CHAPTER – 5

CONCLUSIONS AND RECOMMENDATIONS

This chapter deals with major conclusions drawn on the basis of data collection, presentation and analysis. The major conclusions are as follows:

Conclusions Based on Customers Survey

1. ICICI Bank and HDFC Bank are the two leading private sector banks in India which strive to provide variety of financial services to their customers (as shown on page no. 54-91) as per their requirements and needs.

2. In the study it was found that saving bank accounts dominates the types of accounts held by respondents (Table 4.1.7). In case of ICICI Bank 86.23% customers operated saving accounts while for HDFC Bank customers it was 81.74%. Only 13.77% of ICICI Bank customers operated others accounts i.e. fixed accounts 6.76%, recurring deposit account 2.41% and saving& fixed accounts (4.59%) while only 18.26% of HDFC bank customers operated others accounts i.e. was fixed accounts 9.58%, recurring deposit account 1.5% and saving& fixed accounts 7.18%. No respondent was found to be operate current account, the only reason, as per respondents is no interest paid in this account (Table 4.1.7).

3. The opinion of customers regarding factors for selection of a bank was obtained on the basis of 22 factors as shown in table 4.1.8. It was clear that 54.34% respondents of ICICI bank and 54.49% respondents of HDFC Bank considered ATM as the most important factor for selection of a bank. The next important factors were quick solutions of the problems (41.04%), variety of services (40.51%), quality of services (39.04%) and on-line computer services (36.89%). It was also observed from the same table that rate of interest, individual attention to customers, minimum deposit amount, locker facilities and ethical conducts of banks were not so important factors for a customer for selection of a bank. By applying Spearman’s co-efficient of rank correlation it was found that there is no significant difference between the preferences of the customers of the two banks as the value of co-efficient of
correlation was found to be 0.7299 which is significant at 1% level of significance. For choosing a particular bank, the overall scenario for banking behaviour of customers is almost similar for both banks.

4. It was also found that the younger people (less than 35 years) of age had more interest in ATM service, phone banking and internet banking. The loan services (home loan, personal loan and loan against securities) were more popular among the respondents of age group of above 31 years, the reason being that after 35 years of age, they wish to add some long term assets like homes etc. (Table 4.1.9 & 4.1.10). Credit cards were not popular among the respondents. A loan against securities was only availed by older and urban respondents. Personal loan was availed by in the age group 25-45 years respondents with middle income group (\$2-5 Lacs) and belonged to urban area. It is a general thinking that the younger generation prefers e-banking services as compared to the older age group and the elder ones (above 35 years) have a need for loans as compared to the younger people. These results also support the same.

5. ATM was found to be the most availed service as 79.81% of the total respondents use it frequently (Table 4.1.9). It was also found that using ATM service is not a problem free service. Major problem associated with using ATM service are shown in table no.4.1.12 & 4.1.13. The most prominent being machine out of cash followed by no printing of statement and machine out of order.

6. The study revealed that 96.12% of total respondents are more aware about the new financial services introduced by the banks (Table 4.1.14). It shows that customers’ awareness level is quite good which is very important for successful introduction of new services. Further the buying decisions of the customers are in conformity with their awareness level about new financial services (Table 4.1.18). So it can be safely concluded that a customer who is aware about new services is also willing to buy them, though the degree of willingness differ from customer to customer and bank to bank.

7. The study found that more than 50% of the customers (54.28%) came to know about the new services through bank employees (Table 4.1.15). It means that the bank employees should take more interest in identifying the needs of their customers. It will help in improving the awareness level of the bank
customers. Further, of all the respondents who came to know about new financial services through bank employees, 45.07% got to know about them at the time of their visits to the bank while 54.93% came to know through direct mail (Table 4.1.16).

8. Of the customers not informed by bank employees, 78 respondents (22.81%) came to know through their friends, family members and colleagues while 264 respondents (77.19%) came to know through advertisements. So these results highlight the importance of advertising in marketing of financial services. Further it was found that internet, print media and broadcast media were the major advertising media (Table 4.1.17).

9. Advertisement is considered essential to provide information about new services. 61.10% respondents agreed with the statement while the remaining 38.90% were indifferent no one respondent disagreed with the statement (Table 4.1.19). These results support the observation made in table no. 4.1.17.

10. New services are found to be widely advertised. Majority of total respondents (78.87%) agreed that “New services are widely advertised” while 16.72% chose don’t know option and 4.41% disagreed with the statement (Table 4.1.20).

11. Analysis shows that 19.79% respondents agreed with that “most advertisements about new services makes false claims” while 36.76% respondents did not agree to the statement so majority of the respondents were either of the opinion that advertisement make no false claims and they made no comment (43.45%) (Table 4.1.21).

12. The price charged for new services is generally higher. Analysis shows that 58.96% respondents agreed with the statement that “new services are generally over priced”. While 20.99% indifferent and 20.05% disagreed with the statement (Table 4.1.22). So banks should redesign their pricing mechanism for financial services.

13. New services don’t posses all those quality which are claimed by the banks. Analysis shows that 47.99% of total respondents disagreed with the statement that “New services posses all the qualities they claim for” while 27.01% respondents were neutral and remaining 25% agreed with the statement (table 4.1.23). It means that all the merits and demerits of the new services are not completely conveyed to the customers.
14. It was found that majority of the customers of ICICI bank and HDFC bank was satisfied with ATM service but less satisfied with credit cards because of high interest rates charged by the banks on credit amount. Overall customers were satisfied with the services availed by them (Table 4.1.24 & Table 4.1.25). So, it can be concluded that the customers of these banks were satisfied with the services availed by them. This is a good sign for banks for their future growth.

15. It was also found that private sector banks provide good services to their customers (Table 4.1.26), though there is scope for further improving the quality of services.

16. Regarding prices of financial services it was found that 40.37% respondents of both the banks feel that services are over priced while 31.02% respondents were indifferent. The opinion of the respondents’ shows that private sector banks charge higher prices for the services they provide (Table 4.1.27).

17. Customers’ expectations of service quality in banks are high and perceived quality of services is not that high across the banks (table 4.1.28 - 4.1.37).

18. The study on service quality in banks is measured in five dimensions by using SERVQUAL scale developed by Parasuraman et al (1988). Delivering customer satisfaction is at the heart of modern marketing, which is a post-purchase judgement of the customers. The analysis of responses clearly reveals that customers’ expectations of service quality in banks are high and perceived quality of service is quite lower across the banks. The respondents of both the banks mostly focus on bank executives’ factor for improving customers’ satisfaction (table 4.1.28 - 4.1.37).

Conclusions Based on Bank Executives Survey

19. Study reveals that adoption to technological changes is not at all a problem for new generation private sector banks. The results are in conformity with the notion that banks have to adopt the technical changes for their survival, growth and increased customers base (Table 4.2.1).

20. As per bank executives, customer needs and requirements is main reason for introducing new services. This is very positive sign towards ‘Consumer-orientation’. It can be concluded that Customer needs and requirements is the
most important factor for introducing the new financial services. Bank employees ranked this factor at first place with mean 4.76; followed by faster and the better services to the customers, competition, business growth, use of latest technology and mechanism with mean 3.94, 3.72, 3.44, 3.28 and 2.44 respectively (Table 4.2.2).

21. It was found that ‘advertising’ and personal selling were the two widely used promotional tools in Indian banking sector (Table 4.2.3).

22. Advertising on Television has been given the first rank so it can be concluded that advertisement on T.V is the most effective advertisement media for banking services and outdoor media has been given the last (Table 4.2.4).

23. For publicity of financial services bank executives ranked publications factor at first place with mean 3.9 for highlighting the features of the existing and new services and variety of services provided by the banks for publicity of financial services (Table 4.2.5). It can be concluded that publication is the most preferred method for publicity of financial services.

24. Analysis shows that the most popular form of the distribution of financial services as stated by respondents was direct-face-to-face sale, followed by indirect-face-to-face and direct marketing (no face to face contact). From the group of bank executives who did not support direct marketing (no face to face contact) forms of distribution explain that the system is very risky, very technical and there was lack of rapport with customers. This means that absence of direct marketing had reduced interaction with their customers and this could prove to be dangerous to them since they will lose their personal touch and customers will no longer rely on them and become independent. Further, the customer can move on to other bank if they are dissatisfied with their current bank, thus they can lose their customers (Table 4.2.6).

25. It was also found that price fixing for various services provided by Indian banks is as per RBI regulations. It means that banks had not much functional autonomy in deciding the prices for their services (Table 4.2.7).

26. The most preferred area in bank employee’s respondents’ opinion is rural areas with weighted mean value 4.70. Small cities were at second place with mean value 4.44. Metros were at third rank with mean 4. It can be concluded that rural areas is the most preferred area for future growth of the banks (Table 4.2.8).
27. Bank executives consider lack of publicity and advertisement as the most important factor of new services failure followed by competition in the market. So it could be concluded that the bank should pay more attention to the above mentioned problems, so that failure rate can be minimized. Further, during discussion with bank executives, while collecting the primary data, it was suggested by the respondents that staff acceptance/ willingness and better service distribution/ delivery mechanism could also play important role in successful introduction of new services (Table 4.2.9).

28. Bank executives’ opinion increasing competition is the major problem faced by the private sector banks in present scenario (Table 4.2.10).

**SUGGESTIONS**

The suggestions have been assembled on the basis of respondents’ opinion.

- In the study bank executives reveals that the major problem is competition so the strategic decisions should take in to account the relevant competitive, technological and socio cultural factors, in addition to the strengths and weaknesses of the banks.
- Customers came to know about the services through bank field officers. This is a good sign for banks. Banks should give incentives to their employees.
- The opinion of the respondents shows that banks charge higher prices for the services. It is suggested the banks should reduce the prices of their services.
- More attention must be paid by the banks towards advertisements. Advertisements should carry a unique appeal regarding the services of a bank.
- It was found that using ATM is not a problem free service. The bank should make efforts in resolving the problems faced by the customers.
- More ATM coverage should be provided for the convenience of the customers.
- Interest on credit cards should be reduced.
- Customer awareness, whereas for the successful development of new services. Motivation to staff as well as to customers should be given for new ideas.
- The study reveals that the respondents have positive attitude towards IT. The advancement of IT creates a large opportunity before banking sector in India. Banks should grown themselves in all the intricacies regarding e-banking to
determine ways that will affect the customers and use it to their maximum benefits.

- Banks must concentrate on customer satisfaction. Not only customer satisfaction, but the concept of customer delight is now the emerging area in Indian banking system, by which the service providers should prepare themselves to offer more than what their customers expect from them.

- Banks should also go for the social marketing because this shows the affections with the society and forms a better corporate image.

- Banks should enhance the effectiveness of personal selling as the respondents have also considered it as a very good promotional tool.