



## A study of customer satisfaction in retail banking

Aashish Rughani<sup>1</sup>, Nisarg Shah<sup>2</sup>

<sup>1</sup> Student, B.V Patel Institute of Management, Uka Tarsadia University, Mahuva, Bardoli, Gujarat, India

<sup>2</sup> Assistant professor, B.V Patel Institute of management, Uka Tarsadia University, Mahuva, Bardoli, Gujarat, India

### Abstract

This study aims to study on Customer satisfaction regarding Retail banking products/services with respect to the HDFC bank. In this research study of 90 respondents were from bank, relatives, friends were taken to understand the customer perception regarding service quality and customer satisfaction. In this study primary data used from customer with questionnaire and personal interviews and secondary data is also used with the purpose for reference from different article. Tools for data analysis are used that is Frequency, multiple frequency, cross tabulation, chi-square, non parametric t-test, bar chart & pie chart. After analyzing the data, it is found that most common product/service used by customers are SMS alerts, Debit card, Credit card, personal loan. Frequent use of HDFC bank service by customer is 2-3 times in a month. Overall customers are satisfied by the products/services offered by HDFC bank.

**Keywords:** customer satisfaction, retail banking, service quality, customer loyalty, favorable environment

### 1. Introduction

Retail banking refers to the financial services by a bank to individual customers, rather than corporations, local and central governments and other banks. Retail banking is also known as customer banking. This is the typical mass market banking in which customers use local branches of commercial banks. Products/Services offered include savings and current account, Overdraft/Cash Credit, Home loan, Education loan, Business loan, Gold loan, Vehicle loan, Fixed deposit, personal loans, Demat, RTGS/NEFT, Fund transfer, Mobile banking, Internet banking, Debit card and Credit card. The objective of the Retail Bank is to provide its target market customers a full range of financial products and banking services, giving the customer a one-stop window for all his/her banking requirements. The products are backed by world-class service and delivered to customers through the growing branch network, as well as through alternative delivery channels like ATMs, Phone Banking, Net Banking and Mobile Banking. Retail banks work hard to recruit customers from a very young age and hold on to them for the rest of their lives. Customer loyalty is one of the keystone of successful retail banking. Bank aim to provide service from high school, the college years, through to the purchase of the first house, to retirement trust establish to pay for the old age. Retail banks create supply of money in the economy. Since the Federal reserve only requires them to keep 10 percent of deposits on hand, they loan out the remaining 90 percent. Each rupee lent out goes to the borrower's bank account. That bank then lends 90 percent of this money, which goes into another bank account. That's how a bank creates income from which you deposit money in bank. As you can imagine, this is a powerful tool for economic expansion. To ensure proper conduct, the Federal reserve controls this as well. It sets the interest rate banks use to lend fed funds to each other. That's called the fed funds rate. That's the most important interest rate in the world.

### 2. Literature Review

1. Naveen kumar & V.K Gangal (2011) <sup>[1]</sup> brought light on customer satisfaction depends on a number of both psychological and physical variables. This research get investigate on consumer satisfaction by getting useful feedback on their actual response time and customer service quality perception of retail banking, which in turn will help them take positive steps to maintain a competitive edge. These findings highlight the opportunity of management to acquire referral business, as it is often o superior quality and inexpensive to obtain. This research has sample unit from Agra and Delhi city having the bank account in HDFC bank. To achieve the object of the study, the primary data have been collected through questionnaire and secondary data have been collected through magazines and internet. In this research random sampling method is used that is of 100 randomly selected respondents. The objective is to study the level of customer satisfaction in new generation banks.
2. Vasanatha kumari and Sheela Rani <sup>[2]</sup> tried to identify the perception of customers of banks through the relationship of five factors along with the demographic characteristics of customer. A total of 304 retail banking customer have been taken for the study and convenience sampling method was adopted for collecting a sample. Factor analysis revealed five factor's and results of analysis of variance (ANOVA) indicated that while age, gender, occupation, have no significant effect on customer perception of service quality and income and qualification differs significantly. Findings from the study provides initial understanding on the direction of the customer perception about the service quality in retail banking. The result of this study indicates customer perception can be influenced the effects of bank service quality on performance.
3. Rahman, H. (2013) <sup>[3]</sup> studies customer satisfaction and loyalty relationship in terms of basic service, advanced service employed by Jamuna bank limited and customer perception regarding cost and prestige of receiving banking

service of the concerned bank. The study reveals that there is a significant relationship observed among advance service, cost and prestige and customer satisfaction. This study is used descriptive and hypothesis testing in natural. This study aims to examine the factors that affect customer satisfaction and loyalty among customers of banking services. Data was collected using a survey method where questionnaire were used to collect information and 100 respondents were included in this study. The objective of the research is to investigate respondents demographics and relationships between basic service and customer satisfaction.

4. Mohd. Afroz and M. Razashah (2018) <sup>[4]</sup> In this research endeavour is made to discover the effects of service quality measurement on customer satisfaction from the investigation it was discovered that substantial quality, dependability, responsiveness and affirmation significantly affect customer satisfaction. The research approach for research study was "Descriptive Research". For this present research population, all customer of selected four banks are located in the Kamareddy district were identified. Sampling frame for this research is, list of all branches of four banks in Kamareddy district in Telangana state was obtained and 1000 customer were selected on the basis of non-probability purposive sampling method. The objective of the study is to examine the relationship between service quality and customer satisfaction and also to find out any significance difference in service quality dimensions in public and private sector banks.

5. S.M Ferdous Azam (2014) <sup>[5]</sup> study to investigate the service quality and consumer perceptions on retail banking facilities and employees courtesy in Malaysia and New-Zealand. This research have specific objectives to measure the service quality and determine overall perception level of customer of both the countries. For this research, a total of 293 respondents participate in this study, factor analysis was performed to identify the influencing dimensions of service quality. The study discover that while banking facility exert a significant positive influence on consumer perception. The findings to the present study are expected to hold significant implications for the manager in the retail banking sector in enhancing the service quality and customer perception.

6. Kuldeep Singh (2014) <sup>[6]</sup> provides extensive study and analysis of this rapidly growing sector, it covers analysis of present status, current trend, major issues and challenges in the growth of the retail banking sector. The main objective of this study is the awareness of the satisfaction of the customer regarding the retail banking and to find out the level of customer satisfaction from the product marketing of retail banking. The study used both descriptive and quantitative research design. Purposive and simple random sampling method was used during the study A sample of 53 customers was considered out of 60 studies data was collected both primary as well as secondary, questionnaire was designed for the staff and customers. From the research findings, the research objectives were achieved by identifying the determinants of service quality as reliability, accessibility, credibility responsiveness tangible, security empathy and also satisfaction features were identified as location, performance, loyalty, competitive interest rates and skilled employees.

### 3. Research Methodology

#### Problem Statement

Consumer satisfaction regarding Retail banking Products/Service of HDFC bank.

#### Objective of the study

- To examine the relationship between service quality and customer satisfaction.
- To understand the consumer perception.
- The aim is to help the customer with better service quality at door step.

#### Research Design

A research design is considered as the framework or plan for a study that guides as Well as helps the data collection and analysis of data. The research design may be exploratory, descriptive and experimental for the present study. Descriptive research design is adopted for this project.

#### Sample Design

In the theory of finite population sampling, a sampling design specifies for every possible sample its probability of being drawn.

#### Types of sample

- Simple random sample  
In the research methodology, I had used convenience data sampling. With this method, items are chosen from the population according to the data.

#### Sample Size

- Size of Sample 120 out of which 90 are collected.

#### Sources of data

- Primary data from customers with questionnaire and personal interviews.
- Product policy of bank.

#### Method of data collection

- ❖ **Primary source:** Questionnaire

#### Tools for data analysis and presentation

- Frequency Distribution
- Cross Tabulation  
Chi-Square
- Charts- Bar Chrts & Pie Charts

#### Statement of Hypothesis

Null hypothesis:

- H<sub>0</sub>: Customers are not satisfied with the Retail banking Products/Service provided by HDFC bank.
- H<sub>0</sub>: There is no significant difference between age and services customers avails from bank.

Alternative hypothesis:

- H<sub>1</sub>: Customers are satisfied with the Retail banking Products/Services provided by HDFC bank.
- H<sub>1</sub>: There is significant difference between age and services customers avails from bank.

**Key Concept**

Study and analysis of customer satisfaction on Retail Banking Products provided by EEG department to its customers with reference to Product policy and Guidelines of HDFC Bank as well as RBI.

**Limitations**

- Time factor is other limitation in this study, because the

**4. Interpretation and Analysis**

- Demographic information of customers**

bank customer didn't have proper time to meet.

**Scope of the Study**

The study entitles "Consumer Satisfaction Regarding Retail Banking Products/Service" aims to find out the satisfaction level provide by bank to customers. The analysis will help to know the satisfaction of customers regarding the electronic banking services of HDFC BANK.

**Table 1**

	<b>MALE</b>	<b>FEMALE</b>
<b>GENDER</b>	84	06

**Table 2**

	<b>BELOW 25</b>	<b>25-30</b>	<b>31-35</b>	<b>36-40</b>	<b>ABOVE 40</b>
<b>AGE</b>	12	7	22	22	27

**Table 3**

	<b>BELOW 10,000</b>	<b>10,000-50,000</b>	<b>50,000-1,00,000</b>	<b>1LAC-2LAC,</b>	<b>ABOVE 2LAC</b>
<b>INCOME</b>	2	6	14	28	40

**Table 4**

	<b>Businessman/Women</b>	<b>Employee/Employer</b>	<b>Govt. Officer</b>	<b>Teacher</b>	<b>Farmer</b>	<b>Household</b>
<b>Profession</b>	41	26	11	8	1	3

**Table 5**

<b>What type of account do you hold with HDFC bank</b>	<b>No. of response</b>
Saving account	82
Current account	37
Overdraft Cash credit	8
Gold loan	4
Home loan account	10
Vehicle loan account	5
Education loan	2
Fixed deposit	48
<b>Total</b>	<b>196</b>

**Interpretation**

The above given table shows that there are 41.8% respondents who are holding saving account followed by 18.9% respondents are holding Current account followed by 4.1% holding Overdraft/cash credit account followed by 2.0% respondents holding Gold loan account followed by

5.1% respondents holding Home loan account followed by 2.6% respondents holding Vehicle loan account followed by 1.0% respondent holding Education account and 24.5% respondents holding Fixed deposit account with HDFC bank. Overall result is that maximum numbers of respondents are holding with saving account in HDFC bank

**Table 6**

<b>Awarness Frequencies</b>	<b>N</b>
Demat	55
RTGS NEFT	84
Fund transfer	89
Internet banking	89
Mobile banking	89
Business loan	89
Personal loan	90
SMS alerts	88
Home loan	89
Vehicle loan	89
Debit card	90
Credit card	90
Overdraft	79
<b>Total</b>	<b>1129</b>

**Interpretation**

The above table depicts that 99% of respondents are aware about each and every facilities and only 55 and 79 respondents knows about Demat and Overdraft respectively.

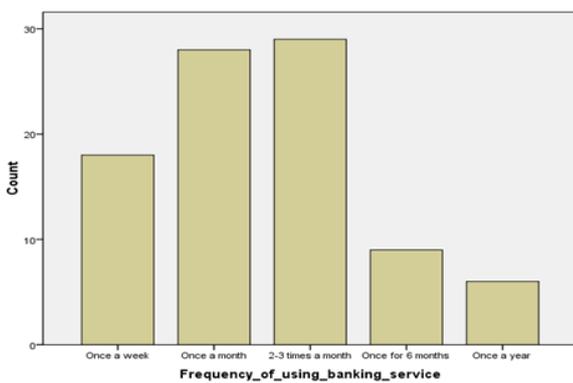
**Table 7**

Which product/service do you use Frequently	N
Demat	19
RTGS NEFT	50
Fund transfer	43
Internet banking	81
Mobile banking	40
Business loan	19
Personal loan	1
SMS alerts	71
Home loan	31
Vehicle loan	19
Debit card	88
Credit card	71
Overdraft	32
<b>total</b>	<b>565</b>

**Interpretation**

The above table shows that which products/service customer use, so 3.4% respondents are using Demat service followed by 8.8% respondents are using RTGS/NEFT followed by 7.6% respondents are using Fund transfer facility followed by 14.3% respondents are using Internet banking facility followed by 7.1% respondents are using Mobile banking facility followed by 3.4% respondents use Business loan followed by only 0.2% respondents use Personal loan followed by 12.6% respondents are using SMS alerts service followed by 5.5% respondents are using Home loan followed by 3.4% respondents use Vehicle loan followed by 15.6% respondents are using Debit card followed by 12.6% respondents are using Credit card product and 5.7% respondent use Overdraft facility. Overall there is more use of Debit card that is 88 respondents out of 90.

**Frequency of Using Banking Service**

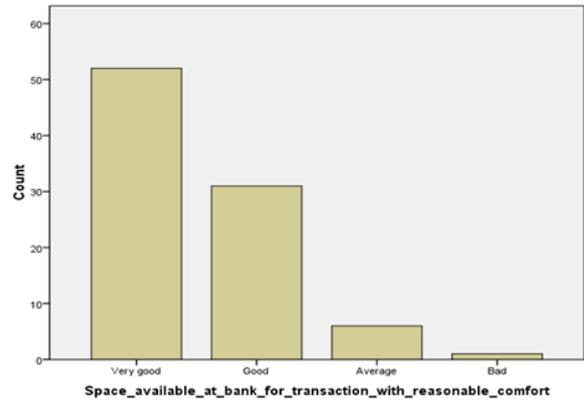


**Fig 1**

**Interpretation**

From the above table show that 19.8% respondents that is 18 person using banking service Once a week, followed by 30.8% respondents that is 28 person using banking service Once a month, followed by 31.9% respondents that is 29 person use banking service 2-3 times a month, followed by 9.9% respondents that is 9 person use banking service Once in 6 months, followed by 6.6% respondents that is 6 person use banking service Once a year.

**i) Space Available at Bank for Transaction with Reasonable Comfort**

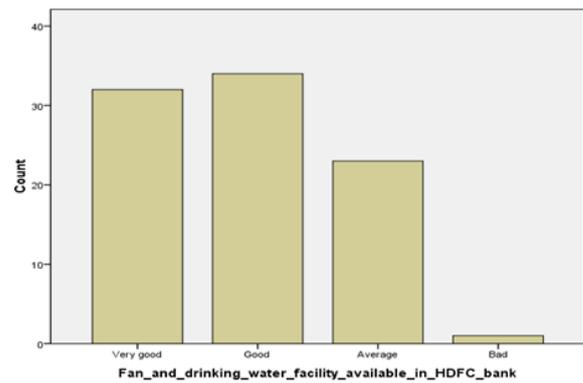


**Fig 2**

**Interpretation**

From the above table it is shown that Majority of respondents that is 57.1% has rated Very good for space available at bank for transaction with reasonable comfort.

**ii) Fan and Drinking Water facility available in HDFC Bank**

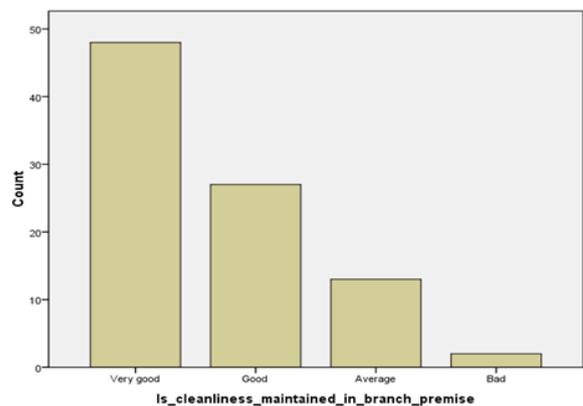


**Fig 3**

**Interpretation**

From the above table Fan and drinking water facility available in HDFC bank are Rated GOOD by the respondents that is 37.4% respondents has rated Good for this facility

**iii) Is Cleanliness Maintained in Branch Premise**

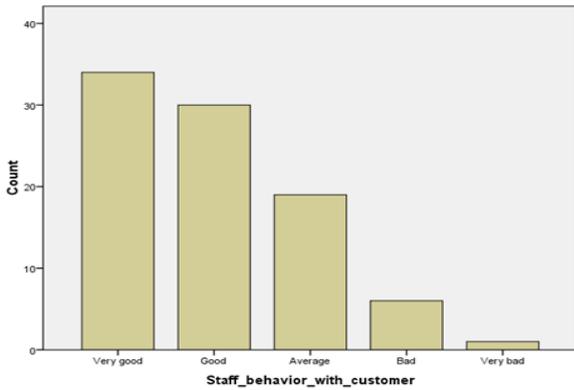


**Fig 4**

**Interpretation**

Overall ratings is Very Good for cleanliness maintained in branch premise, 52.7% respondents has rated Very good for this facility.

**iv) Staff Behaviour with Customer**

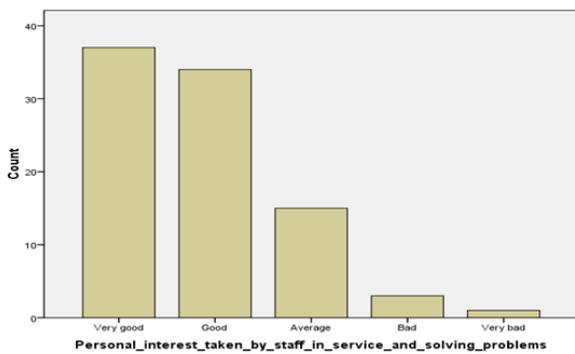


**Fig 5**

**Interpretation**

Staff behavior with customer is rated Very good by 37.4% respondents and the average is 20.9%.

**v) Personal interest taken by staff in service and solving problems**

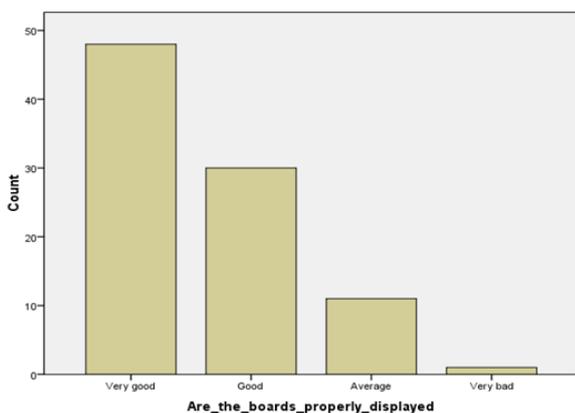


**Fig 6**

**Interpretation**

Personal interest taken by staff in service and solving problems is very Good responded by 40.7% and Average is 16.5%.

**vi) Are the Boards Properly Displayed?**

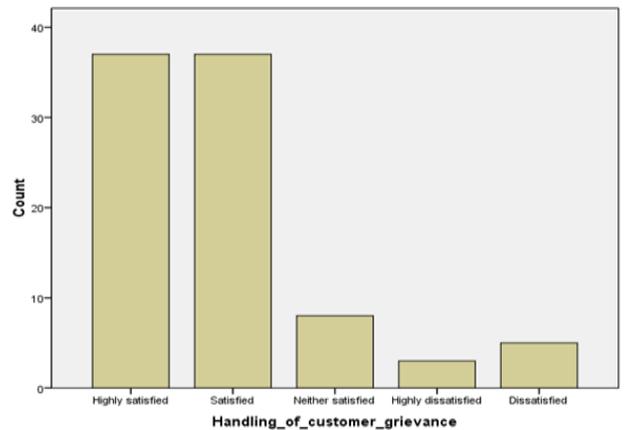


**Fig 7**

**Interpretation**

From the above table 52.7% respondents rated Very good for are the boards displayed properly in bank and the Average is 12.1%.

**1) Handling of Customer Grievance**

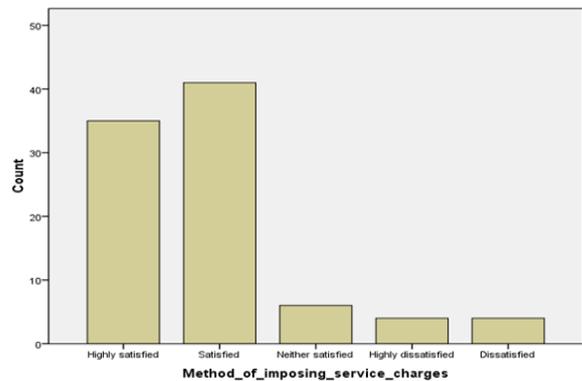


**Fig 8**

**Interpretation**

from the above table we can say that 41.1% that is 37 respondents are Highly satisfied by handling of customer grievance in HDFC bank followed by 41.1% that is 37 respondents are satisfied followed by 8.9% that is 8 respondents are neither satisfied followed by 3.3% that is 3 respondents are highly dissatisfied and 5.6% that is 5 respondents are dissatisfied by the handling of customer grievance in HDFC bank.

**2) Method of imposing service charges**



**Fig 9**

**Interpretation**

from the above table we can say that 38.9% that is 35 respondents are Highly satisfied followed by 45.6% that is 41 respondents are satisfied followed by 6.7% that is 6 respondents are neither satisfied followed by 4.4% that is 4 respondents are highly dissatisfied and 4.4% that is 4 respondents are dissatisfied by the Method of imposing service charges in HDFC bank.

3) Speed promptness accuracy in transaction

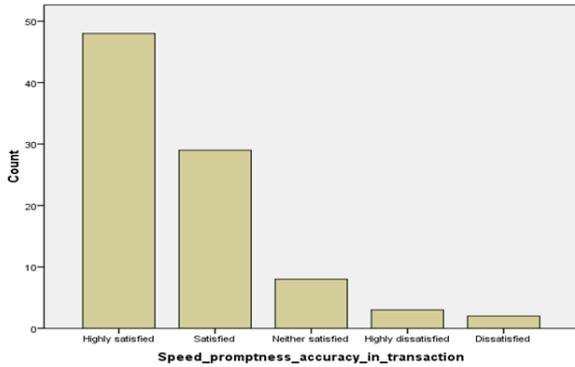


Fig 10

Interpretation

From the above table we can say that 53.3% that is 48 respondents are Highly satisfied followed by 32.2% that is 29 respondents are satisfied followed by 8.9% that is 8 respondents are neither satisfied followed by 3.3% that is 3 respondents are highly dissatisfied and 2.2% that is 2 respondents are dissatisfied by the speed promptness accuracy in transaction by HDFC bank.

H0: Customers are not satisfied with the Retail banking Products/Service provided by HDFC bank.

H1: Customers are satisfied with the Retail banking Products/Services provided by HDFC bank.

4) Variety of Service Offered

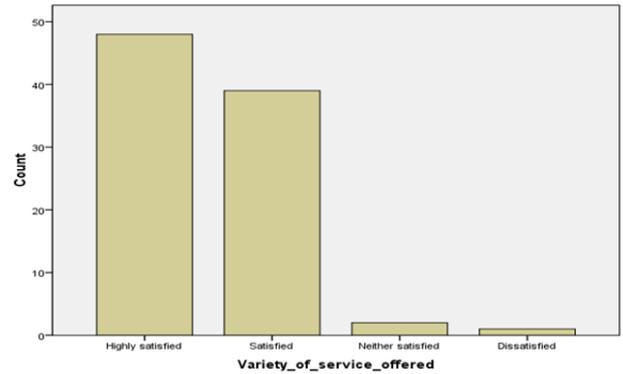


Fig 11

Interpretation

From the above table we can say that 53.3% that is 48 respondents are Highly satisfied followed by 42.9% that is 39 respondents are satisfied followed by 2.9% that is 2 respondents are neither satisfied and 1.1% that is 1 respondent is dissatisfied with variety of service offered by HDFC bank.

Table 8

		Demat	RTGS NEFT	Fund transfer	Internet banking	Mobile banking	Business loan	Personal loan	SMS alerts
N		90	90	90	90	90	90	90	90
Exponential parameter. <sup>a</sup>	Mean	3.22	3.89	3.71	4.32	3.63	3.27	3.01	4.42
	Absolute	.584	.538	.554	.515	.562	.601	.631	.481
Most Extreme Differences	Positive	.227	.276	.260	.314	.253	.227	.358	.323
	Negative	-.584	-.538	-.554	-.515	-.562	-.601	-.631	-.481
Kolmogorov-Smirnov Z		5.537	5.101	5.260	4.883	5.332	5.700	5.984	.567
Asymp. Sig. (2-tailed)		.000	.000	.000	.000	.000	.000	.000	.000

Table 9

Home loan	Vehicle loan	Debit card	Credit card	Overdraft
90	90	90	90	90
3.39	3.24	4.72	4.41	3.38
.587	.603	.560	.493	.589
.241	.258	.347	.322	.284
-.587	-.603	-.560	-.493	-.589
5.572	5.724	5.315	4.681	5.584
.000	.000	.000	.000	.000

Interpretation

Here the test value of all the products is 0.000 which is less than significance level 0.05 hence the null hypothesis is rejected which means customers are satisfied with Retail banking Products/Services provided by HDFC bank.

5. Cross Tabulation

H0: There is no significant difference between age and services customers avails from bank.

H1: There is significant difference between age and services customers avails from bank.

**Table 10:** Product/service\*age Cross tabulation

		Age				
		Below 25	26-30	31-35	36-40	Above 40
		Count	Count	Count	Count	Count
AD	Demat	1	0	4	7	7
	RTGS/NEFT	7	4	12	10	17
	Fund transfer	7	3	13	6	14
	Internet banking	11	6	21	20	23
	Mobile banking	4	2	15	10	9
	Business loan	2	1	3	4	9
	Personal loan	0	0	1	0	0
	SMS alerts	7	6	17	16	25
	Home loan	1	0	4	6	20
	Vehicle loan	3	0	4	3	9
	Debit card	12	7	20	22	27
	Credit card	5	3	19	21	23
	Overdraft	5	1	5	6	15

**Table 11:** Pearson Chi-Square Tests

		Age
AD	Chi-square	104.821
	df	52
	Sig.	.000 <sup>a,b</sup>

**Interpretation**

Here the significance test value is 0.000 which is less than significant level 0.05 hence the null hypothesis is rejected

which means there is significant difference between age and service customers avails from bank.

**Table 12:** Age\* Account Holding Cross Tabulation

			ACC <sup>a</sup>							Total	
			Saving account	Current account	Overdraft/ Cash credit	Gold loan	Home loan account	Vehicle loan account	Education loan		Fixed deposit
Age	Below 25	Count	12	2	2	0	1	1	0	5	12
	26-30	Count	7	0	1	0	1	1	1	3	7
	31-35	Count	18	8	1	1	0	2	0	14	22
	36-40	Count	19	12	0	1	3	0	0	15	22
	Above 40	Count	26	15	4	2	5	1	1	11	27
Total		Count	82	37	8	4	10	5	2	48	90

**Interpretation**

Table above shows that cross tabulation of age and account customer holds with HDFC bank. From the table it is observed that saving account is preferred by all age of customers a saving account where as current account is

more often availed by older age group of customers with 12 and 15 accounts in the age group 36-40 and above 40 respectively however again for fixed deposit higher age group are more prominent for investment similarly for home loan.

**Table 13:** Staff Behavior with Customer Handling of Customer Grivance Cross Tabulation

Count		Handling of customer grievance					Total	
		Highly satisfied	Satisfied	Neither satisfied	Highly dissatisfied	Dissatisfied		
		Staff behavior with customer	Very good	15	14	3		1
	Good	9	14	4	2	1	30	
	Average	8	9	1	0	1	19	
	Bad	4	0	0	0	2	6	
	Very bad	1	0	0	0	0	1	
Total			37	37	8	3	5	90

**Interpretation**

The above table shows that cross tabulation of staff behavior with customer with handling of customer grievance. It is observed that 15 customers who were higher satisfied with behavior hold similar opinion about the handling of customer grievance where 14 customers were satisfied with both however a significant relationship between both the aspect is observed as per the data presented.

**6. Findings**

- Majority of respondents are having savings account.
- 100% respondents are aware of Debit card, Credit card and Personal loan.
- From this research most commonly used product/service used that is Debit card and Internet banking.
- Frequency of using HDFC bank product/service were 2-3 times in a month.

- Majority of respondents find VERY GOOD Space available at bank for transaction with reasonable comfort.
- Majority of respondents find GOOD Fan and drinking water facility available in HDFC bank.
- From this research we found that cleanliness is rated VERY GOOD by the majority respondents.
- Staff behavior with customer is rated VERY GOOD by the majority respondents.
- Personal interest taken by staff in service and solving problems is rated VERY GOOD by majority respondents.
- Direction Boards displayed in the bank is also rated VERY GOOD by majority respondents.
- From the Products/services offered by HDFC bank mostly used are Internet banking, SMS alerts, Debit card and Credit card.
- From the customer support/guidance majority of respondents were HIGHLY SATISFIED by handling of customer grievance.
- From the research it can be said that majority of respondents are using mostly common products/services like Debit card, Credit card, Internet banking, Loans.

## 7. Conclusion

The study was started so as to know whether the customers are satisfied with products and services of HDFC bank. The project has been done on the customer satisfaction towards the products and services. The analysis was done based on the information collected in the form of questionnaire from the customers of the bank. These has been done in HDFC bank. The major part of the analysis is based upon the percentage analysis. After a brief analysis few findings were derived. Based on findings the conclusion were made. Thus the report says that the product and services by the HDFC bank was very useful and it was satisfying the majority of the consumers using it. The report was very useful for the bank to know how and the suggestions of the consumer in the service of the HDFC bank. Almost half of the population gets timely and quickly services by the HDFC bank. Presently the bank offers varieties of services but the customers are mostly happy with the easy and simple services like Debit card, Credit card, Internet banking, SMS alerts. The problem faced by the majority of the population is related to method of imposing service charge.

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