive strategy can be adopted so that the market could be captured.
- "Customers generally prefer funding from Loans, therefore more emphasis should be given on loan provisions."

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ANNEXURE

QUESTIONNAIRE

Survey regarding the assessment of the service quality of HDFC bank:

DIRECTIONS: This survey asks you about how well HDFC bank serves customers. Show your opinion by circling one of the five (5) numbers next of each statement. If you think the HDFC bank extremely dissatisfies you select 1. If the bank extremely satisfies you select (5). If your feelings are not strong, circle one of the numbers in the middle.

Gender:
Age:
Annual Income:
Occupation:
Educational Qualifications:

	1 Strongly Disagree	2 Disagree	3 Uncertain	4 Agree	5 Strongly Agree
Q.1. I am satisfied with the premises of the bank and it is visually appealing.					
Q.2. I am satisfied with the technological up-to-date equipment's of the bank like ATM'S.					
Q.3.I am satisfied with the way the employees dress up and present themselves.					
Q.4.I am satisfied with the pamphlets distributed by the bank and they give clear and complete information.					

Q.5.When the bank staffs promises to do something by a certain time, it is delivered as promised.					
Q.6. When I face problems, the bank staff is sympathetic and reassuring.					
Q.7. I am satisfied with the way staff responds to my queries.					
Q.8. I am satisfied with the way the bank handles my documents and records.					
Q.9.The bank provides quick services.					
Q.10.Employees in the bank is never too busy to respond to my request.					
Q.11.The Employees are willing and ready to help customers.					
Q.12.I am satisfied with the bank service of sending timely bank statement and other information related to my account.					
Q.13.The employees of the bank are trustworthy.					
Q.14.The employees put a lot of effort to retain the customers.					
Q.15.I feels safe in doing transactions with the bank.					
Q.16. Employees in the bank has the knowledge to answer my questions.					
Q.17.The bank gives me individual attention.					
Q.18.The operating hours of the bank is convenient to me.					

Q.19.The bank staff provides me with the products and services that are best suited to me.					
Q.20.The employees of the bank understand my specific needs.					
Q.21.I am satisfied with the overall service quality of HDFC bank.					