

SERVICE QUALITY AND CUSTOMER SATISFACTION OF HDFC BANK IN TIRUNELVELI- AN EMPIRICAL VIEW

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Abstract

This study focuses on HDFC Bank, a prominent private sector bank in India, with a particular emphasis on its operations in Tirunelveli district. Established in 1994, HDFC Bank has been a key player in the liberalization of the banking sector. The merger of HDFC Limited and HDFC Bank in 2022 has further strengthened its position, seamlessly integrating housing finance and banking services. Service quality is a critical factor influencing customer satisfaction, and this study conducts a thorough analysis of various service quality dimensions within HDFC Bank. Utilizing the five key dimensions—Tangibility, Reliability, Responsiveness, Assurance, and Empathy—the research, based on a survey of 159 respondents, assesses customer satisfaction levels across different service aspects. The findings emphasize positive aspects, including high satisfaction in accessibility, product knowledge, and reliability. However, areas like proactive complaint resolution, technological advancements, and data privacy show opportunities for improvement. In conclusion, the study suggests practical measures for enhancement, emphasizing the importance of continuous training, technological innovation, and a customer-centric approach. Implementing these recommendations can contribute to overall customer satisfaction, foster loyalty, and ensure the sustained success of HDFC Bank in the competitive banking landscape.

Keywords: Service Quality, Customer's Satisfaction, Banking Industry, HDFC banking services.

INTRODUCTION

In India the banking industry has newly witnessed the turning out of innovative banking models like small financial banking industry. In India last few years has also focused on expanding its banking industry reach, through various schemes like the Pradhan Mantri Jan Dhan Yojana and Post payment banks etc. In accordance with Reserve Bank of India, Indian banking industry is adequately active and well-regulated. In India's financial and economic conditions are far excellent to any other countries in the world. The banking system in India has 21 private sector banks as of 1 November 2022; the total number of ATMs in India has reached 213,145, of which 47.5% are in rural and urban areas.

HDFC Bank

The HDFC is stands for Housing Development Finance Corporation Limited. It is the leading private sector bank in India. In India It is first financial institution to receive an in principle approval from the Reserve Bank of India. The Housing Development Finance Corporation Limited (HDFC) bank was done as a part of Reserve Bank of India's policy for liberalization of the Indian banking sector in 1994. Housing Development Finance Corporation Limited (HDFC) Bank was established in August 1994 as HDFC Bank Limited with its registered office in Mumbai, India. The bank initiated its operations as a Scheduled Commercial Bank in January 1995.

On April 4, 2022, the merger of HDFC Limited, India's largest housing finance company, and HDFC Bank, India's largest private sector bank, was announced. Over the past 45 years HDFC Limited has developed one of the best product offerings in the housing finance business. HDFC Bank facilitates seamless delivery of home loans as part of a broad product portfolio for urban, semi-urban and rural India.

The Bank had a distribution network of 7,860 branches in 3,825 towns/cities and 20,352 ATMs/cash recycling machines (cash deposits and withdrawals). HDFC Limited's distribution network comprises 737 outlets, of which 214 offices of HDFC Sales Private Limited are connected to the bank's network. The bank's international presence includes branches in 4 countries and 3 representative offices in Dubai, London and Singapore, offering home loan products to NRIs and people of Indian origin.

SERVICE QUALITY

Service quality is a measure of how well a company delivers its services relative to its customers' expectations. Customers purchase services based on specific needs. They consciously or unconsciously have certain standards and expectations of how a company's service delivery meets those needs. A company with extraordinary service quality provides services that match or exceed the expectations of its customers.

The methodology of service quality was originally based on five key dimensions:

- ❖ **Tangibility**- Tangibility includes services related to appearance of physical facilities, equipments, personnel and communication materials.
- ❖ **Reliability**- Reliability includes services regarding ability to perform the promised service and accurately.
- ❖ **Responsiveness**- Responsiveness includes willingness to help customers and providing prompt service to them.
- ❖ **Assurance**- Assurance includes services related to knowledge and courtesy of employees and their ability to inspire with trust and confidence.

- ❖ **Empathy**- Empathy includes services related to caring of customers and providing individualized attention to the customers.

OBJECTIVES OF THE STUDY

The objective of this article is to identify the direct relationship of service quality and customer satisfaction with HDFC banking sector in Tirunelveli district.

REVIEW OF LITERATURE

Awara N.F.; Anyadighibe J.A.; Bassey F.O. (2022) A proper understanding of the high demands and sophisticated changes in customers' needs in developing economies has made the study of service quality imperative in this 21st century banking operations. This study focused on the effect of service quality on customer satisfaction of banking services in developing economies, such as Nigeria. The research designs for this paper were cross-sectional survey and case study. Top man formula was used to derive the sample size of 947 customers of commercial banks that participated in the study. Data were obtained from the questionnaire. Standard multiple regression analysis was employed for data analysis. The findings of the study revealed that there is a significant joint effect of service quality factors (service attractiveness, customer friendliness, bank automation efficiency and secure transactions) on customer satisfaction. The study concluded that attractive services, customer friendliness, effective bank automation services, and safe transactions to customers are potentials for business re-engineering in organizations, especially in the banking sector.

Mujinga M. (2020) technologically, the competition in the banking sector is fierce, therefore, banks need to provide cutting-edge technology and make the banking solutions provided more reliable. Customers are satisfied because customers can switch between banks with minimum hassle. Electronic service quality measures the degree to which bank customers are satisfied with online banking digital solutions. This paper presents an investigation of electronic service quality based on customer perceptions in South Africa. The paper presents findings based on quantitative data from 184 online banking customers using the E-S-QUAL measurement scale. The results show that banks are meeting customer expectations for service quality, although there is room for improvement. This study has practical implications for financial institutions in South Africa as it highlights areas of focus for improving the quality of service provided to online banking customers.

Khatab J.J.; Esmael E.S.; Othman B. (2019) The purpose of this research study is to determine the satisfaction level of banking clients with respect to the quality of the various services supplied by their bank and their satisfaction with the bank. The service quality is researched in a variety of aspects. There is also an attempt to find out which dimension of service quality can improve customer satisfaction. Respondents are selected using stratified random sampling from a range of different demographic features.

Banks are chosen for sampling from both the government and private sectors. Using a convenience sampling technique, the required data were gathered from 384 participants using a structured questionnaire. Findings show that the service quality and all its dimensions are associated with customer satisfaction significantly and positively. The banking sector is an important industry in the economy of Kurdistan and in the last century has seen unprecedented development and raging competition. Therefore, this study was specifically carried out to explore this phenomenon and to seek empirical justification in this regard by considering the quality of service as the main contributing factor to the satisfaction of customers.

Hammoud J.; Bizri R.M.; El Baba I. (2018) The purpose of this study was to examine the relationship between the dimensions of E-Banking service quality and customer satisfaction to determine which dimension can potentially have the strongest influence on customer satisfaction. Data were gathered using a survey instrument, which was distributed among bank clients in the Lebanese banking sector. The data were statistically analyzed using structural equation modeling with SPSS and Amos (20). The findings show that reliability, efficiency, and ease of use; responsiveness and communication; and security and privacy all have a significant impact on customer satisfaction, with reliability being the dimension with the strongest impact. E-Banking has become one of the essential banking services that can, if properly implemented, increase customer satisfaction, and give banks a competitive advantage. Knowing the relative importance of service quality dimensions can help the banking industry focus on what satisfies customers the most.

Parawansa D.A.S. (2017) This research was conducted in order to test and assess the interaction between service quality and customer satisfaction with the commitment to the perpetuation of customers on BPR in Makassar. Research was conducted on the entire customer rural banks (BPR) in Makassar, South Sulawesi province, the sample size used was 300 respondents. Analysis equipment used in this study is a quantitative approach that is inferential statistical analysis with Structural Equation Modeling (SEM) based variance is known as a method WarpPLS.0. The results of analysis show that there is significant influence between the variables Quality of Service, Commitment and Customer Satisfaction to Customer perpetuation. It was also found that the results of the variable commitment and customer satisfaction are the moderator variable that is false and strength then the influence of service quality on customer perpetuation.

RESEARCH METHODOLOGY

Research Design	The research design used for the study is descriptive.
Area of Study	Area of the study in Tirunelveli District
Sources of Data	Both primary and secondary data were used.
Sample Size	The sample size used for study is 159.

Statistical Tools	The collected data was analyzed with the help of Likert's scaling method.
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LIMITATIONS OF THE STUDY

Area : The study was limited to the geographical area of Tirunelveli district only.

Sample size: Only limited respondents in the study area.

Inaccuracy: Getting accurate information from the respondents due to their inherent problems. Just few number of respondents hesitated to give proper response due to fear and so there may be some shortcomings facts of inherent.

Uncontrolled variance: A number of the sources of the unrestrained variance could be the performance of the hardware of the customer.

SERVICE QUALITY ASPECTS IN HDFC BANK IN TIRUNELVELI

Sl. No	Satisfaction level	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied	Weighted Score	Weighted Mean Score
	1. Customer Service							
	Accessibility	455	236	21	4	0	716	4.50
	Timeliness	475	76	57	14	19	641	4.03
	2. Staff Competence							
	Product Knowledge	595	76	15	18	7	711	4.47
	Training	50	364	111	24	9	558	3.51
	3. Transaction Accuracy							
	Precision	295	148	99	24	18	584	3.67
	Error Resolution	475	76	84	18	8	661	4.16
	4. Reliability							
	Service Availability	360	148	66	38	9	621	3.91
	ATM Availability	490	136	42	14	6	688	4.33
	5. Digital Services							
	User-Friendly Platforms	315	236	57	18	9	635	3.99
	Security Measures	295	236	57	38	3	629	3.96
	6. Personalization							
	Tailored Solutions	185	128	90	62	29	494	3.11
	Communication	215	76	177	38	19	525	3.30

	7. Credibility and Trust							
	Transparency	385	116	102	18	10	631	3.97
	Ethical Practices	295	236	57	22	11	621	3.91
	8. Queue Management							
	Efficient Service Delivery	155	160	93	58	28	494	3.11
	Queue Systems	235	108	114	52	21	530	3.33
	9. Complaint Resolution							
	Accessibility of Grievance Redressal	215	156	177	26	7	581	3.65
	Proactive Resolution	135	140	96	70	30	471	2.96
	10. Innovative Services							
	Technological Advancements	180	84	99	56	41	460	2.89
	Value-Added Services	115	152	81	52	45	445	2.80
	11. Physical Environment							
	Cleanliness and Ambiance	150	140	96	68	28	482	3.03
	Comfort	180	116	93	70	28	487	3.06
	12. Regulatory Compliance							
	Adherence to Regulations	185	104	84	72	32	477	3.00
	Data Privacy	120	128	114	64	33	459	2.89

Sources: Primary data

The table provides a comprehensive overview of customer satisfaction levels across various aspects of banking services.

Customer Service

Accessibility: Customers show high satisfaction, with a weighted mean score of 4.50, indicating that the majority find the customer service accessible.

Timeliness: While still rated positively (weighted mean score of 4.03), there is room for improvement in timeliness, as some customers express dissatisfaction.

Staff Competence

Product Knowledge: Staff competence in terms of product knowledge is well-received, with a weighted mean score of 4.47, indicating high satisfaction.

Training: While still positive (weighted mean score of 3.51), there is room for improvement in training programs to enhance customer satisfaction.

Transaction Accuracy

Precision: The precision of transactions is rated moderately, with a weighted mean score of 3.67, suggesting that improvements in accuracy could enhance satisfaction.

Error Resolution: Customers are generally satisfied with error resolution, as reflected by a high weighted mean score of 4.16.

Reliability

Service Availability: Reliability in terms of service availability is rated positively, with a weighted mean score of 3.91.

ATM Availability: Customers highly appreciate the reliability of ATM services, as indicated by the high weighted mean score of 4.33.

Digital Services

User-Friendly Platforms: Digital platforms are considered user-friendly, with a weighted mean score of 3.99, suggesting high satisfaction.

Security Measures: Customers generally express satisfaction with the security measures, as reflected by a weighted mean score of 3.96.

Personalization

Tailored Solutions: There is room for improvement in providing tailored solutions, as the weighted mean score is 3.11, suggesting moderate satisfaction.

Communication: The level of satisfaction with communication is moderate, with a weighted mean score of 3.30.

Credibility and Trust

Transparency: Customers generally appreciate transparency, with a weighted mean score of 3.97.

Ethical Practices: Ethical practices are well-received, as reflected by a high weighted mean score of 3.91.

Queue Management

Efficient Service Delivery: Queue management and service delivery receive a moderate satisfaction rating, with a weighted mean score of 3.11.

Queue Systems: Satisfaction with queue systems is slightly higher, with a weighted mean score of 3.33.

Complaint Resolution

Accessibility of Grievance Redressal: Accessibility of grievance redressal is rated positively, with a weighted mean score of 3.65.

Proactive Resolution: Proactive complaint resolution shows room for improvement, with a lower weighted mean score of 2.96.

Innovative Services

Technological Advancements: Customers express a need for improvement in technological advancements, with a low weighted mean score of 2.89.

Value-Added Services: Value-added services also show room for enhancement, with a weighted mean score of 2.80.

Physical Environment

Cleanliness and Ambiance: The cleanliness and ambiance of physical branches are moderately rated, with a weighted mean score of 3.03.

Comfort: Comfort in physical branches receives a moderate satisfaction rating, with a weighted mean score of 3.06.

Regulatory Compliance

Adherence to Regulations: Adherence to regulations is moderately received, with a weighted mean score of 3.00.

Data Privacy: Customers express a need for improvement in data privacy, with a low weighted mean score of 2.89.

Overall Summary:

While many aspects receive high satisfaction scores, there are areas, such as proactive complaint resolution, technological advancements, and data privacy, where improvements are warranted. Continuous efforts in

training, innovative services, and enhancing digital experiences could contribute to overall customer satisfaction and loyalty.

SUGGESTIONS

- 1. Timeliness:** Implement measures to streamline customer service processes for quicker response times. Invest in additional resources or training to address areas causing delays in service.
- 2. Training Programs:** Enhance training programs to cover a broader range of topics, including customer service skills and effective problem-solving. Provide ongoing training sessions to keep staff updated on the latest industry trends and customer expectations.
- 3. Transaction Accuracy:** Conduct regular audits and implement quality control measures to improve accuracy in financial transactions. Introduce additional training modules focused on transaction precision.
- 4. Personalization:** Invest in systems that allow for more personalized interactions with customers. Train staff to proactively identify and address individual customer needs.
- 5. Communication:** Implement clearer communication strategies, ensuring that information is conveyed in an understandable manner. Utilize multiple channels to keep customers informed about changes or updates.
- 6. Innovative Services and Technological Advancements:** Allocate resources for the development and implementation of cutting-edge banking technologies. Actively seek customer feedback to understand their expectations regarding innovative services.
- 7. Proactive Complaint Resolution:** Establish a proactive system for identifying and addressing potential issues before they become complaints. Provide staff with the tools and authority to address customer concerns promptly.
- 8. Technological Advancements and Value-Added Services:** Launch initiatives to improve technological advancements, focusing on user-friendly interfaces and enhanced features. Identify and introduce new value-added services that align with customer preferences.
- 9. Data Privacy:** Strengthen data privacy policies and practices, ensuring compliance with industry standards. Communicate transparently with customers about data protection measures.

CONCLUSION

While the bank has received positive feedback in several areas, the identified areas for improvement provide valuable insights into enhancing overall customer satisfaction and loyalty. Continuous efforts in

training, technological advancements, and proactive customer engagement are essential to stay competitive and meet evolving customer expectations. The bank should consider implementing a comprehensive improvement plan that addresses specific weaknesses in a systematic manner. Regularly assessing customer feedback, measuring progress, and making adjustments accordingly will contribute to building a stronger customer-centric approach. By focusing on the suggestions provided, the bank can foster a culture of continuous improvement and ensure a positive and satisfying experience for its customers.

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Link:

1. <https://www.ibef.org/industry/banking-india>
2. <https://www.hdfcbank.com/personal/about-us/overview/who-we-are>