

# Service Quality in Banks: A Comparative Study Of HDFC Bank & SBI Bank

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## Abstract

The role of e- banking in today's scenario is very useful. There are no banks that can operate without e- banking. How much e- banking is used in public and private sector banks in this analysis? The objective of the study is to define customer satisfaction with e- banking and the perception of employees using e- banking in the public and private sectors (in relation to SBI and HDFC banks). The methodology of the study is both primary and secondary. The study demonstrated the perception of customer quality of service and employee satisfaction in internet banking services. As the working style is analyzed as a comparison between the public and private sectors in this research with regards to SBI and HDFC banks.

**Keywords:** e- banking, Consumer, Internet, quality, satisfaction

## Introduction:

In the Indian financial, market, banks play a very important role as they are the main providers of credit and draw much of the population's savings. It is important to banking for since a developed banking system holds the key as well as acts as a barometer for a country's economic health, the economic prosperity of all the nations of the world. The banking industry is one of our country's most successful and influential industries. Banking industry is one of our nation's most competitive and powerful sectors.

The structure of banking is influenced by the changing climate of the economy. In the Indian language in this sense, two stages of nationalization have taken place, the implementation of RRBs, the entry of the private sector, banks and international banks, and now e- banking, are some of the big and significant developments impacting the organization as well as the working from time to time of the banks. Reserve Bank on the basis of Indian banks are listed under two terms under the ACT, 1934, and one is the " schedule" financial bank and non- schedule commercial bank are the other ones. The selected banks State Bank of India, representing public sector banks, and HDFC bank, representing the private sector, are the largest banks in their sector for this report, taking into account their numbers. The divisions, customer base and net worth of them.

Successful reform of public sector banks is a good example of a dynamic mix of public and private ownership in banks. Development in India is a notable

feature of banking reforms. Newly approved private sector banks, some of which have met the highest global standards in terms of technological concepts, programmes and complexity. In several performance-related ways, these are domestically promoted banks in India have exceeded foreign bank branches and could be a model of position for other banks.

## Objectives

1. Analysis of public sector banks v/s private sector banks from the perspective of e- banking.
2. To determine the level of satisfaction of customers and bank employees with the current level of banking equipment.
3. To find the most significant factor that induces e- banking by individuals.
4. In terms of cost, to understand the advantages of e- banking as opposed to conventional banking, performance, time, confidentiality, service quality and complaint resolution, all from the clients' and the experience of the workforce.
5. To analyze whether or not e- banking is cost-effective for both the banks and the clients.

## Review of literature

**"Effect of IT based services on customer satisfaction in banking industry": Sachin Mittal and Rajnish Jain (2010)**

This research paper is essentially a literature review of the banking industry and the effect on customer loyalty of

IT – based services. The study highlights the rate of customer satisfaction among young banking industry clients. A survey reveals the difference between client expectations and consumer expectations. Perception with respect to banking services dependent on IT. Findings have shown that IT- based services need to be changed to increase loyalty.

**“A study of Demographics and customers satisfaction in internet banking”, Kumbhar and Vijay (2011)**

The relationship between demographics and customer satisfaction is explored in this research. Banking on the internet. The relationship between the quality of service and customers was also noticed satisfaction and satisfaction with the public sector bank’s internet banking service and banks in the private sector.

The research found that the overall satisfaction of workers, entrepreneurs and professionals is increased service for internet banking. It was also discovered that there is a large difference in the customer experience of public and private sector internet banking services.

**“Internet Banking, Consumer adoption and customer satisfaction”: Andrew Musllme and MallngaRamadhan (2011)**

Online banking is where clients can use PCs to access their bank account through the internet or a web- browser and cell phone. Internet banking service as a banking service which makes it possible to customers to view and conduct financial transactions from their bank accounts internet- connected computers.

Internet banking has benefits in sustaining competitiveness, saving money, enhancing mass communication, marketing and networking practices, and maintaining and attracting customers. Internet banks also act as gateways to a range of third party service providers providing authentication services.

Internet banking allows banks to save money, increase the client base, allow mass customization extend the marketing and collaboration platform for e- business services, quest for fresh innovation services and non-core market research and growth.

**“Acceptance of E- Banking among Adult Customers: An Empirical Investigation in India”, Dixit, Neha and S.K. Datta (2010)**

Internet banking is a type of technology used for self service. Online user numbers have risen significantly, but most of them are hesitant to provide websites with confidential personal information because they do not trust the protection of e- commerce. The variables explored in this paper. The affects the acceptance of e-banking services among adult clients and also indicates the level of concern in the Indian context regarding security and privacy issues. No instruction or advice from the bank is also a justification for not accepting online banking by adult customers.

The outcome of this study showed that adult clients are more hesitant to adopt new technology or techniques that may contain little risk. It is also important to remember that online banking of interest to certain adult clients, however, they do not have the requisite computer literacy to perform it. The website should also be designed by banks to fix security and privacy concerns.

**“A study on electronic banking and customer satisfaction”, Bismarck Amiya and Eric Ashley (2015)**

E- Banking involves the provision by banks of banking services and products to their customers via electronic media. Both computer and phone banking are covered by e- banking.

For several banks, the propensity for e- banking services strengthens the bank’s clients. The adoption of e- banking is also seen as a new way of expanding the customer base and counteracting traditional banking institutions aggressive efforts.

E- Banking enables clients to request data and conduct most banking services, such as account balance investigation, bill- payments and internet inter- account transfers. E- Banking, therefore involves systems that make consumers, individuals and individuals of financial institutions, company to access accounts, conduct business and receive financial product and product details via public or private networks, programmes.

Recent technological and creative growth has quickly attracted the desire of bank customers to exceptional programmes to fulfill the latest trend of innovation in technology contemporary with E- banking studies agree that safety factors that drive customer satisfaction are the most important factors in e- banking are architecture,

affordability, convenience and reliability. on satisfaction with customers.

The availability of E- banking is recognized as the capacity of users to access banking information and web-based applications. E- Banking services can only be used by customers when the service is available.

### Research Methodology

To define a variety of related and sometimes overlapping activities involving a quest for truth, the word “research” is used. A quest involving information may usually be contained in a single source rather than expertise or analysis and answers. This is a comparative study of both public and private sector banks and banks e- banking services. State Bank of India, representing the public sector, and HDFC Bank, representing the private sector, are the banks selected for this report, primarily based on two parameters, the first being the private sector. Convenience during the study, secondly, the diversity of the banks in their respective sector and their importance.

Identification of the issue, need and relevance of the research this is evident from the literature. E- Banking has been measured to be useful for both financial institutions and clients. It is also necessary to give the bank the ability to survive in this cut- throat market. Best goods, quick service, maximum security features and up-to-date with the RBI guidelines. It is also a contrast between public and private sector banks. The business condition of e- banking needs to be better understood by both consumers and the perspective of bank staff.

This forced the researcher to pick this as a subject of her study. This analysis would assist both not only picked for the report, but also for the other e- banking customers and banks, for banks. No study work from this view point has been performed to the best of experience and conviction. Accomplished by everyone until now.

### Sample Design

The sample size of this is 50 and the questionnaire form is used for data collection. Within and outside the banks, we met the respondents personally. For secondary data, journals and various publications issued on various internet pages are taken into account for. We have also visited HDFC and SBI for the latest information.

### Data collection and data analysis

During the 190s and 1990s, dynamic changes took place in the Indian financial system as a result of the government’s deregulation and liberalization of economic policies. Different policies have influenced the Indian economy and created an aggressive economic growth plan. Changes in money and capital markets have also taken place. In order to improve customer loyalty, the implementation of the marketing concept in the banking sector was initiated by a policy privatization of banking services aimed at fostering competition in the banking sector and the introduction of financial services and services such as internet banking, portfolio management, venture capital, etc. to meet the needs of the public. Greater operational effectiveness and customer loyalty is an important agenda for any banker today.

### Age

Particulars	% age of respondents
18 – 25 years	20%
26 - 30 years	20%
31 – 40 years	30 %
41 – 50 years	10%
51 – 60 years	10%
Above 60 years	10%

### Analysis & interpretation:

The above table states that no person is below 18 years age and 20% respondents are between 18 – 25 age group, 20% respondents are between 25 – 30 age group, 30% respondents are between 31 – 40 age group, 10% respondents are between 41 – 50 age group, 10% respondents are between 51 - 60 age group, 10% respondents are between above 60 age group.

### Gender

Particulars	No. of respondents	%age
Male	70	70%
Female	30	30%
Total	100	100%

### Analysis & Interpretation:

We come to know from the above outcome that out of 100 respondents 70 respondents are male and 30 are female, which is 70% and 30% respectively. Out of the following we conclude that the majority of our participants are male.

### Education

Particulars	No. of respondents	%age
High school	5	5%
Intermediate	13	13%
Graduate & professional	45	45%
Master degree	37	37%
Total	100	100%

#### Analysis & interpretation:

This study reveals that out of 100 respondents, 5% are high school respondents, 13% are intermediate respondents, 45% are graduate & professional respondents. 37% respondents are master – graduates. All of our survey respondents were qualified. We infer from the above data that most of our respondents are holders of graduate & professional degree holders.

#### Marital status

Particulars	No. of respondents	%age
Married	40	40%
Unmarried	30	30%
Widowed	20	20%
Divorced	10	10%
Total	100	100%

#### Analysis & interpretation:

We discovered from the above research that out of 100%, 40% of respondents are married. 30% of respondents are unmarried, 20% are widowed, 10% are divorced. Most of our survey participants are married.

#### Profession

Particulars	No. of respondents	%age
Govt. employee	35	35%
Private employee	30	30%
Businessman	25	25%
Student	5	5%
Homemaker	5	5%

#### Analysis & interpretation:

We discovered from the above research that out of 100%, 35% of respondents are government employees, 30% of respondents are private employees, 25% of respondents are businessman, 5% of respondents are students, and 5% respondents are homemakers. Many of our respondents are government employee in this survey.

#### Monthly income

Particulars	No. of respondents	%age
10,000- 20,000	25	25%
20,000- 30,000	20	20%
30,000- 40,000	20	20%
40,000- 50,000	15	15%
Above 50,000	20	20%

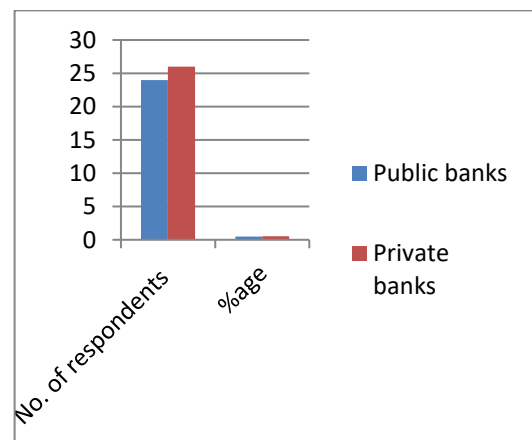
#### Analysis & interpretation:

We figure out from the above analysis that out of 100%, 25% of respondents are 10,000-20,000 salary, 20% of respondents are 20,000- 30,000 salary, 20% of respondents are 30,000- 40,000 salary, 15% of respondents are 40,000- 50,000 salary, 20% of respondents are over 50,000. Most of our survey respondents have a monthly income of 10,000- 20,000.

#### Analysis of data collected:

1. The respondents were asked about which category of the banks do they consider as most technologically advanced.

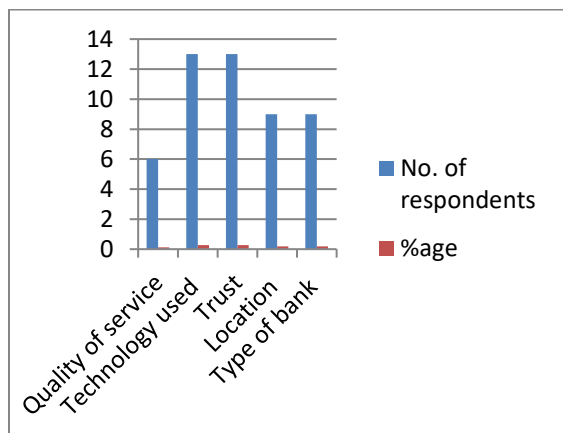
Bank sector	No. of respondents	%age
Public banks	24	48%
Private banks	26	52%



**Interpretation:** Most of the respondents were found to be making the most use of Private bank's technical innovations while those of public sector banks were lower than those of public sector banks via contrast.

**2. The respondents were asked about which attributes of the bank do their value the most.**

Reasons	No. of respondents	%age
Quality of service	6	12%
Technology used	13	26%
Trust	13	26%
Location	9	18%
Type of bank	9	18%

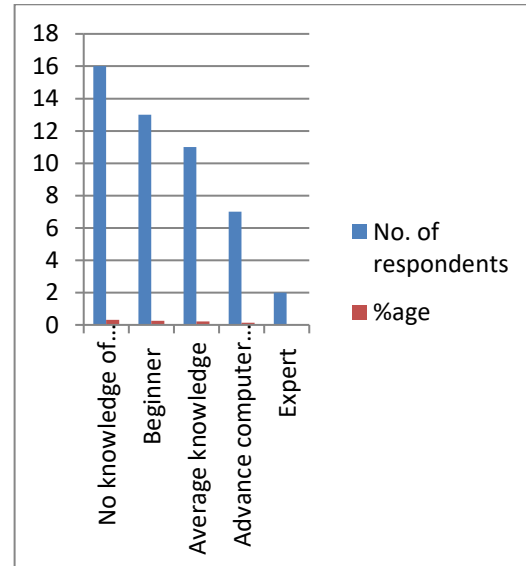


**Interpretation:** we may assume, by examining this graph states that most people are the technology used and the trust generated by the bank and the standard of service are affected more than most less preference.

**3. The respondents were asked about how familiar are they with computer usage level of their bank:**

Reasons	No. of respondents	%age
No knowledge of computer	16	32%
Beginner	13	26%
Average knowledge	11	22%
Advance	7	14%

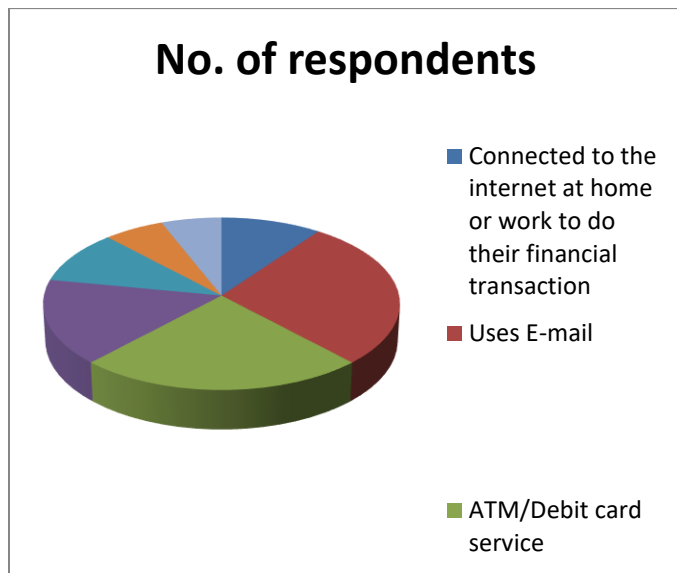
computer knowledge		
Expert	2	4%



**Interpretation:** by analyzing this graph, we can infer that most individuals the expert provided by the bank is influenced and there is no less computer knowledge given their preference over others.

**4. The respondents were asked about customer level of usage of technology.**

Reasons	No. of respondents	%age
Connected to the internet at home or work to do their financial transaction	5	10%
Uses E-mail	14	28%
ATM/Debit card service	12	24%
Credit card service	8	16%
Online banking service	5	10%
E- payments	3	6%
EFT/NEFT/RTGS	3	6%



**Interpretation:** it was discovered from the above graph that most of the individuals used e-mail with 28% of respondents. It is clearly noted that e-payments and payments are NEFT/RTGS is 6% of each respondent.

**5. The respondents were asked about how frequently do they use the following banking services per month.**

Reasons	No. of respondents	%age
Branch banking	2	4%
ATM	15	30%
Internet Banking	16	32%

**Questions asked to employees of the bank:**

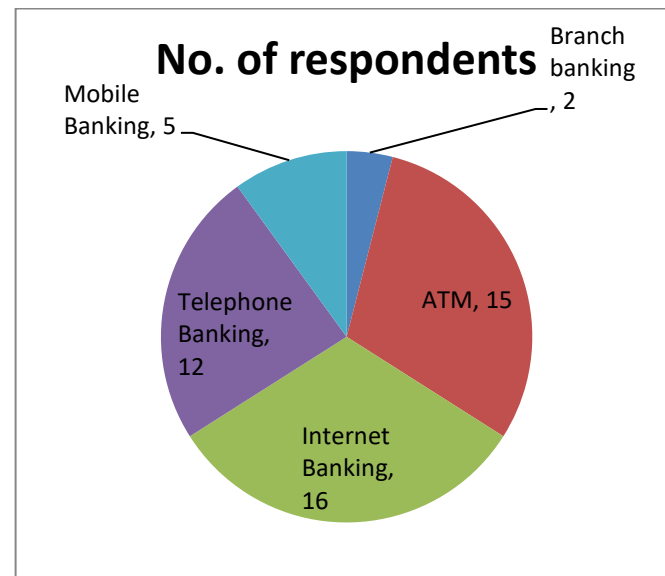
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Telephone Banking	12	24%
Mobile Banking	5	10%



**Interpretation:** from the above graph, it was found that most individuals used internet banking to hold 32% of respondents. It is obviously noted that branch banking each has 4% of respondents. Telephone banking, mobile banking and internet banking were highly satisfactory because of ATM services, but branch banking was neutral.

respondents are between 31 – 40 age group, 10% respondents are between 41 – 50 age group, 10% respondents are between 51 - 60 age group, 10% respondents are between above 60 age group.

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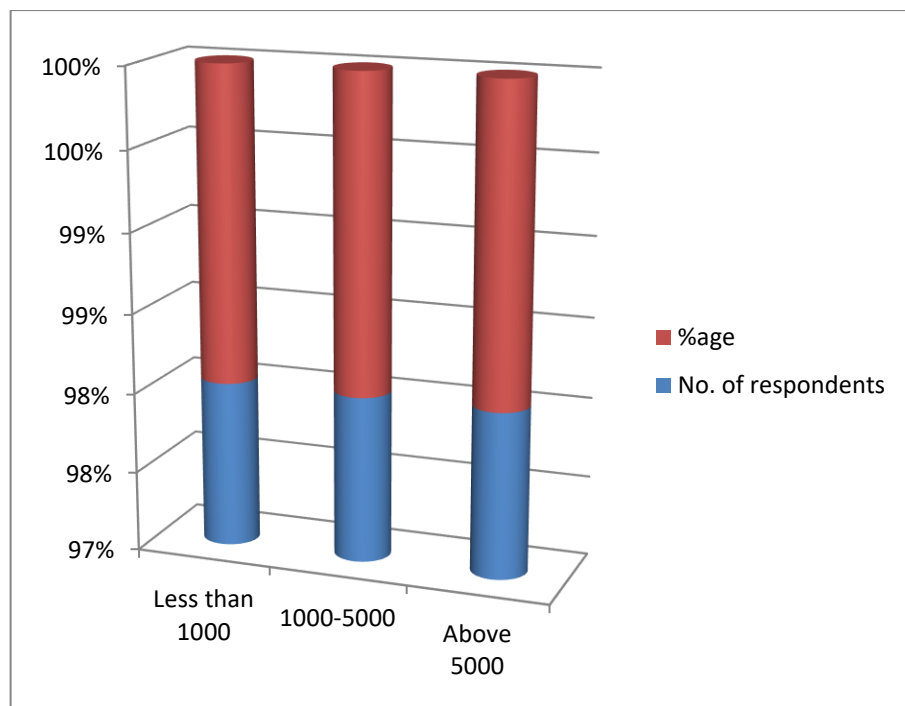
Particulars	No. of respondents	%age
Manager	40	40%
Executives	30	30%
Officers	20	20%
Clerks	10	10%

#### Analysis & interpretation:

We find from the above analysis that out of 100%, 40% of respondents are managers, 30% of respondents are executives, 20% of respondents are officers, 10% of respondents are clerks. Most of our survey respondents are managers.

#### 6. The respondents were asked about how many people visit their bank web site per day.

No. of people	No. of respondents	%age
Less than 1000	19	38%
1000-5000	27	54%
Above 5000	4	8%



**Interpretation:** 54% respondents were go with 1000-5000 people visited their bank websites per day.

**8. The respondents were asked that about what was the reason behind introduction of internet banking.**

**7. The respondents provide the information that bank providing Internet banking mostly for 1-5 years and they update their website weekly.**

Reasons	No. of respondents	%age
Because of competition from foreign bank	13	26%
Manpower shortage	22	44%
Qualitative customer service	10	20%
Faster transaction & time saving	5	10%
Any other	0	0%

**Interpretation:** 44% of respondents had a shortage of manpower and 10% were quicker. Transaction & time saving, while 26 percent said it was with qualitative customer support because of competition from international banks and 20%.

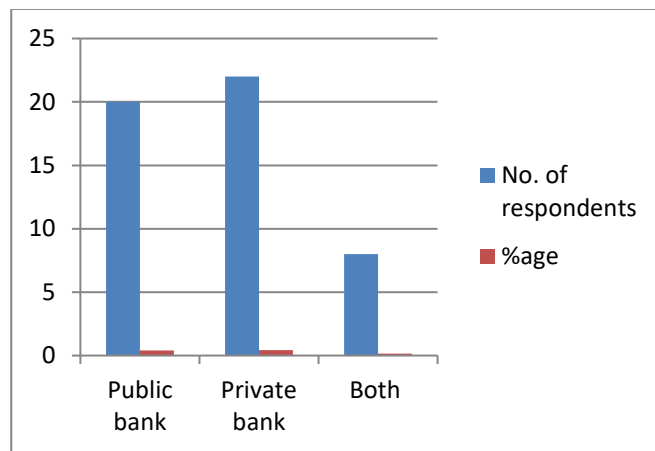
**10. The respondents provide the information that importance of factors determining provision of electronic banking for production of customer acceptance.**

**9. The respondents provide the information that news media is very much helpful to aware customers for location on the net.**

**11. The respondents were asked about comparative aspects between banks.**

Banks	No. of respondents	%age
Public bank	20	40%
Private bank	22	44%
Both	8	16%





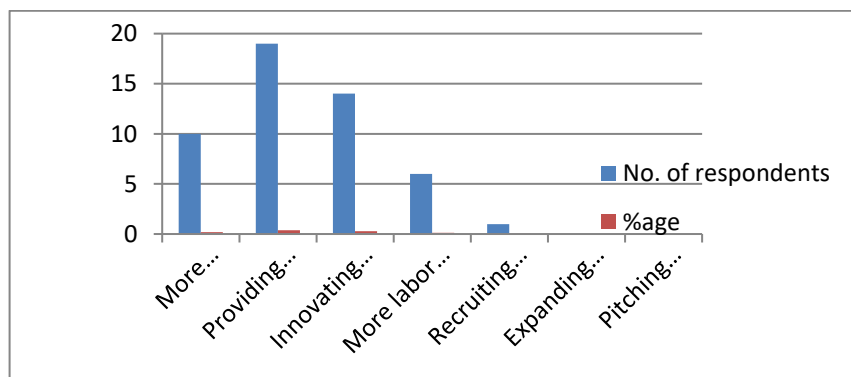
### Interpretation:

It was found that most of the respondents were using private sector bank services, while public sector banks were using them. With regard to new facilities for jobs, employees of which form of banks are more satisfied

from job. Salary package is comparatively better in, branch level of top management participation is comparatively more in, work hours are comparatively more in, growth of customers is comparatively more in.

### 12. The respondents were asked about differentiating strategies between public and private bank.

Reasons	No. of respondents	%age
More information technology	10	20%
Providing better qualities of service	19	38%
Innovating products and services	14	28%
More labor intensive techniques	6	12%
Recruiting young employees	1	2%
Expanding branch network	0	0%
Pitching into mergers and acquisitions	0	0%

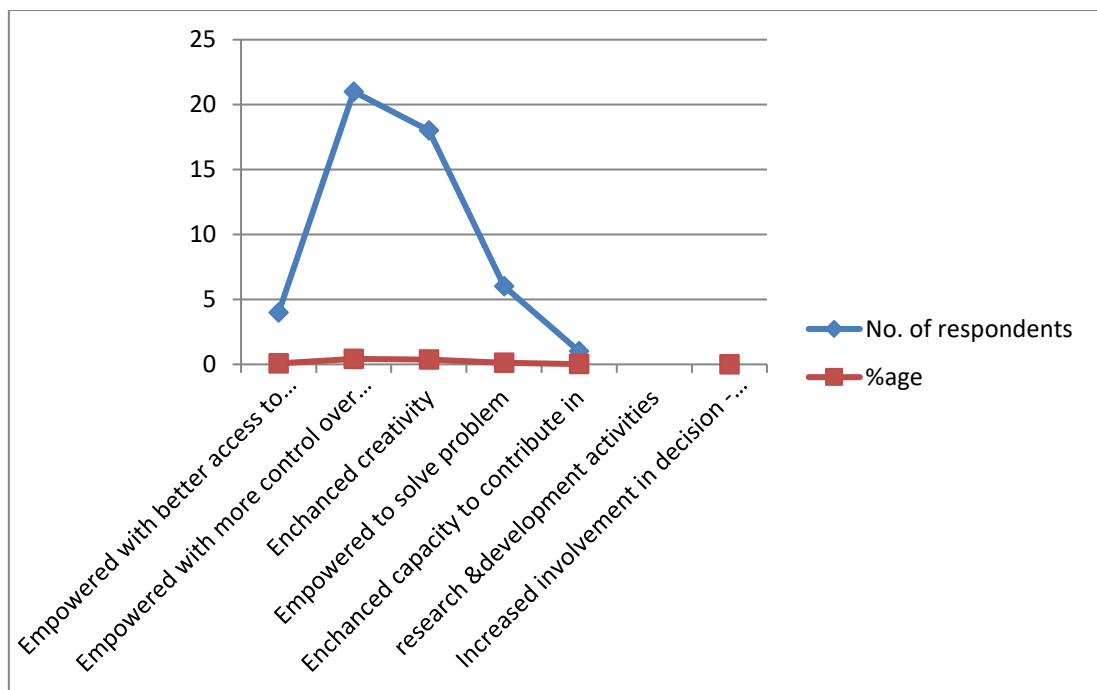


**Interpretation:** we may infer, by analyzing this graph, that most respondents are less priority than others is given to the provision of improved quality of service

rendered by the bank and the expansion of the branch network.

### 13. The respondents were asked about knowledge management factor in e-banks.

Response	No. of respondents	%age
Empowered with better access to information	4	8%
Empowered with more control over work	21	42%
Enhanced creativity	18	36%
Empowered to solve problem	6	12%
Enhanced capacity to contribute in research & development activities	1	2%
Increased involvement in decision-making	0	0%

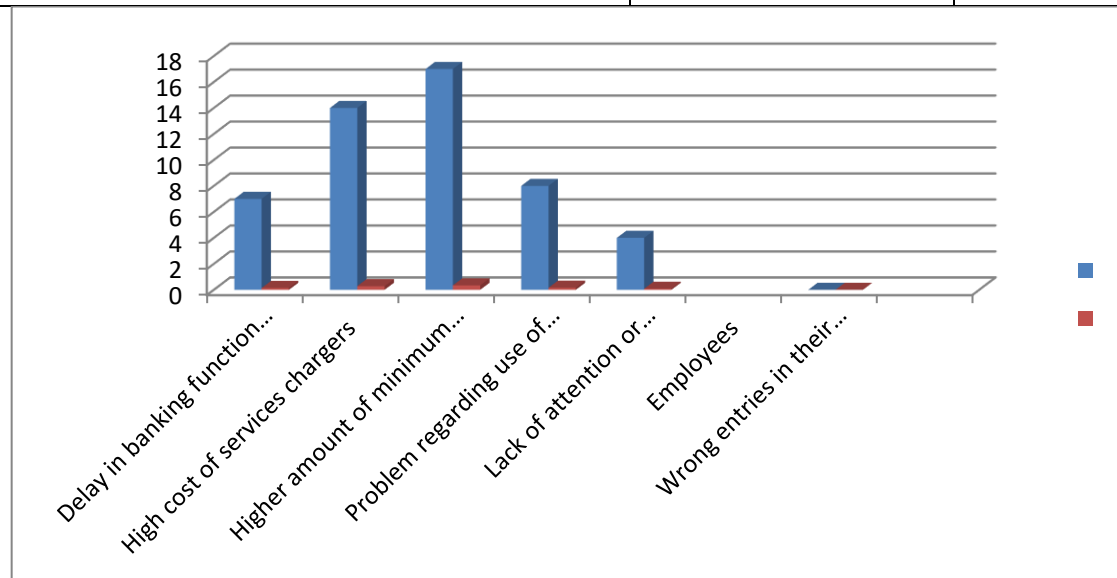


**Interpretation :** we may infer, by analyzing this graph, that most respondents are given less priority than others to provide greater empowerment with more leverage over the work given by the bank and to expand increased participation in decision-making.

### 14. The respondents were asked about the number of complaints (per month) from private bank customers as compared to customer of public bank.

Reason	No. of respondents	%age
Delay in banking function from customers view point	7	14%
High cost of services charges	14	28%
Higher amount of minimum balance maintained in their accounts	17	34%
Problem regarding use of ATMs or online banking technologies	8	16%

Lack of attention or improving behavior of bank Employees	4	8%
Wrong entries in their accounts	0	0%



**Interpretation:** we may infer, by analyzing this graph that most respondents are given less priority than others to have a higher amount of minimum balance held in their accounts issued by the bank and to expand increased entries in their accounts.

#### Finding & conclusion of the study

- More number of people has account with private banks.
- Number of problem faced by the people is more in public sector banks.
- People want a change in the behavior of the staff of the public sector banks.
- People are more satisfied from the private sector banks due to their better services provided by them.
- The facility that was availed by most of the people at private sector banks was that of Internet/ phone banking by ATM/ Debit card.
- Majority of respondents donot want to shift from their present bank.
- From the above study it is clear that private bank are providing better services than nationalized banks. 90% respondents favoured that private banks are providing

better services than nationalized banks while 10% respondents are not agree with it.

- 40% respondents said that bank employees never pay any attention to them and 10% respondents said that their problems are not solved by bank executives. The remaining 50% respondents give a positive reaction in the favors of bank. 30% respondents favored that their problems are solved by bank executives and 20% respondents said they are received with smile by bank executives. So there is a mix response.
- From the above study it is clear that the banks do not organize any customer meets. All the 100% respondents said that their bank does not organize customer meets to resolve their problems. Customer satisfaction is the demand of time, so the bank should organize customer meets to resolve the problems of their customers.
- The above study depicts that 60% respondents said that their bank updates them time to time about the latest facilities and remaining 40% said that their bank does not update them.

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