

# A Primary Study on Evaluating Five Dimensions of Service Quality with Special Reference to HDFC Bank and SBI

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## Abstract

*Indian GDP in terms of PPP, is the third largest GDP in the world after USA and China. It has surpassed GDP of Japan. Indian Gross domestic production consists of industry sector, agriculture sector and service sector. Service sector contribute nearly 60% of India's GDP. Service sector of India include hospitality sector, financial sector etc. Banks are the part of financial sector and are the backbone of Indian economy. Indian banks are consistently performing well and are earning profits. Along with the earning of profits, banks in India are offering various service tools to the customers. Banks need to know the perception of customers towards its various services and they should try to fill the gap between perceived services and actual services. This research paper focuses on the customer perception towards Indian banks with special reference to HDFC Bank and SBI.*

**Keywords -** TAT, Insta Alert, Service Scope

## Introduction to Banking Sector

After the major reforms of 1991, Indian banking sector has seen a big makeover as many new private banks like ICICI Bank, HDFC Bank entered into the competition with public sector banks. These banks offered the new innovative services to the customers as the same were not earlier offered by the public sector banks. Services like ATM, Net banking, Mobile banking. Banking applications in Smart phones, Insta-alert etc. have ameliorated the services of banks. The services of ATM were firstly offered by HSBC Bank in India. This brought the redo in Indian Banking sector. Customers started shifting from the traditional banking service to modern banking services. The reforms of 1991 opened the doors for the foreign banks to operate in India. Banks like HDFC are consistently performing well from the last decade. Banks like Citi Bank, HSBC, Standard Chartered are offering excellent services to Indian customers. In India, there are nearly 40 foreign banks, 196 regional rural banks, 52 urban cooperative banks, 16 state cooperative banks, 27 public sector and 30 private sector banks, 8 state banks and its associates and other 19 nationalized banks.

## Retail Banking

Retail banking in India is not a new phenomenon. It has always been prevalent in India in various forms. For the last few years, it has become synonymous with mainstream banking for many banks.

In Retail banking, institutions execute transactions directly with consumers, rather than corporations or other banks. Services offered include savings and transactional accounts, mortgages, personal loans, debit cards, and credit cards. Banking consists of wholesale banking, merchant banking, retail banking, investment banking etc. Retail banking is one of it. In Retail banking, a banker directly interacts with the customer and offers various products and services. It is a place where the interaction between banker and customer takes place and therefore, a customer forms his/her perception towards the products and services of a bank. Retail banking is crucial and imperative for every bank.

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## HDFC Bank

HDFC Bank was incorporated in August 1994 and currently it has nationwide network of 2,776 Branches and 10,583 ATM's in 1,568 Indian towns and cities. Its main head office is in Mumbai. It has bagged three awards at the FE Best Bank Awards function held on 21 February 2013 in Mumbai. HDFC bank is offering following products/services to its customers. The Bank is currently offering Savingsaccount (4% rate of interest), Current account, Salary account, No frill account, Fixed Deposit, Personal Loan, Home loan, Car loan, Two wheeler loan, Education loan, Rural loan, Gift plus card, Credit card, Debit card, Wealth services, Investment products, Insurance in the form of home, life, health and motor, Foreign Exchange Remittance.

It is offering various services like net banking, mobile banking, phone banking, email statements etc.

## State Bank of India

State Bank of India (SBI) is a multinational banking and financial services company based in India. It is a state-owned corporation with its headquarters in Mumbai, Maharashtra. SBI provides a range of banking products through its network of branches in India and overseas, including products aimed at non-resident Indians (NRIs). SBI has 14 regional hubs and 57 zonal offices that are located at important cities throughout the country. SBI is a regional banking behemoth and has 20% market share in deposits and loans among Indian commercial banks.

The State Bank of India was named the 29th most reputed company in the world according to Forbes 2014 rankings and was the only bank featured in the "Top 10 brands of India" list in an annual survey conducted by Brand Finance and The Economic Times in 2015.

SBI is currently offering products in the form of Current account, Saving account, Term deposit, RD, Lockers, Housing loan, Car loan, Property loan, Educational loan, Personal loan, Debit card, Credit card, Foreign State Bank Premium card.

It is also offering ATM services, Internet banking service, Mobile banking, De-mat services,

## Research Methodology

Descriptive research design is used and the data is collected through the questionnaire. The service quality model developed by Zeithamal, Parsuraman and Berry (1988) has been used in the present study. The 19 statements have been grouped under five dimensions i.e. Tangibility, reliability,

responsiveness, assurance, empathy. In order to ascertain the perceptions of service quality, Likert's 5-point scale has been used. The scale 1-5 represents '5' as strongly agree and '1' as strongly disagree.

A comparative research is conducted in Amritsar region. Non- Probability Convenience Sampling is used for the study and has been restricted to time period i.e. May 2016. Sample size of 50 respondents is taken from both SBI and HDFC Bank.

## Data source

The data is collected from 50 respondents from both banks. This includes general people of the banks like doctors, businessmen, professors and persons from self-employed category, etc., have been surveyed. The respondents were contacted personally in order to seek fair responses on quality of bank service. Secondary data has been collected from the various websites, books and magazines. For analysis of the data, weighted Mean has been used.

## Limitation of the Study

- 1) Due to time and cost factor only 100 (50 customers from each bank) customers were surveyed.
- 2) The study is limited to Amritsar city.
- 3) All the information furnished by the respondent was treated as correct.

## Objective

Evaluating five dimensions of Service Quality with special reference to HDFC Bank and SBI"

## Servqual Questions

Following questions were asked from the respondents:-

### Tangibility- Physical aspect of the service

- 1) Sophisticated equipment in Bank premises.
- 2) Appearance of front end employees delivering the services to customers.
- 3) ATM of Bank with latest technology.
- 4) Service scope inside the bank.

### Reliability- Ability of service personnel to perform service accurately and consistently.

- 1) Bank will deliver right service first time.
- 2) Customer rely on error free transaction of bank.
- 3) There is no difference between promised and actual service delivery.
- 4) Bank has shown interest in solving the customer problem.

**Responsiveness-** Employee's willingness to help customers and their promptness in providing services.

- 1) Banks are active in applying TAT (Turnaround time) effectively.
- 2) Quick employee response towards customer enquiry.
- 3) Employees always ready to help.
- 4) Employees are never busy to respond to customer request.

**Assurance-** The faith we have in service personnel

- 1) Bank staff is courteous with customers.
- 2) Customer feel safe while doing transaction with

bank.

- 3) Behavior of employee instill confidence in customer.
- 4) Up to date knowledge of employees.

**Empathy-** The quality element that shows that service personnel care about you and understand your frustration and need.

- 1) Banks try to know the need of customer.
- 2) Banks gives customer individual attention.
- 3) Convenient operating hours.

### Analysis and Interpretation

**Table 1 : Overall Performance of SBI and HDFC Bank in each Servqual Dimension**

Servqual Dimension	SBI Mean	HDFC Bank Mean
Tangibility	11.8	13.1
Reliability	12.8	11.9
Responsiveness	11.7	12.1
Assurance	11.2	11.7
Empathy	8.4	9.3
<b>Total</b>	<b>55.9</b>	<b>58.1</b>

**Interpretation :** The analysis of table shows that HDFC Bank service quality level is better than SBI. The total mean of HDFC Bank is 58.1 higher than the mean of 55.9 of SBI. SBI is lacking in tangibility, responsiveness, assurance, empathy while HDFC Bank is lacking in reliability aspect.

**Table 2 : Dimension Wise Analysis**

#### Tangibility

Servqual Dimension	SBI Mean	HDFC Bank Mean
Sophisticated Equipment	2.8	3.2
Appearance of Employees	2.9	3.4
ATM with latest technology	3.2	3.3
Service scape	2.9	3.2
<b>Total</b>	<b>11.8</b>	<b>13.1</b>

**Interpretation :** The analysis of table shows that customers of HDFC Bank are more satisfied with the sophisticated equipment, appearance of employees, ATM and service scope of bank. SBI tangibility mean is 11.8 which is far less than the mean of HDFC Bank.

**Table 3 : Reliability**

<b>Servqual Dimension</b>	<b>SBI Mean</b>	<b>HDFC Bank Mean</b>
Bank will deliver right service first time	2.9	2.8
Error free transaction	3.2	3.1
No difference between promised and actual service delivery	3.1	2.9
showing interest in solving problem	3.6	3.1
<b>Total</b>	<b>12.8</b>	<b>11.9</b>

**Interpretation :** The analysis of table shows that customers of SBI rely on the services of SBI as compare to the customers of HDFC Bank. SBI is much ahead of HDFC Bank in terms of delivering the right service first time, error free transaction, delivering the promised service and showing keen interest in solving the problems of its customers.

**Table 4 : Responsiveness**

<b>Servqual Dimension</b>	<b>SBI Mean</b>	<b>HDFC Bank Mean</b>
Applying Turnaround time effectively	2.9	3.1
Quick Employee response towards customer enquiry	2.8	3.2
Employees always ready to help	3.1	3
Employees are never busy to respond to customer request	2.9	2.8
<b>Total</b>	<b>11.7</b>	<b>12.1</b>

**Interpretation :** The analysis of table shows that HDFC Bank is quick in responding the queries of its customers. HDFC Bank is quick in applying its turnaround time while solving the customer complaints or any request. SBI responsiveness mean is 11.7 which show that its customers are less satisfied with the responses given by the staff.

**Table 5 : Empathy**

<b>Servqual Dimension</b>	<b>SBI Mean</b>	<b>HDFC Bank Mean</b>
Banks try to know the need of customer	2.8	3
Banks gives customer individual attention	2.9	3.2
Convenient operating hours	2.7	3.1
<b>Total</b>	<b>8.4</b>	<b>9.3</b>

**Interpretation :** The analysis of table shows that HDFC Bank is providing convenient operating hours to its customers, it gives individual attention to its customers and always try to know the need of its customers. SBI having the mean of 8.4 is lagging behind HDFC Bank in terms of empathy.

**Table 6 : Assurance**

Servqual Dimension	SBI Mean	HDFC Bank Mean
Courteous with customers	2.8	3.1
Customer feel safe while doing transaction with bank	2.6	2.9
Behavior of employee instill confidence in customer	2.7	2.9
Knowledge of employees	3.1	2.8
<b>Total</b>	<b>11.2</b>	<b>11.7</b>

**Interpretation:-**The analysis of table shows that HDFC Bank delivered assured services to its customers. Its mean is 11.7 much higher than the mean of SBI. HDFC Bank staff is courteous with customers, customer feel safe while doing transaction with HDFC Bank. The customers of SBI are satisfied with the knowledge possessed by employees.

**Conclusion**

1. The overall analysis shows that HDFC Bank is performing better than SBI in terms of tangibility, responsiveness, assurance, empathy.
2. Customers want to operate their accounts 24X7. For this, HDFC Bank and SBI are offering NET Banking, mobile banking etc. HDFC Bank has also started its mobile banking website i.e. www.m.hdfcbank.com.
3. Indian commercial bank needs to extent the customer operating hours in order to get more customers.
4. Banks should continue to know the customers need and should build the products which are convenient to customers. They should also build a strong brand and should deliver the effective service.
5. Banks should also focus on service recovery as it is better to retain the current client than to get the new customer.
6. Public sector bank need to catch up with the services offered by Private sector banks and foreign banks.

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