CHAPTER 8

CONCLUSION AND SUGGESTIONS

The narrative and the analysis attempted in the preceding chapters establish that customer satisfaction and customer retention is the most crucial element for any business organization. It is true for the banking industry, as well. Gone are the days of monopoly of bankers. The modern and especially the young customer is conscious of services provided by the bankers.

The analysis carried out proves that customers are really sensitive about services and it was found that they are not satisfied with the either bank included in the study. Actually, they expect more, but comparative dis-satisfaction was found to be lower for HDFC Bank.

Thus, crux of the analysis is that the bankers must work hard to improve their services, because it has a direct bearing on profitability. Accordingly, the following conclusion and suggestions are offered.

8.1 CONCLUSION

The research which was carried out in Lucknow was a comparative study of India’s two leading banks – SBI and HDFC. The research was conducted keeping in mind the growing importance of customer service and satisfaction in the excessively competitive environment of banking. It was an attempt to study customer service from seven different dimensions. The first three dimensions included – (a) 'people' (related to the employees and the level of services provided by them), (b) 'process' (related to the actual policies and processes of the banks) and (c) 'physical evidence' (including factors like IT infrastructure, ATMs, seating arrangements and parking). The objective of the next four dimensions was to measure the variance in the customer service and satisfaction level of customers belonging to different occupations, age-groups, genders and income levels. The overall customer satisfaction level was also measured and compared for both the banks.
On the basis of the analysis, it can be concluded that the customer service levels of both banks under study are below the expectations of their customers. However, the dissatisfaction is much higher in the customers of SBI than those of HDFC. In case of ‘people’ there is only a slight difference between the two banks. However, in the case of ‘processes’ and ‘physical infrastructure’, there is a significant difference between the scores of the two banks.

The research shows that the maximum displeasure amongst the SBI customers is related to non-courteous and apathetic attitude of the employees and the time wasted in standing in long queues. Notwithstanding the instructions of Goiporia Committee (1991) that the banks should open at dot 9:30 am and that the staff should reach 15 minutes before the scheduled time, SBI branches often opens late and the staff is seldom seen on their seats at 9:30 am. SBI scores poorly in almost all the parameters of physical infrastructure. The customers of SBI do not hold a good perception of ambience of the bank. Many small branches do not even provide the basic amenities like proper sitting arrangements and drinking water. In case of HDFC Bank, the displeasure of the customers is related to its grievance redressal procedure, hidden costs, insufficient number of ATMs and the parking facilities in front of the branches. HDFC needs to ensure that proper knowledge about its products is given to its employees, and higher degree of transparency is incorporated in their systems. The faith of the customers is also weakened by fast movement of personnel. The officers and the other employees of HDFC keep changing. They need to be careful about it.

The research also reveals that many directives of RBI related to customer services are not being followed by these premier banks of India, e.g., both the banks do not inform their customers about the banking codes and customer-charter, neither have they displayed the procedure of handling the grievances of customers in their branches.

Further analysis of customer satisfaction between different income groups in HDFC reveals a greater level of satisfaction for the high net worth customers. On the other, the analysis of age and occupation reveals a lower satisfaction level for the customers in the age group of 60 and above or the customers in the group of retired persons.

In order to improve the customer service of the two banks it was suggested that the banks spread awareness and knowledge about the banking products and services both amongst the customers and employees. An aware customer is less likely to make mistakes or get duped. Development of alternate banking channel is also suggested so as to take away the load off the branches. Reducing the stress of sales on the front desk employees and appointing a specialist for the customer service desk can also help to improve the customers’ satisfaction.

To scientifically check the result of the research, eight hypotheses were formed. The hypotheses compared the satisfaction levels of the two banks based on the following dimensions: personnel, processes, physical evidence, income level, occupation, age, gender and overall satisfaction. Each of the hypotheses was then tested for significance using the paired samples ‘t’-test at 0.05 level of significance. The following results were obtained thereafter;
In case of the first service dimension ‘People’ The ‘t’ value tested at 0.05 level of significance lies between the critical values of -0.81547 to 0.50347 therefore the null hypothesis number 1 which states that there is no significant difference between the customers satisfaction of the two banks on the basis of personnel service is accepted. Thus, it goes on to establish that the personnel employed in both banks under study are not conscious of their role towards good customer service. Even though the reasons for customer dissatisfaction are different for both the banks but the level of dissatisfaction is almost the same. The same was reinstated by the result of the ‘t’ test.

The ‘t’ value for second service dimension ‘Process’ of -2.946 tested at 0.05 level of significance does not lie between the critical values of +2.62 to -2.62 therefore the null hypothesis number 2 is rejected. Therefore, proving that there is a significant difference between the customer’s satisfactions of the two banks on the basis of banking process. Thus when it comes to process of the bank the customers of HDFC are more satisfied than those of SBI. It, further, proves that so far the process is concerned the old banks and public sector banks need to improve upon.

The ‘t’ value for third service dimension ‘Physical Evidence’ of -0.299 tested at 0.05 level of significance lies between the critical values of -1.02850 to 0.78850 therefore the third null hypothesis is accepted which means there is no significant difference in the customer satisfaction level of the two banks on the basis of banking infrastructure. HDFC Bank customers are unhappy with the number of ATMs and parking facilities. On the other SBI customers are dissatisfied with the non-maintenance of ATMs and poor branch ambience. Thus, even though the reasons of dissatisfaction are very different for both the banks still the overall dissatisfaction level of the customers are almost the same.

The fourth hypothesis which states that there is no significant difference in customer satisfaction level of the two banks on the basis of income level is rejected as the ‘t’ value does not lie between the critical values of -0.65966 to -0.31034. This goes on to prove that the customers of HDFC Bank in all income groups are more satisfied than the customer of SBI in the same income level.

In case of hypothesis 5 which states; that there is no significant difference in customer satisfaction level of the two banks on the basis of occupation, the ‘t’ value does not lie between the upper and lower confidence intervals (at 95% confidence level). Therefore the null hypothesis number 5 and all its sub-hypotheses stand rejected. Thus again proving that the customers of HDFC in all the occupation groups are more satisfied than those of SBI in the same occupation. However, it needs to be noted that amongst the various occupation groups the dissatisfaction level of the retired customers were highest in both the banks.

Similarly in case of both, females and males customers the ‘t’ value does not lie between the upper and lower confidence intervals (at 95% confidence level). Therefore the null hypothesis number 6 which states that there is no significant difference in customer satisfaction level of the two banks on the basis of gender is also rejected.
In case of all the three age groups the ‘t’ value does not lie between the upper and lower confidence intervals tested at 0.05 level of significance. Therefore, the null hypothesis number 7 and all its sub hypotheses which state that there is no significant difference in customer satisfaction level of the two banks on the basis of age stands rejected. However, here again, just as in the case of occupation(hypothesis), the customers within the age group 60 and above (retired) were most dissatisfied with the services of their respective bank.

The ‘t’ value for the overall satisfaction level is 3.153 tested at 0.05 level of significance does not lie between the critical values of .04851 to 1.26482, therefore, the eighth, which is also the last null hypothesis of the study states, that there is no significant difference in the overall customer satisfaction level of the two bank is rejected. Thus the customers of HDFC Bank are comparatively less dissatisfied than those of SBI and the same is supported by the results of the ‘t’ test.

The analysis based on a scientific pattern of enquiry establishes that even the leading banks like SBI and HDFC need to do a lot to satisfy their customers. In the ultimate perspective it is the customer satisfaction which holds the key to success or otherwise. In a competitive environment, banks cannot afford to leave their customers dissatisfied or less satisfied.

The study has been able to prove its worth because it brings out the truth about the most critical factor, that is, the customer – service. The research study is replicable and it may be extended to a macro universe to arrive at the useful results for Indian Banking Industry.

8.2 SUGGESTIONS

1. **Complaint Redressal Procedures Awareness**- The banks should, through advertisements, relationship managers, letters, emails and calls make the customers aware of existence of the online complaint redressal procedure of their banks. Once the customers are aware, they will not waste their time wandering and writing complaint- letters to the wrong addresses. Also, since the complaints will be made online, the banking personnel will have to handle them unlike the present scenario where the employees do not bother to attend the complaints.

2. **Record Keeping**- The technology enabled complaint mechanism will also help the banks to keep a track of the complaints which will help them analyse the areas in which they are getting maximum complaints and take corrective actions accordingly.

3. **Alternate Channel for Complaint Redressal**- As majority of people in India either do not have access to internet or are not technology savvy. For such customers an alternative complaint redressal mechanism should be formulated. Therefore, complaints could be made through mobile channels or the same maybe dropped in the complaint boxes, which may be kept at the ATM’s. A complaint / suggestion box
must essentially be installed in every branch for easy accessibility for all the
customers. These complaints received in the physical form should be entered in a
register and due follow up must be ensured.

4. Developing the Alternate Banking Channel-SBI has nearly ten crore customers being
served by ten thousand branches which means that each branch is serving nearly ten
thousand customers. Obviously, handling such a big customer base is a difficult task.
Opening more brick and cement branches is expensive and it requires a lot of
approvals. SBI should, therefore, concentrate now on developing their alternate
banking channels like the internet banking, mobile banking and ATM banking. Once
these channels are developed, many customers will prefer to use these thereby taking
away the load from the regular branches which in turn will lead to more efficient
customer service. This will also help the bank to ensure better queue management
and parking facility.

5. Training for the Alternate Banking Channel- The alternate channels of banking like
internet, mobile, ATMs are usually better in private banks as compared to those of
the public sector banks. However, one does not find many people using these
alternatives. The reason being that many people in India are not very comfortable
with technology. The only way banks can improve the usage of these channels is by
informing better and by creating adequate awareness in their customers. The
relationship managers can be made responsible to ensure that the customers served
by them have adequately been informed.

6. Training Manuals-Training manuals should be prepared. These can also be emailed
to the customers regarding the usage and benefits of using alternate banking
channels. Hard copies of these should be made available to the less literate and
technologically challenged customers. The training manuals should be available in
English, Hindi and various regional languages for easy comprehension by all.

7. Customer Service and Performance Appraisal- For both the banks ‘banking
personnel’ were a major reason for poor customer satisfaction. Thus, customer
service should be made a key element of appraisal of the employees.

8. Negative Reinforcement for Mis-Selling- In addition to connecting good customer
service to a positive reinforcement, any kind of mis-selling should be taken as a
negative element and it should be subject to punishment.

9. Sales V/S Customer Service- If a lot of pressure is exerted on the sales executives, it
may result in;
a) losing focus from customer service
b) mis-selling
c) Favouritism towards upper class customers. Often it is seen that the employees,
in order to complete their sales targets, start paying more attention to the high
net worth customers. In order to over- come these issues the banks have to
ensure that at least their front desk employees are not unduly pressurised for sales.

10. **Efficient Customer Desk Employees**- Banks usually make the biggest mistake when they designate a new employee or not so efficient employees to the customer desk/‘May I help You’ desk. These employees are usually unable to guide the customers efficiently, which in turn leaves a negative impression on the customers. Thus the banks should always ensure that the customer service desk or the’ May I help You’ desk employee is the most knowledgeable so as to efficiently answer all the queries of the customers.

11. **Customer Meets**- It is difficult to stop the employees from switching over the jobs. In fact this trend will become even more prevalent with RBI’s new licensing norms. Therefore, the only way to let the customers feel familiar with the bank is by organizing regular customer meets in the branches. This way the customers trust will be built quickly and strongly which will lead to customer loyalty.

12. **Product Training and Tests**- In order to ensure that the employees have complete and correct knowledge of the products, they are selling, regular trainings and internal tests related to products and processes maybe carried out within the branch it-self.

13. **Employee Soft Skills Training** –Good customer service, besides product knowledge, also requires that employees are courteous, polite, amicable, helpful and patient, the qualities found to be missing in the employees of SBI. Thus, SBI/all banks, along with product trainings, also need to train their employees in soft skills.

14. **Call Centre**- Properly developed call centres are a must for all the banks. A well-developed call centre can help resolve a lot of issues on the phone which in turn will reduce the number of customers visiting the branch for minor problems and it will also help to increase customer satisfaction.

15. **Citizen’s Charter and Banking Codes** -Soft copies of the citizens’ charter and banking codes should be made available to all the customers, preferably through website of the bank.

16. **ATMs Maintenance**- Duly maintained ATMs will not only help increase customer satisfaction but these can also be used for many other banking transactions, which, in turn, will reduce the load on branches. It is very important to ensure that the guards outside the ATMs have at least the basic knowledge of ATM operations. One of the most important complaints related to malfunctioning of ATMs wherein the account got debited without any actual withdrawals. The customers usually get very perturbed with such incidents. The banks should ensure that the guards have the knowledge of such frequently occurring problems and they can offer some guidance to the customers.

17. **ATM Security**- Even after two decades of launch of ATMs in India, security is a big issue. Even today, one hardly finds any ATMs where doors lock properly, and where CCTV cameras are in operational condition with only one customer being allowed at
a time. At least the two leading banks of India can strive to set a benchmark in case of ATM security and its maintenance.

18. **Branch Ambience**- In contemporary time aesthetics and visual appeal of any outlet is as decisive of its future as its services and products. Thus, if SBI wants to keep pace with its private sector counterparts, it has to improve not only its services but also the interiors/ambience of its branches. It has to ensure that the customers feel comfortable in the banks for which it should provide at least the basic facilities like; sitting arrangement and drinking water.

19. **Employee Appearance**- Bank employees are the face of the bank. Customer relates the personality and appearance of the employees to that of the bank. Probably this is the reason that almost all private sector banks have introduced a dress code/uniform in their banks. SBI, in order to improve its image in the eyes of the customers has to take care of the dress and appearance of its employees.

20. **Punctuality**- Customers often prefer to go to the bank in the morning’s hours as they may not find suitable time later in the day. Therefore, when the branches do not open at the stipulated time of 9.30 am, customers do find it very annoying. Thus SBI has to take measure to ensure punctuality amongst its employees probably by introducing the concept of electronic attendance which is now being followed by almost all private companies in India. SBI, however, will have to ensure that the electronic attendance is strictly monitored and the defaulters are penalized.

21. **Parking Attendant**- Banks usually try to locate themselves in the heart of the market for easy accessibility and visibility, but the advantage of accessibility is taken away by the difficulty of parking. This problem could be sorted out to some extent by the banks by keeping an attendant who could ensure that whatever little parking space is available it should be utilized properly.

22. **Senior Citizens**- Special privileges like cash or cheques pick and drop should be provided to the senior citizens so as to help them do banking easily. However, the banks, if they desire may charge some nominal fees or may ask for a higher average quarterly balance in exchange for these special privileges to the senior customers.

23. **Financial Literacy of the Customers**- Reserve Bank of India has insisted upon all the banks to contribute towards Financial Inclusion. Financial inclusion includes two things – i) access to banking and ii) imparting knowledge about the basics of banking to all the people in the country. Taking into account the commitment of banks towards financial inclusion and also for their own benefit, banks should include customer literacy as an important element in ensuring customer satisfaction. An informed customer is less likely to get duped and make mistakes, e.g., it was reported by the customers of HDFC that they have often been told by the employees of the bank to make a fixed deposit of fifty thousand if they want to avail the locker facility in the bank. This is simply a case of duping an ignorant customer because RBI guidelines clearly state that the locker facility can be availed by any customer in exchange of a nominal annual fee.
8.3 SCOPE FOR FURTHER RESEARCH

The study opens up new grounds for further studies which can address the following issues;

1. The literature reviewed proves the indispensible role of employees in customer satisfaction. However, the results of the research show how dissatisfied customers are with the people/employees of the two banks (Reference- Table 7.1 and 7.2 First Service Dimension People). Further research can be conducted to analyse the relationship between employee satisfaction and customer satisfaction in SBI and HDFC Bank.

2. The results corroborate the poor execution of Banking Codes. Detailed research can be conducted to check the extent of implementation of these codes in SBI and HDFC as well as in other banks. Additional research can also be conducted to measure the knowledge of these codes amongst the bank employees and customer (since educating the customer is also the responsibility of the banks).

3. The Banking Ombudsman reports reviewed confirm that both SBI and HDFC have the highest complaints amongst the public and private sector banks respectively. (Reference-Table 5.1 and 6.1). Research can be conducted to analyse the whys and wherefores of these complaints and the steps taken by the two banks to resolve them. Additional research can be conducted to analyse if the reasons for complaints have changed or remained the same over the years.

4. It would be interesting to conduct another study within the same area of research, with the incorporation of more banks specially a Foreign Bank.

Additional research can be conducted to compare the service and satisfaction level of the two banks (SBI and HDFC) in two different states.