



“AN ANALYTICAL STUDY OF CUSTOMER SERVICES STRATEGIES OF STATE BANK OF INDIA & HDFC BANK IN PUNE DISTRICT”

Prof. N. B. Chaudhari,
Dr. B. N. P. Arts,
S.S.G.G.Commerce Science College, Lonavala.

Introduction:

Banking industry is the backbone of Indian economy. It plays a crucial role in bringing about socio-economic transformation and also act as a catalyst to economic growth. Its tremendous growth made it one of the most endorsed banking destinations in the world. Banking plays a vital role in economic progress of a country. Banking industry is the most important service industry.

1. Meaning, Need & Importance Of Bank :

According to Section 5(c) of the BR Act, 'a banking company is a company which transacts the business of banking in India.' Further, Section 5(b) of the BR Act defines banking as, 'accepting, for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and with drawable, by cheque, draft, order or otherwise . Bank inculcate the habit of savings among people by ensuring the safety of deposits. Thereby giving a boost to capital formation . Bank utilized the savings more powerfully.

2. Banking system in India:

Banking Industry in India functions under the sunshade of RBI, the regulatory, central bank. Banking Industry .The banks in pune district are classified on the owner ship basis ie. Public banks , Private banks , cooperative banks & foreign banks.

3.Profile of Pune District:

Area: 15643.sq.Kms.

Population:94.27 Lakhs.

Industries: Automobile, Steel, Biotech, Pharmaceuticals.

MIDCs: 17.(Pimpri chinchwad, Talegaon, Chakan –(3), Jejuri, Ranjangaon, Kurkumbh, Baramati, Bhigwan, Pandare, Indapur, Kharadi, Hinjawadi, Talwade (3).

4.RESEARCH METHODOLOGY:

Banking industry is the backbone and blood vascular system of our economy. It acts as repositories of peoples saving and purveyors of credit , especially when as the success of economic development depends on the mobilization of resources and their investments in an appropriate manner.

5.IMPORTANCE AND SIGNIFICANCE OF THE RESEARCH

Actually customer services strategy is a part of marketing of services by the banks means a part of marketing strategy. The nature of customer service strategy is a quite different from tangible product. The service firms have four characteristics that distinguish them from marketing of goods such as-

1. The high level of intangibility
2. Greater degree of perishability
3. The inseparability of service from the service provider and he
4. Greater variability in quality

Actually managing the banking business is very difficult. The customers interacts with the bank when service quality is less. Bank customer services differs from other industries. Banks performs two different functions i.e. attracting deposits & attracting borrowers or users of funds.

6. OBJECTIVE OF THE STUDY

There are following objectives to study the topic

- i) To assess the extent and level of customer services and satisfaction in SBI & HDFC banks .
- ii) To check the level and magnitude of awareness of banking services among the sample respondent.
- iii) To take review of the policies & strategies adopted by selected banks .
- iv) To study the new trends in providing services to the customers.
- v) To assess and analyze the various problems faced by banks in the cut throat competition
- vi) To draw conclusions and suggest remedies for improvement of performance of the banks services.

7.Hypothesis :

(i)The success of State Bank of India & HDFC banks depends on the effective and quality of services rendered to the customers.

(ii) Advertisement campaign has limited impact on customer's perception regarding services provided by the banks.

8. Method of data collection & Justification to sampling:

The data is as below:

Type of Bank	No. of Banks in Pune District	No. of branches
Nationalised Banks	20	618
Private Banks	18	208
Co-operative Banks	91	772
Foreign Banks	04	07
Total	133	1605

From the above chart, it reveals that the study at national level is time consuming and vast. Hence the researcher is restricted to Pune district. So the reason for selecting the area is as Pune

is fast growing and banking services are in true competition. Therefore area would give true representative picture of the Maharashtra.

Although there are nearly 618 branches of Nationalized banks, 208 branches of private banks, 772 branches of cooperative banks, and 7 branches of foreign banks in Pune district, Researcher have selected minimum 3 branches of SBI & 3 branches HDFC banks. The researcher has interviewed 60 customers and 24 employees of banks.

Primary & secondary data:

A detailed and comprehensive questionnaire was prepared for

- (i) Managers and employees of selected banks
- (ii) Customers of the selected banks on the demographic basis. Moreover, pilot study was made to test the questionnaire with the help of pretested questionnaire and necessary information was collected. Customers from selected branches were interviewed personally with the help of pre-tested structured scheduled

9. Strategies adopted by commercial Bank.

- i) Value addition strategy:
- ii) Innovation strategy:
- iii) Fortification strategy:
- (iv) Quality strategy:
- iv) Product flanking strategy:
- (vi) Multi- brand & brand extension strategy:
- (vii) Price discount strategy:
- (viii) Cheaper goods strategy:
- (ix) Prestige goods strategy:
- (x) Product proliferation strategy:
- (xi) Improved service strategy:
- (xii) Distribution innovative strategy:
- (xiii) Intensive & heavy advertising strategy:
- (xiiiv) Customer retention strategy or win back strategy:

(xiv) Push & Pull strategy:

8. Observations , conclusion & suggestions:

1. Sample and respondent rate

It is observed & concluded that 60 respondent customers were used for the analysis .100% customers were responded. And out of 30 employees 24(80%) were responded.

2. Distribution of customer

The next finding was about the distribution of selected questionnaire to male and female customers. Out of 60 customers 37 (61.7%) were male and 23 (38.3 %) were female customers.

3.Location of the banks & custmers.

The banks were selected from rural area and urban area. This distribution has shown that 60.37% banks were from rural area and 38.33 % banks were from urban area.

4. Age wise distribution of respondents:

The age wise distribution of employees shown maximum concentration in the age group between 26 to 50 years, whereas minimum concentration was in the age group of 18 to 25 years .

It was found that out of 60 sample questionnaire , 1 (1.7%) customers were less than 18 years age, 13(21.7%) were in the age group 18 to 25 , 20 (33.3 0%) were in the age group of 25 t0 50 years and 26 (43.3%) were found in the age group above 50 years.

5. Education/ qualification wise distribution of employees

The education wise distribution has shown that 42.86 % employees were graduates, 33.64 were post graduates where as 23.5 % were professionally qualified.

Educational background related the customers qualifications.

It was found that 18(30 %) were undergraduates, 21(35 %) were graduates and 17(28.3%) were found post graduates. And remaining 4 (6.7 %) were illiterate

6. Experience wise distribution of employees &

The length of service wise (experience wise) distribution has shown maximum concentration in the range of 1 to 5 year's service completed by 40% respondent employees, 30% respondents completed 5 to 10 year's service. & 30% employees completed more than 10 years service.

7. Regarding Monthly Income

It was also found that the monthly income of respondent customers having Rs. 0 – 5000 were found 17%, Rs.5000 to 15000 income having 30%, Rs.15000-50000 having 45% and above Rs.50000 monthly income were found 8%.

8. Services provided by banks

It may be observed that all the banks were providing the services like accepting deposits, granting loans, RTGS, Telebanking, D.D. facilities & ATM & locker services & others except some banks located at rural areas were not able to provide ATM & locker services.

9. Opinion regarding Loans

It may be observed that all the banks were providing the various types of loan i.e. agriculture loan, term loan, demand loan, housing loan, gold loan, property loan, car loan, education loan etc. It may be observed that the banks in rural area were not providing cash credit, but these banks are ready to provide this type of loan but there was no demand from the rural people. As well as the banks in urban area also not providing the agriculture loan due to no demand from the urban persons.

10. Settlements Services:

It may be revealed that all the banks were providing quick settlement of claims, information of new schemes, clearing of cheques, draft acceptance, acceptance of suggestions, provide different type of notes, and following standing instructions.

11. Principles followed when providing services

It may be revealed that the public banks, private banks and cooperative banks when providing services were following the principles like equal treatment to all, giving assurance regarding secrecy of transactions, accepting suggestions, provide adequate space and to provide other amenities and give information regarding new schemes. It also revealed that the private banks classifying customers and behave differently to these customers.

All the banks were applying the best and effective strategies for development and growth of banks.

12. Formulation of strategies

It was observed that management of banks were formulating the services strategies and the employees were only implementing the banks strategies. They were not taking active part in formulation of these strategies. All the employees ranked their strategies as high.

13. Special efforts implemented

It may be observed that 70% respondent from SBI expressed that they were using special efforts like special deposit scheme. 80% respondent expressed that they were using special loan schemes & 70% expressed that they were using other efforts. It was also revealed that the respondent from private banks 88% respondent expressed that they were using special deposit schemes, more than 70% expressed that they were using special loan schemes and 83% expressed that they were using other efforts.

14. Difficulties to the banks

It was observed that most of the banks are facing the problem when grant loan to the customers. These problems are like incomplete documents, mortgage, guarantors, N.P.A., & others. It was revealed that SBI have no problem regarding N.P.A but other banks have a difficulty regarding N.P.A.

15. Adoption of customer strategies for increasing the number of customers

It may be revealed that out of 24 employees, 78 % employees responded that they have good customer strategies to increase the number of customers. Whenever 22% employees expressed that they have no good strategies to increase the number of customers.

16. Effectiveness of service strategies

It may be observed that out of 24 respondent, 67 %) responded that the strategies adopted by the banks were very effective when ever 26 .6. % expressed it as less effective & 6.4% expressed it as ineffective.

17. Customer complaints and redressal

It may be observed that 100% respondent responded that they have a proper system to lodge a complaint. 25 % expressed that they were review the complaints within a week, 45 % after 15 days and 20 % within a month. Only 10. % expressed that they were took review of the complaints after three months.

It was observed that 60 % respondent expressed that their redressal system were very effective whenever 40% expressed it as only effective. But nobody responded negative. It was also revealed that he employees of private banks expressed that their redressal system were remains always very effective other than the other banks. It was also experience of a researcher.

18. Involvement of staff in setting of strategies and usefulness of complaints

It may be observed that 57 % respondent responded that they have involved in setting the strategy . Whenever 43 % expressed that they were not directly involved in the process of setting the policy. 89 % employees expressed that the complaints were useful to them to make a suggestions. It was also observed that 11 % respondent expressed that the complaints were useful to them to some extent for the suggestions & nobody responded negative.

19. Use of effective skill to discover the clients & motivation to create a relationship with customer & taking a proper care.

It may observed that 80 % respondent expressed that their employees knows the effective way to discover the customer whenever 20 % expressed negative.

It may revealed that 100 % respondent expressed that banks were always motivates to them to create a relationship with customers by taking a proper care .

20Factors considered to decide customer strategies

It may observed that 100 % respondent expressed that they were considered type of service, type of customers, cost of providing service, demand of customer, location of banks, RBI restrictions, Government restrictions, profitability as a factors when they were decide / formulate the strategies.

21. Measurement of efficiency

It may observed that out of 24 respondent 90 % respondent expressed that they were considered turnover, deposit, profit, absenteeism, and loan as the parameters to measure the efficiency

22. Opinion regarding success of the banks

It may observed that 82.7 %respondent expressed that they got success in their banking business i.e. in providing various services whenever 17.3%expressed that it to some extent. Nobody gave the negative opinion..

23. Relationship of respondents with the banks

The next finding was regarding types of accounts opened by the respondent .It has found that out of 60 ,15.9 % were have current accounts, 13 % have fixed deposit account and 26.7% have other types of accounts . It was also found that all 60 (100%) respondent have saving accounts

24. Maintenance of Accounts

It was found that out of 60 respondents, 45. % were maintained their accounts since 5 years , 12. % were maintained their accounts for 5 to 10 years, and 43 % were maintained their accounts for more than 10 years. It was found that relation was built over the years and the respondents continue with the same bank as long as they were satisfied with the services provided and also due to mutual relation that has developed between them.

25.The next finding was relating to ways of contact with the bank.

Some respondents expressed that they came into contact of banks due to more than one reason.. . 0.9 % due to extra rate of interest . Out of 60 respondent customers , more than 41% customers comes into contact due to suggestions from their friends and 51% due to salary & better personal services.

Out of 60 respondent customers only 5%. expressed that they came into contact due to advertisement and specifically they were from the private banks. It proves that bank advertisement campaign have limited impact on perception of customer regarding services provided by the bank

26. Reasons for selection of bank and reasons of preference given to specific bank

It was also found that banks were providing various services . Due to these services the respondent customers were selected the specific banks. It was found that more than 95% respondent selected the banks due to proximity of bank, 90% due to polite service, 93.38% due to assurance regarding secrecy , 92 % due to assurance in information, 92. % due to acceptance of suggestions , 91 % due to remittance facility , 91 % due to quality of work 90. % due to quick counter service respectively

It was also found that more than 70 % respondent were selected the specific banks due to quick settlement service, availability of different notes , equal service to all, locker facility , computerizations of banks, suitable working hours, & 58 to 67 % selected due availability of adequate space , availability of advice & expects to work on Sunday. .36.90% respondent expressed that they were selected such banks due to other facilities available in the banks. It was

found that most of the customers satisfied due to number of services provided in a good manner and within a less time

27. Reasons of Selection of banks

It was found that though the respondent were selected the banks due to various reasons . But respondents preferred the specific banks due to various reasons. It was found that in modern days the quality of service and proximity are the most important according to the respondents ,90% respondents preferred the banks due to quality of service , location of banks & proximity , communication, , and due to less paper work.

28. Availability of information of new schemes through TV/Radio/Newspaper / Magazines & Satisfaction

It was found that out of 60 respondent , 43. % expressed their views that the information of new schemes were made available by banks through TV/Radio/Newspaper / Magazines . whenever 57. % expressed that the information about new schemes were not available.

It was also observed that out of 60 respondent who expressed that the information were available through these means , 42.58% respondent were satisfied and 57.42% were dissatisfied. It means out of 60 respondents only 18.59% respondent were satisfied regarding availability of information. It shows that advertisement campaign have limited impact on perception of customer regarding services provided by the bank

29. ATM facilities grading & Satisfaction

It was also found that out of 60 respondent customers , 84.5 %ere satiefied regarding ATM services provided by the banks whenever 9.2 % customers were satisfied to some extent. It was also observed that out of 60 , 6.20% customers were not satisfied regarding ATM services provided by the banks. It was also found that out of 60 respondent customers, (78.3 %) graded it as an excellent, 8.1 % as very good , 7.4 % as good and remaining 6.2 % graded the services as average. It was observed that the customers of private banks were more satisfied than the others

30. Customer complaint and redressal

It was observed that 60 respondent customers expressed their views regarding availability of channel for making a complaint. Out of 94% expressed that they have available the channel for making a complaint & 6 % expressed the negative. It was observed that out of 60, respondent customers , 34% were lodged complaint and remaining 66 % were yet not lodged any complaint against the bank . from this point of view 53 % expressed that their complaints were handled very much and redressed in a time whenever 33 % at average. It was also observed that 14 % were expressed that their complaints were not handled and redressed.

31. Behavior of staff with respondent customers

It was found that out of 60 , 81 % expressed that the behavior of staff were excellent 10. % were very good, and 6 % were good and remaining 3% were average.

32. Observation of standing instructions

It was found that out of 60 respondent customers 96.% expressed that the standing instructions were always observed by the banks whenever 4% expressed negative.

33. Efficiency and speed It was observed that out of 60 respondent 72. were in favor of the statement that they can open an account within 25 minutes. . 73.94%) respondent were in favor of the statement that they can deposit cash within less than 10 minutes, 72 responded in favor of the statement that they can withdraw cash within less than 8 minutes. 70 % responded in favor of the statement that they can cash the bank draft in less than 20 minutes. 66 % responded in favor of statement that they can purchase a bank draft in less than 25 minutes, 80 % responded in favor of the statement that they can get a loan in less than 15 days 92 % responded in favor of that they can collect their local cheques within 2 days, 12 % responded in favor of that they can get credited the outstation cheques in 8 days .

It was concluded from the above that the banks were efficient and respondents were very much satisfied regarding the functioning of bank except loan sanctioning due to difficulties

34.: It was also observed that all the respondent customers perceived ATM service delivery exceeds their expectations. SBI, HDFC banks were found excellent in providing online services

35.: It was found that banks were excellent in providing cheque clearance service

36. It was found that expectations of customers regarding drinking water & other facilities were more than the perception .

37.It was found that all SBI perceived less than the expectations regarding rate of interest on deposits. It was observed that HDFC banks and cooperative banks found excellent regarding rate of interest on deposits

38. It was found that the general perception of the customers of HDFC banks were higher than the customers of SBI.

39. Ranking of difficulties

It was observed that the respondent customers expressed that they have to face difficulties (problems) at large regarding intimation , unreasonable bank charges , difficulty regarding opening an account, loan and inadequate information and less difficulties (problems) regarding error in pass book, delay in cheque clearance, cheque return without intimation

40. It was observed that according to selected banks customers 62. 68% banks were providing satisfactory services , 33.24% were successes to some extent and 4.08 were remarked that banks were not successes in providing services

41. It was also found that 53.10 % customers expressed that the services provided by banks were outstanding, 35.77 were good , 6.90 % were good and 4.23 % expressed it as poor

42. It was found that 88.87% respondent were satisfied, 11.13% were not satisfied.

43.: Finally it was found that the respondent customers expressed their views regarding the need of improvement status of bank. It was observed that 75.35% respondent customers expressed that banks have no need to improve their services whenever 11.13% expressed that there were a need to improve the services.

9: Conclusion on hypothesis

This study concludes that quality of services like helpfulness of branch staff, accuracy of transactions, branch opening and closing hours, the bank efforts to inform customers about new schemes, good communication, fair price or charges, the bank's reliability of electronic product like ATM, efficiency & speed of working, grievance redressal, location of the bank & proximity, had a strong positive association on customer satisfaction and retention and the bank's unique services to her customers are important factors for customer retention. So the success of the bank mostly depends on its customers. Being a service industry, all banks should aim at satisfying customer needs by providing maximum features in their services.

Both the hypothesis accepted on the basis analysis of data.

10: Suggestions / Recommendations

Banking sector is improving by leaps but still it needs to be improved proper and efficient relationship.

The following suggestions are given on the basis of conclusions drawn from secondary data and primary data as well as hypothesis

- ❖ Bank should make an appointments of professionally qualified persons like IT, MBA,CA in banks .
- ❖ Bank should make appointment of persons having age of 26-50 when the vacancies creates due to retirement.
- ❖ . Not to differentiate the customers.
- ❖ banks should provide different facilities like availability of suitable denomination notes, availability of suitable space, and other essential amenities like latrine, drinking water, seating arrangement & reading material etc
- ❖ The charges, fees should be minimized & it should be should be transparent
- ❖ Bank should reduce the documentation process while opening an account and providing a loan, The application form for opening an account and for loan should be available in local language also .

- ❖ The SBI banks should advertise extensively regarding their operations , schemes & services . Different types of advertisement medias should be tried to attract more and more customer from wider area.
- ❖ Top management of banks should give opportunity to actual participation in the determination of service strategies.
- ❖ SBI should be able to accept the complaints through internet and redressed the complaint through internet within week only. An efficient grievance redressal cell should be process customers complaints.
- ❖ Banks should apply the strategies like effective handling of complaints, use of reliable technology & customer acknowledgment. Banks should try to minimize the complaints
- ❖ More ATM coverage should be provided for convenience of customers specifically in rural area
- ❖ The bank should be customer friendly & highly motivated to service the normal customer.
- ❖ Bank should win customers confidence by providing them guidance / consultancy regarding investment, service charges, service tax , interest rate and penalty if any
- ❖ Banks should give training to their staff to discover the clients needs & to propose a proper solution to their problem
- ❖ Bank should provide locker facility to the rural customers
- ❖ Banks should try to increase their efficiency regarding opening of accounts, withdrawal of money, to en cash a bank draft, to issue a bank draft, to disburse a loan and others
- ❖ Proper counseling is necessary by the bank officials to the customers and to the borrower with respective to the loans & advances taken by them
- ❖ The bank staff should be able to converse in the local language ,if required

General suggestions

- i) Technical problems regarding ATMs should be resolved in a minimum time.
- ii) Borrowers should be educated in proper manner

- iii) The customers should be educated about bank facilities and benefits from its
- iv) Bank should give demo regarding the use of ATMs, online banking or e-channels
- v) For the purpose of efficient working banks should provide software to the staff in regional language.

References:

1. .Government of India. Ministry of MSME, Brief industrial profile of Pune district.
2. Reserve Bank of India, Annual Reports on Trends & progress of Banking.
3. Directorate of Economics & statistics.
- 4.. <http://en.wikipedia.org/wiki/maharashtra..>
- 5.<http://www.maharashtraunlimited.co.in/p/amout-us.html>
- 6.. **Annual reports of SBI & HDFC.**
- 7...HDFC banks booklet.
- 8... Essay on the Evolution of State Bank of India.
[http://www.preservearticles.com/2012033129481/essay-on-the-evolution-](http://www.preservearticles.com/2012033129481/essay-on-the-evolution-of-state-bank-of-India) of-state-bank of India.
- 8.. www.wikipedia.org
- 9..Dr. K.M.George , Research report on' Evolution of marketing strategies in commercial banks in Thrissure-Keral
10. The Housing Development Finance Corporation Limited ..,
<https://www.coursehero.com/file/pj1o1/The-Housing-Developmen> Finance- Corporation.