

# Service Satisfaction in Indian Retail Banking; An Empirical Study of Private Sector Banks

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## Abstract

*This research paper is an effort to examine the relationship between service quality and customer satisfaction of two private sector bank of India. Service quality has been described as a form of attitude that results from the comparison of prospect with recital (Cronin and Taylor, 1992; Parasuraman et al., 1985). Gronroos (1982) argued that customers, while evaluating the quality of a service, compare the service they expect with perceptions of the services they actually receive. Since financial products offered by various banks are similar by nature then why any particular bank of product of any bank is preferred than others is always a matter of interest for academicians as well as banking industry. There may be difference between customers of public and private sector banks, but why are two banks of one sector being preferred differently by customers. This research study is an effort to find out the answer of these questions.*

**Key words:** (Distribution Channels, Private Bank, Customer's motivational Perceptions of customers, prospect, Recital)

## INTRODUCTION

Retail banking is extremely imperative and relevant concept for Indian economy as well as world economy. Across the globe, retail lending has been a impressive innovation in the commercial banking sector in 21<sup>st</sup> century. The growth of retail lending, especially, in emerging economies, is attributable to the rapid advances in information technology, the evolving macroeconomic environment, financial market reform, and several micro-level demand and supply side factors. Retail banking is, however, quite broad in nature - it refers to the dealing of commercial banks with individual customers, both on liabilities and assets sides of the balance sheet. Fixed, current / savings accounts on the liabilities side; and mortgages, loans (e.g., personal, housing, auto, and educational) on the assets side, are the more important of the products offered by banks. Related ancillary services include credit cards, or depository services. Today's retail banking sector is characterized by three basic characteristics:

- Multiple products (deposits, credit cards, insurance, investments and securities);
- Multiple channels of distribution (call centre, branch, Internet and kiosk); and
- Multiple customer groups (consumer, small business, and corporate).

Retail banking in India is not a new phenomenon. It has always been prevalent in India in various forms. For the last few years it has become synonymous with mainstream banking for many banks. The typical products offered in the Indian retail banking segment are housing loans, consumption loans for purchase of durables, auto loans, credit cards and educational loans. The loans are marketed under attractive brand names to differentiate the products offered by different banks. As the *Report on Trend and Progress of India, 2003-04* has shown that the loan values of these retail lending typically range between Rs. 20,000 to Rs. 100 lakh. The loans are generally for duration of five to seven years with housing loans granted for a longer duration of 15 years. Credit card is another rapidly growing sub-segment of this product group. In recent past retail lending has turned out to be a key profit driver for banks with retail portfolio constituting 21.5 per cent of total outstanding advances as on March 2004. The overall impairment of the retail loan portfolio worked out much less than the Gross NPA ratio for the entire loan portfolio. Within the retail segment, the housing loans had the least gross asset impairment. In fact, retailing make ample business sense in the banking sector.

While new generation private sector banks have been able to create a niche in this regard, the public sector banks have not lagged behind. Leveraging their vast branch network and outreach, public sector banks have aggressively forayed to garner a larger slice of the retail pie. By international standards, however, there is still much scope for retail banking in India. After all, retail loans constitute less than

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seven per cent of GDP in India *vis-à-vis* about 35 % for other Asian economies - South Korea (55%), Taiwan (52%) Malaysia (33%) and Thailand (18%). As retail banking in India is still growing from modest base, there is a likelihood that the growth numbers seem to get somewhat exaggerated. One, thus, has to exercise caution in interpreting the growth of retail banking in India.

### **Drivers of Retail Business in India**

Five main regions behind the accelerated growth in Indian Retail Banking is as –

**First**, economic affluence and the resulting increase in purchasing power has given a boost to a consumer boom. Note that during the 10 years after 1992, the almost the same rate – not many countries in the world match this performance.

**Second**, changing consumer demographics indicate vast potential for growth in consumption both qualitatively and quantitatively. India is one of the countries having highest proportion (70%) of the population below 35 years of age (young population). The BRIC report of the Goldman-Sachs, which predicted a bright future for Brazil, Russia, India and China, mentioned Indian demographic advantage as an important positive factor for India.

**Third**, technological advancement played a vital role. In the form of debit cards, internet and phone-banking, anywhere and anytime banking has attracted many new customers into the banking field. Technological innovations relating to increasing use of credit / debit cards, ATMs, direct debits and phone banking has contributed to the growth of retail banking in India.

**Fourth**, the reserves income of the banks, which had strengthened the base of banks for the past few years, has been on the decline during the last two years. In such a scenario, retail business provides a good vehicle of profit maximization. Considering the fact that retail's share in impaired assets is far lower than the overall bank loans and advances, retail loans have put comparatively less provisioning burden on banks apart from diversifying their income streams.

**Fifth**, decline in interest rates have also contributed to the growth of retail credit by generating the demand for such credit.

#### **1. Setting the panorama**

The banking scenario in India is that of a highly developed one even though, Indian banking is still way down from achieving world standard in size as well as product and services. As the economic growth continues at brisk pace the demand on the banking sector to rise to the needs of the economy is also growing consistently. The growth in

economic activities has invigorated wholesale as well as retail banking in the country. The higher income levels among the household and a changing lifestyle that has accepted spending on white goods have accelerated credits off take and increased the activates in the retail banking sector. The overall sustained demand of banking products and services has also led to increasing pressure on the banks to be more comparative to retain the customers. The technological drive that has become imperative for the banks to delivers the products and services that are part of new age banking, needs substantial investments. The smaller banks find it difficult to fund the projects aimed at improving the service delivery/distribution mechanisms. This brings in the issues of mergers and consolidations in the banking sectors. Indian banks have also realized that with organic growth there is need to grow Inorganically as well to competitive with other players in the market .for Exp. State bank of India has acquired 76% stake in the Kenyan bank, Giro Commercial bank. ICICI bank Bank of Baroda have also followed the same route. Many such instances have started growing in the Indian banking Industry, thereby giving signals that inorganic growth is important to compete and sustain the Indian banking industry .To meet these challenges Indian banks have started following international norms. India has also compiled with all the core principals of effective banking supervision of Basel committee. In the quest for size and international recognitions Indian banks have started entering the big league. But still India has only 22 banks that figure in the global top 1000 and only 5 in the top 500. Currently, India has 222 scheduled commercial banks of which 133 are regional rural banks. There are 71177 banks offices spread across the country of which 43% are located in rural areas, 22% in semi urban areas 18% in the urban areas and rest 17% in the metropolitan areas. The major bank groups functioning during the reference period of the report are state bank of India and its seven associate banks 19nationalised banks and the IDBI Ltd 19old private sector banks 8 new private sector banks and 29 foreign Banks. Though public sector banks account for around 70% of commercial banking assets and 72.7% of the aggregate advances of the schedule commercial banking system (as on march the emergence of private players as also with greater shareholding of PSB'S. Listing of PSB'S on stock exchange and increased private shareholding has also added to competition. The new private banks which accounted for 2.6% of the commercial banking sectors in the March 1997 have developed rapidly and accounted for nearly 17% of the commercial banking assets by end of March 2008.) Excess of liquidity increased dependence of corporate on capital markets, the rising income of middle class with increase in purchasing power and ability to handled debts the increasing amount of NPVs from corporate portfolio and the current growth as well as future growth potential of the credit card business has induced banks to shift from wholesale banking to retail banking. Indian customer has not been getting 365x24x7 services, while banking is a necessity.

## Top Indian Banks by Total Assets (Table-1)

Bank name	Total Assets (Rs.mn)	Number of branches	No.of Employees	Total Income (Rs.mn)	Net Profit (Rs.mn)
S.B.I	4938695	9143	198774	431836	44067
ICICI	2513890	557	25479	187676	25401
PNB	1452674	4066	58047	108153	14393
Canara Bank	1328219	2532	46893	100890	13432
BOB	1133925	2687	38737	82917	8270

Source; Indias Top Banks 2007 by Dun and Bradstreet India.

Currently retail banking is helping in boosting their profits. Retail credit is now welcomed even from RBI's perspective. There are no longer any regulatory hurdles. Consumers credits is no longer considers as unproductive, as it triggers demand for consumer products, which in turn help manufacturers in period of economic slowdown. Retail to project credit stands to a ratio of 3:1. SME sectors borrowers still Appears to be suffering from inadequate and delayed credit delivery. This sector Immense potential for growth and banks have to devise innovative strategy to Fund their ventures on the principal of entrepreneurial and banality rather than mere collateral securities. Micro finance another area of retail credit has unfortunately become priority Sector credit. Perhaps it will be a great idea if it is deli ked from the obnoxious Priority tag and thereby allowing banks to display in financing the sector, especially in rural and semi urban areas where its potential for positive transformation of socio-economic conditions is immense. Banks are gradually appreciating the virtue of spreading the credit risk by financing large number of small (retail) borrowers. Credit card business is growing and even government banks have started marketing cards. Surprisingly they still do not leverage the network of branches and availability of surplus manpower into effective marketing. The personal banking segment customers have become the centre of attractions. It is their deposit and savings account that are actively sought after and not mega deposits at a slightly higher rate of interest. Banks are truly spreading their deposit net rather widely. Indian banking sector has come a long way from

high NPAs to low NPAs, from zero technology to online banking. Yet, there are things that we can learn and adopt from our foreign counterparts such as practices in risk management, capital management, customer services, IT operations and credit and treasury products.

So it is the right time for Indian banks to transform themselves further and to move towards global best practices.

The US\$ 28 billion Indian financial sector has grown at around 15 per cent and has displayed stability for the last several years. The total asset size of the Indian banking sector is US\$ 270 billion while the total deposits amount to US\$ 220 billion with a branch network exceeding 66,000 branches and 17,000 ATMs across the country. Currently, India has 88 scheduled commercial banks - 28 public sector banks, 29 private banks and 31 foreign banks. According to a report by ICRA Limited, a rating agency, the public sector banks hold over 75 percent of total assets of the banking industry, with the private and foreign banks holding 18.2% and 6.5% respectively. Last year (2006-07) was marked by surplus liquidity, slowly rising interest rates, good credit growth, good returns, mergers and status quo on reforms.

Indian banks broadly are classified as nationalized banks, private banks and cooperative banks and foreign banks. Reserve bank of India is the central banks and supreme monetary authority.

Table-2

<b>Nationalized Books</b>	SBI, Allahbad bank, Bank of Baroda, Bank Bank of India, Indian Bank, Oriental Bank of Commerce, Punjab National Bank,
<b>Private banks</b>	Axis bank, HFC Bank, ICICI Bank, Federal bank, J&K Bank, Centurion Bank of Punjab, IndusInd Bank
<b>Foreign Banks</b>	Standard Chartered Bank, ABN AMRO, Citibank, HSBC

It is being predicted that India could become the third largest banking hub in the world by 2040. The total assets of all scheduled commercial banks by end-March 2010 is estimated at Rs 40,90,000 crore, which will form about 65 per cent of GDP at current market prices as compared to 67 per cent in 2002-03. Banks assets are expected to grow at an annual composite rate of growth of 13.4 per cent in the coming years. The Indian Banking Sector is witnessing a dearth of qualified professionals. And to fix this issue, many organizations are joining hands with premier institutes. To

quote some examples, standard Chartered has tied up with SP Jain Institute and BSE with Birla Institute of Management Technology (BIMTECH). There has also been a need to groom and sharpen the skills required in dealing with banking sector. This is one of the greatest challenges that concerns the sector. Specialized skills are required in retail banking, investment banking, risk management, foreign exchange, development banking, etc. As a consequence of this, banks and financial companies are required to streamline their human resource and IT processes. As far as compensation is



concerned, salaries in Banking sector are expected to witness a 17 per cent hike in financial year 2008. The annual entry level salary ranges from Rs. 2.62 lakh to Rs.4.46 lakh throughout India. Moreover MNC banks like ABN Amro, Citibank and others are paying higher compensation through employee stock option plans, bonuses and increments. **The Best Workplaces Rankings** is an effort to rank companies on basis of various HR practices, procedures and policies prevalent in industry. The companies, selected randomly, are evaluated on basis of factors related to employee employer relationships and factors which make a company a preferred place to work. This ranking goes beyond short-listing top employers and portrays how people practices in companies are aligned to meet employee needs, identify linkages to business results and provide insights into the HR practices that differentiate Best Workplaces. The scores are consolidated on the basis of data collected through recent surveys and studies conducted by renowned names like Business Today, IDC Data Quest, Hewitt Association, NASSCOM and our own study of the organization.

### Rankings in Banking Sector (Table-3)

Company	Score	Ranks
SBI	142.3	1
ICICI Bank	140.7	2
HDFC Bank	139.6	3
Corporation Bank	135.3	4
Citibank	134.9	5
Punjab National Bank	134	6
Axis Bank	133.3	7
HSBC	130.7	8
Syndicate bank	129.3	9
Oriental Bank of Commerce	128	10

### Research Objectives

The aim of proposed study is to find out perception of HDFC and ICICI bank customers regarding to the service quality parameter and gap analysis of expected and acknowledged quality parameters, and also reveals the relationship between psychographic factors and satisfaction levels of rural and urban customers.

### RESEARCH HYPOTHESIS

In order to determine whether there is significant difference between the customers of HDFC and ICICI banks with regard to their perception of service quality parameter of SERVQUAL, Chi-square test has been applied. This test has been conducted for 22 variables representing the SERVQUAL parameters.

Working hypothesis has been developed as-

**H0** = There is no significant difference between satisfaction level of HDFC and ICICI Bank customers of with regard to 5 service quality parameter of SERVQUAL.

**H1** = There is significant difference between satisfaction

level of HDFC and ICICI Bank customers of with regard to 5 service quality parameter of SERVQUAL.

## LITERATURE REVIEW

### Determinants of Customer Satisfaction

Customer satisfaction is generally described as the full meeting of one's expectations. Customer satisfaction is the feeling or attitude of a customer towards a product or service after it has been used. A review of the existing literature indicates that there can be potentially many antecedents of customer satisfaction, as the dimensions underlying satisfaction judgements are global rather than specific (Taylor and Baker, 1994; Patterson and Johnson, 1993; Rust and Oliver, 1994). The customer satisfaction literature has paid a great deal of attention to the confirmation paradigm, which concerns the comparison of product or service performance expectations and evaluations (Goode and Moutinho, 1995). The confirmation model treats satisfaction as a meeting of customer expectations (East, 1997; Oliver 1989) and is generally related to habitual usage of products (East, 1997). However, research on customer satisfaction has moved towards the disconfirmation paradigm which views satisfaction with products and brands as a result of two cognitive variables: prepurchase expectations and disconfirmation (Churchill and Surprenant, 1982; Peter and Olson, 1996). According to Peter and Olson (1996), "pre purchase expectations are beliefs about anticipated performance of the product; disconfirmation refers to the differences between pre purchase expectations and post-purchase perceptions" (p.509). In an earlier study, Churchill and Surprenant (1982) reported that disconfirmation positively affected satisfaction. That is, when subjects perceived the product performing better than expected, they were more satisfied (Churchill and Surprenant, 1982). Further empirical research supports the notion that satisfaction is caused by expectations and requires considerable cognitive effort on the part of customers (Bearden and Teel, 1983; Moutinho and Goode, 1995; Cadotte et al., 1987).

### Customer Satisfaction and Service Quality

In the service literature, strong prominence is placed on the significance of service quality perceptions and the relationship between customer satisfaction and service quality (see for example Bitner and Hubbert, 1994; Cronin and Taylor, 1992; Taylor and Baker 1994; Rust and Oliver, 1994). Service quality has been described as a form of attitude that results from the comparison of expectations with performance (Cronin and Taylor, 1992; Parasuraman et al., 1985). Gronroos (1982) argued that customers, while evaluating the quality of a service, compare the service they expect with perceptions of the services they actually receive. It has been argued that the quality of service is not a unidimensional construct. Rather, service quality incorporates various dimensions that relate to both core and augmented service offerings (Bitran and Lojo, 1993; Gronroos, 1984; Lewis, 1993). Parasuraman et al. (1985; 1988) initially described five dimensions of service quality: reliability, tangibles, responsiveness, assurance and empathy.

Parasuraman et al. (1991a) argued that reliability was mainly concerned with the outcome of service whereas tangibles, responsiveness, assurance and empathy were concerned with the service delivery process. The customers not only judge the accuracy and dependability (i.e. reliability) of the delivered service but they also judge the other dimensions as the service is being delivered (Parasuraman et al., 1991a). Customer satisfaction can thus be based not only on the judgement of customers towards the reliability of the delivered service but also on customers' experiences with the service delivery process. On the basis of their review of service quality literature, McDougall and Levesque (1994), however, argued that there were two overriding dimensions to service quality. The first one being the core or outcome aspects (contractual) of the service, and the second being the relational or process aspects (customer-employee relationship) of the service. It is generally accepted that customer satisfaction often depends on the quality of product or service offering (Anderson and Sullivan, 1993; Levesque and McDougall, 1996). For this reason, research on customer satisfaction is often closely associated with the measurement of quality (East, 1997). Thus, both service quality and customer satisfaction share a close relationship, though they are normally conceptualised as unique (or separate) constructs (Bitner and Hubbert, 1994; Cronin and Taylor, 1992; Patterson and Johnson, 1993; Taylor and Baker, 1994). There is some empirical evidence suggesting that service quality is a causal antecedent of customer satisfaction (see for example, Cronin and Taylor, 1992; Woodside et al., 1989). However, there is very little empirical research demonstrating the importance of service quality dimensions in determining customer satisfaction (Fisk et al., 1993; Levesque and McDougall, 1996). In a recent study, Levesque and McDougall 1996 found that the performance of the service provider on core and relational dimensions of service was an important driver for customer satisfaction in retail banking in the UK. However, in India, the link between dimensions of service and customer satisfaction is yet to be established empirically. The current paper aims to fill this gap in the literature. Moreover, the literature dealing with services outlines some major characteristics of service that make them unique and different from physical products (Bitran and Lojo, 1993; LeBlanc and Nguyen, 1988; Parasuraman et al., 1985; Zeithaml and Bitner, 1996). Services are often characterized by their intangibility, inseparability, heterogeneity, and perishability. The implications of these characteristics are that it is often difficult for customers to evaluate services at preconsumption, consumption and post consumption stages of the consumer decision-making (Legg and Baker, 1996). Because of the intangible nature of services, it becomes difficult for an organization to understand how its customers perceive and evaluate the quality of its services (Parasuraman et al., 1985; Zeithaml, 1981). Customers, however, make inferences about the service quality on the basis of tangibles (the buildings, the physical layout etc.) that surround the service environment. Support for this argument comes from empirical evidence suggesting that the tangible, physical surroundings of the service environment can have a significant impact on customers affective responses and their behavioural intentions (Wakefield and Blodgett, 1999). Dabholkar et al. (1996) reported similar findings that the

tangible aspects of department stores do influence customers' perceptions of service quality. Hence, there are reasonable grounds to assume that customer satisfaction is also related to customers' evaluation of physical surroundings of the service environment

## Research Gap

The aim of proposed study is to establish the link between dimensions of service and customer satisfaction empirically. Since the importance of dimensions of services are also related with psychographic and demographic factors which otherwise not studied yet, so it is worthwhile to have new insight between relations between dimension of services and demographic factors.

## METHODOLOGY

For the proposed study, responses were gathered from customers of two major banks in the retail banking industry of India. These two banks (ICICI and HDFC bank) rank among the largest and strongly profitable private banks in India; moreover the banks have strong and significant retail presence. Two branches from each bank were randomly selected from two city of Uttar Pradesh namely Lucknow, Sultanpur and Allahabad, where at least one branch is established. Questionnaires were self-administered to customers within the branches of the banks. The branches were considered by the management to be largely homogeneous with respect to size and service operations. Every other customer entering the branches was asked to complete the questionnaire. A total of 400 customers were contacted (300 customers were contacted in each of the two banks from above said three cities.), that included the current account holders, saving account holders, depositors, borrowers and pensioners formed the samples for this study and the overall response rate was 60% (340 completed, usable questionnaires). The data for study was obtained through a non-designed structured questionnaire consisting of five dimensions, **the tangible measures, the reliability measures, the responsiveness measure, the assurance measure** and **empathy measure** with respect to banking sector. Demographic profiles of the samples from each bank were reviewed by the personal information of respondent collected through the questionnaire.

Factors like modern equipments (token machine, fire equipments, parking facilities, lighting, ventilation, reception) ATM, and employee's attire bank services related materials pamphlet, handouts were categories as **tangible measures**. Factors like promises, commitments, efficiencies of employees, providing assistance were categories as **reliability measures**. Factors like prompt services, information's of services, help for transaction process, man power availability were categories as **responsiveness measure**. Factors like inspiring behaviors of bank employees, transaction safety, Employees are consistently courteous with you; And Employees have the knowledge to answer your questions were categories as **assurance measures**. Factors like Individual attention, operating hours convenient to all its customers, best interests at heart for customers understand your specific needs

and convenient branch locations were categories as **empathy measures**.

Total of twenty-two statements measuring all the above factors constituting major five dimensions measuring the customers banking experience formed the questionnaire. A five point likert scale ranging from strongly agree to strongly disagree was adopted as the scale for the statements in the questionnaire and method of data collection was through personal (one-to one) mode. Convenience sampling was adopted and data were collected during the period of Dec 2010 to Feb-2011 spanning three months period. Descriptive measures namely mean percentage and statistical method Chi-test was applied for analysis of the data. The Chi-test is a parametric test to determine the statistical significance between a sample distribution mean and population parameter. The Chi-test is selected as parametric tests are more powerful because their data are derived from interval and ratio measurements. The Chi- test is used for two independent and large sample sizes. Respondents were asked if they had any problems in understanding the questionnaire or have specific comments regarding the questionnaire. The respondents were encouraged to be very free with their responses, make suggestions for improvement and delineate any difficulties they found. After each questionnaire was completed, each respondent was asked what he/she meant in checking various answers. Comments were solicited on the clarity of the questions and what the changes should be done in order to make the questions simpler. These respondents also gave their comments on understanding the instructions about the scaling and the time taken to answer the questions. The test found no serious problems and minor amendments were made to the survey questions based on the demographics and psychographics variable were considered for the study as it was important to decide the rural and urban customers perception regarding to the different service quality parameters.

**FINDINGS**

In order to determine whether there is significant difference between the customers of HDFC and ICICI banks with regard to their perception of service quality parameter of SERVQUAL., Chi-square test has been applied .this test has been conducted for 22 variables representing the SERVQUAL parameters.

**Persived Satisfaction Label of HDFC and ICICI Bank’s Customers–(Servqual Parameters) (Table -5)**

**Tangibility (Factor-1)**

Image of Branches						ICICI BANK				
HDFC BANK	Obs-frq1	Exp-1	O-E	(O-E)2	(O-E)2/E	Obs-frq2	Exp-2	O-E	(O-E)2	(O-E)2/E
Hig.unsatisfied	2	3.724	1.724	2.9721	0.79811	0	8.193	-8.193	67.125	8.193
Unsatisfied	10	9.31	0.69	0.4761	0.05113	20	20.4827	0.4827	0.23299	0.0113
Can’t Say	3	4.034	1.034	1.06915	0.265	10	8.875	1.125	1.2656	0.1426
Satisfied	25	17.068	7.932	62.9166	3.686	30	37.5517	7.5517	57.0281	1.5186
Hig.Satisfied	5	13.96	8.96	80.2816	5.75	40	30.7241	9.2759	86.04232	2.8004
<b>Chi –Square Value 23.22</b>										

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**Rankings in Banking Sector (Table-3)**

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Table 3a shows that the values of 15 variables of service qualities out of 22 variables are less than table value of chi-square (9.488) at 4 degree of freedom with 5% significance; where as rest of 7 variable’s value is more than table value.

The variables of service quality, where chi-square value is less than table values are as- *Facilities at branch, Credit Card, On line banking, Loan facility, Quality of service, Customer relation, Behaviors of bank employees, Ease of service, Financial Consultancy, Convenience, Security, Efficiency Customer care executive, and Overall Experience.* Therefore null hypothesis is accepted here for these 15 activities for 4 degree of freedom at 5%level of significance.

Where as in case of *Image of bank, Product range, Way of service, Transparency,, Bank employee’s knowledge, Speed of service and Care by financial adviser* calculated value is more than table value of chi-square value at 4 degree of freedom with 5% of Significance. Therefore null hypothesis is rejected here for these 7 Variables for 4 degree of freedom at 5%level of



**Tangibility (Factor -1)**

Facilities at Branches HDFC BANK						ICICI BANK				
	Obs-frq1	Exp-1	O-E	(O-E)2	(O-E)2/E	Obs-frq2	Exp-2	O-E	(O-E)2	(O-E)2/E
<i>Hig. unsatisfied</i>	5	2.81	2.19	4.796	1.7	4	6.1875	2.1875	4.7851	0.773
<i>Unsatisfied</i>	0	1.56	-156	2.43	1.56	5	3.437	1.563	2.442	0.71
<i>Can't Say</i>	5	7.8125	2.8125	7.91	1.0124	20	17.1875	2.8125	7.91015	0.26
<i>Satisfied</i>	15	10.93	4.07	16.5649	1.515	20	24.062	4.062	16.4998	0.685
<i>Hig. Satisfied</i>	20	21.87	1.87	3.4969	0.1598	50	48.125	1.875	3.5156	0.07305
<b>Chi-Square Value= 8.42</b>										

**Tangibility (Factor -1)**

Credit Cards HDFC BANK						ICICI BANK				
	Obs-frq1	Exp-1	O-E	(O-E)2	(O-E)2/E	Obs-frq2	Exp-2	O-E	(O-E)2	(O-E)2/E
<b>Hig. unsatisfied</b>	10	6.206	3.794	14.39	2.3194	10	13.793	3.793	14.386	1.043
<b>Unsatisfied</b>	5	7.7586	2.758	7.6065	0.98	20	17.241	2.759	6.612	0.441
<b>Can't Say</b>	10	12.413	2.413	5.82256	0.469	30	27.586	2.414	5.827	0.2112
<b>Satisfied</b>	15	15.517	0.517	0.2672	0.0172	35	34.48	0.52	0.2704	0.00784
<b>Hig. Satisfied</b>	5	3.1	1.9	3.61	1.116	5	3.448	2	2.4087	0.6985
<b>Chi-Square Value 7.303</b>										

**Tangibility (Factor -1)**

On Line Banking HDFC BANK						ICICI BANK				
	Obs-frq1	Exp-1	O-E	(O-E)2	(O-E)2/E	Obs-frq2	Exp-2	O-E	(O-E)2	(O-E)2/E
Hig. unsatisfied	5	3.91	1.09	1.1881	0.30386	7	8.086	1.086	1.17939	0.1458
Unsatisfied	10	11.08	1.08	1.1664	0.105	24	22.91	1.09	1.188	0.0518
Can't Say	7	6.1956	0.8044	0.647	0.1044	12	12.804	0.804	0.6464	0.05048
Satisfied	15	11.41	3.59	12.8881	1.1295	20	23.58	3.58	12.8164	0.5435
Hig.Satisfied	8	12.391	4.391	19.28	1.556	30	25.6	4.4	19.36	0.75625
<b>Chi-Square Value 4.747</b>										

**Tangibility (Factor -1)**

ATM Networking HDFC BANK						ICICI BANK				
	Obs-frq1	Exp-1	O-E	(O-E)2	(O-E)2/E	Obs-frq2	Exp-2	O-E	(O-E)2	(O-E)2/E
Hig. unsatisfied	5	4.6551	0.3449	0.118956	0.025553	10	10.43	0.43	0.1849	0.01772
Unsatisfied	7	6.8275	0.1725	0.029756	0.004358	15	15.172	0.172	0.029584	0.00195
Can't Say	4	4.0344	0.0344	0.001183	0.00029	9	8.9655	0.0345	0.00119	0.000133
Satisfied	9	12.41	-3.41	11.6281	0.93699	31	27.5862	3.4138	11.654	0.42245
Hig. Satisfied	20	17.06	2.94	8.6436	0.5066	35	37.93	2.93	8.5849	0.2263
<b>Chi-Square Value 2.142</b>										

**Tangibility (Factor -1)**

Loan Facilities						ICICI BANK				
HDFC BANK						ICICI BANK				
	Obs-frq1	Exp-1	O-E	(O-E)2	(O-E)2/E	Obs-frq2	Exp-2	O-E	(O-E)2	(O-E)2/E
Hig unsatisfied	4	3.97	0.03	0.0009	0.00022	9	9.0277	0.0277	0.000767	0.00008
Unsatisfied	10	9.166	0.834	0.6955	0.07588	20	20.833	0.833	0.69388	0.0333
Can't Say	5	3.3611	1.6389	2.68599	0.79914	6	7.6388	1.6388	2.6856	0.3515
Satisfied	15	12.2222	2.778	7.7172	0.6314	25	27.77	-2.77	7.6729	0.3515
Hig.Satisfied	10	15.277	-5.277	27.8467	1.82278	40	34.722	5.2778	27.856	0.8022
<b>Chi-Square Value 4.793</b>										

**Tangibility (Factor -1)**

Product Range						ICICI BANK				
HDFC BANK						ICICI BANK				
	Obs-frq1	Exp-1	O-E	(O-E)2	(O-E)2/E	Obs-frq2	Exp-2	O-E	(O-E)2	(O-E)2/E
Hig. unsatisfied	5	4.61	0.39	0.1521	0.032993	10	10.384	0.384	0.14745	0.0142
Unsatisfied	5	7.69	-2.69	7.2361	0.94097	20	17.3076	2.6924	7.249	0.418834
Can't Say	10	6.1538	3.8462	14.7932	2.40392	10	13.846	-3.846	14.7917	1.0683
Satisfied	15	10.769	4.231	17.9013	1.6623	20	24.23	4.23	17.8929	0.7386
Hig. Satisfied	5	10.75	-5.75	33.0625	3.075581	30	24.23	5.77	33.2929	1.37036
<b>Chi-Square Value 11.73</b>										

**Reliability (Factor -2)**

Quality of Services						ICICI BANK				
HDFC BANK						ICICI BANK				
	Obs-frq1	Exp-1	O-E	(O-E)2	(O-E)2/E	Obs-frq2	Exp-2	O-E	(O-E)2	(O-E)2/E
Hig. unsatisfied	3	4.09	1.09	1.1881	0.2904	10	9.09	0.91	0.8281	0.0911
Unsatisfied	7	6.92	0.08	0.0064	0.000925	15	15.38	0.38	0.1444	0.009388
Can't Say	2	7.237	5.237	27.426	3.7897	21	16.08	4.92	24.206	1.5053
Satisfied	18	15.104	2.896	8.386	0.5552	30	33.566	3.566	12.7163	0.3788
Hig. Satisfied	15	11.643	3.357	11.269	0.96791	22	25.874	3.874	15.007	0.58003
<b>Chi-Square Value =8.169</b>										

**Reliability (Factor -2)**

Way of Services						ICICI BANK				
HDFC BANK						ICICI BANK				
	Obs-frq1	Exp-1	O-E	(O-E)2	(O-E)2/E	Obs-frq2	Exp-2	O-E	(O-E)2	(O-E)2/E
Hig. unsatisfied	0	0	0	0	0	0	0	0	0	0
Unsatisfied	5	1.66	3.34	11.155	6.72	0	3.33	-3.33	11.0889	3.33
Can't Say	10	6.666	3.334	11.115	1.667	10	13.33	3.33	11.088	0.83187
Satisfied	15	21.666	6.666	44.4355	2.0509	50	43.333	6.67	44.488	1.0266
Hig. Satisfied	20	20	0	0	0	40	40	0	0	0
<b>Chi-Square Value 15.63</b>										



**Reliability (Factor -2)**

<b>Transparency</b>						<b>ICICI BANK</b>				
<b>HDFC BANK</b>										
	Obs-frq1	Exp-1	O-E	(O-E)2	(O-E)2/E	Obs-frq2	Exp-2	O-E	(O-E)2	(O-E)2/E
Hig. unsatisfied	4	3	1	0.333	0.111	5	6	1	1	0.1666
Unsatisfied	6	8.666	2.666	7.107	0.8201	20	17.33	2.67	7.1289	0.41136
Can't Say	5	5	0	0	0	10	10	0	0	0
Satisfied	11	17	6	36	2.117	40	34	6	36	1.058
Hig. Satisfied	24	16.333	7.667	58.78	3.599	25	32.66	7.66	58.67	1.796
<b>Chi-Square Value=10.08</b>										

**Reliability (Factor -2)**

<b>Customer Relations</b>						<b>ICICI BANK</b>				
<b>HDFC BANK</b>										
	Obs-frq1	Exp-1	O-E	(O-E)2	(O-E)2/E	Obs-frq2	Exp-2	O-E	(O-E)2	(O-E)2/E
Hig. unsatisfied	5	2.63	2	5.616	2.1357	4	6.167	-2.167	4.695	0.7614
Unsatisfied	3	3.146	0.146	0.02131	0.006776	7	6.78314	0.21686	0.047028	0.006933
Can't Say	2	2.2	-0.2	0.04	0.01818	5	4.7972	0.2028	0.04112	0.00857
Satisfied	10	16.3636	6.3636	40.495	2.4747	42	35.636	6.364	40.5004	1.1365
Hig. Satisfied	25	20.45	4.55	20.70125	1.0123	40	44.545	4.545	20.657	0.46373
<b>Chi-Square Value 8.025</b>										

**Responsiveness (Factor -3)**

<b>Behavior of Bank Employees</b>						<b>ICICI BANK</b>				
<b>HDFC BANK</b>										
	Obs-frq1	Exp-1	O-E	(O-E)2	(O-E)2/E	Obs-frq2	Exp-2	O-E	(O-E)2	(O-E)2/E
Hig. unsatisfied	0	0	0	0	0	0	0	0	0	0
Unsatisfied	5	5	0	0	0	10	10	0	0	0
Can't Say	5	5	0	0	0	10	10	0	0	0
Satisfied	25	21.666	3.334	11.1155	0.513	40	43.33	3.33	11.0889	0.25591
Hig. Satisfied	15	18.33	3.33	11.0889	0.604	40	43.33	3.33	11.0889	0.25591
<b>Chi-Square Value 1.629</b>										

**Responsiveness (Factor -3)**

<b>Employees Knowledge</b>						<b>ICICI BANK</b>				
<b>HDFC BANK</b>										
	Obs-frq1	Exp-1	O-E	(O-E)2	(O-E)2/E	Obs-frq2	Exp-2	O-E	(O-E)2	(O-E)2/E
Hig. unsatisfied	0	0	0	0	0	0	0	0	0	0
Unsatisfied	5	10.86	5.86	34.3396	3.162	30	24.1379	5.8621	34.3642	1.4236
Can't Say	5	1.5517	3.4483	11.89077	7.663	0	3.4482	-3.4482	11.89	3.4481
Satisfied	20	9.3103	10.6897	114.165	12.2623	10	20.68	10.68	114.0624	5.5155
Hig. Satisfied	15	23.2758	8.2758	68.488	2.9424	60	51.72413	8.27587	68.49002	1.32414
<b>Chi-Square Value 37.740</b>										

**Responsiveness (Factor-3)**

<b>Speed of Services</b>						<b>ICICI BANK</b>				
<b>HDFC BANK</b>										
	Obs-frq1	Exp-1	O-E	(O-E)2	(O-E)2/E	Obs-frq2	Exp-2	O-E	(O-E)2	(O-E)2/E
Hig.unsatisfied	0	0	0	0	0	0	0	0	0	0
Unsatisfied	0	0	0	0	0	0	0	0	0	0
Can't Say	5	7.75	2.75	7.5625	0.975	20	17.2413	2.7587	7.5276	0.4366
Satisfied	15	26.379	11.379	129.481	4.9081	70	58.6206	11.3794	129.49	2.208
Hig. Satisfied	25	10.86	14.14	199.93	18.4106	10	24.137	14.137	199.85	8.28
<b>Chi-Square Value 18.66</b>										

**Responsiveness (Factor-3)**

<b>Ease of Services</b>						<b>ICICI BANK</b>				
<b>HDFC BANK</b>										
	Obs-frq1	Exp-1	O-E	(O-E)2	(O-E)2/E	Obs-frq2	Exp-2	O-E	(O-E)2	(O-E)2/E
Hig.unsatisfied	5	3.8	0.2	0.04	0.01052	8	9.2	1.2	1.44	0.15652
Unsatisfied	5	4.384	0.616	0.3794	0.08655	10	10.6153	0.6153	0.378594	0.03566
Can't Say	6	5.26	0.74	0.5476	0.1041	12	12.738	0.738	0.5446	0.0427
Satisfied	14	13.44	0.56	0.3136	0.02333	32	32.553	0.553	0.3058	0.00939
Hig. Satisfied	8	11.07	3.07	9.424	0.8513	30	26.892	3.108	9.6596	0.3592
<b>Chi-Square Value 1.679</b>										

**Assurances (Factor-4)**

<b>Financial Consultancy</b>						<b>ICICI BANK</b>				
<b>HDFC BANK</b>										
	Obs-frq1	Exp-1	O-E	(O-E)2	(O-E)2/E	Obs-frq2	Exp-2	O-E	(O-E)2	(O-E)2/E
Hig.unsatisfied	5	5.555	0.555	0.308	0.0554	10	9.444	0.56	0.3136	0.0332
Unsatisfied	5	9.259	4.259	0.4599	0.0496	20	15.74	4.26	18.1476	1.1529
Can't Say	10	7.407	2.593	6.7236	0.9077	10	12.592	2.592	6.7184	0.5335
Satisfied	25	20.37	4.63	21.436	1.0523	30	34.6296	4.6296	21.4331	0.6189
Hig.Satisfied	5	7.4074	-2.4074	-5.79557	0.7824	15	12.5925	2.4075	5.796	0.46027
<b>Chi-Square Value 5.646</b>										

**Assurances (Factor-4)**

<b>Convenience</b>						<b>ICICI BANK</b>				
<b>HDFC BANK</b>										
	Obs-frq1	Exp-1	O-E	(O-E)2	(O-E)2/E	Obs-frq2	Exp-2	O-E	(O-E)2	(O-E)2/E
Hig.unsatisfied	0	0	0	0	0	0	0	0	0	0
Unsatisfied	5	3.888	1.12	1.2544	0.3226	10	11.111	-1.111	1.234	0.11109
Can't Say	5	5.1851	0.1851	0.034262	0.0066	15	14.8148	0.1852	0.034299	0.0023
									.0023151	
Satisfied	20	14.259	5.741	32.959	2.3114	35	40.47	5.47	29.92	0.73933
Hig.Satisfied	5	11.66	6.66	44.35	3.804	40	33.333	6.667	44.448	1.333
<b>Chi-Square Value 8.63</b>										

**Assurances (Factor -4)**

<b>Securities</b>										
<b>HDFC BANK</b>						<b>ICICI BANK</b>				
	Obs-frq1	Exp-1	O-E	(O-E)2	(O-E)2/E	Obs-frq2	Exp-2	O-E	(O-E)2	(O-E)2/E
Hig.unsatisfied	0	0	0	0	0	0	0	0	0	0
Unsatisfied	5	4.444	0.554	0.3069	0.06906	10	10.555	0.555	0.308	0.0291
Can't Say	5	4.444	0.554	0.3069	0.06906	10	10.555	0.555	0.308	0.0291
Satisfied	20	19.259	0.741	0.549	0.0285	45	45.47	0.47	0.2209	0.004858
Hig.Satisfied	10	11.851	1.851	3.4262	0.2891	30	28.148	1.852	3.4299	0.1218
<b>Chi-Square Value</b>	<b>1.262</b>									

**Assurances (Factor -4)**

<b>Efficiency</b>										
<b>HDFC BANK</b>						<b>ICICI BANK</b>				
	Obs-frq1	Exp-1	O-E	(O-E)2	(O-E)2/E	Obs-frq2	Exp-2	O-E	(O-E)2	(O-E)2/E
Hig.unsatisfied	0	0	0	0	0	0	0	0	0	0
Unsatisfied	5	9.197	4.197	4.197	0.4563	23	18.8029	4.1971	17.6156	0.936858
Can't Say	0	0.6559	0.6559	0.4298	0.6556	2	1.343	0.657	0.431649	0.3214
Satisfied	25	17.08	7.92	62.7264	3.6725	27	34.919	7.919	62.71056	1.7958
Hig.Satisfied	15	18.065	-3.065	9.394	0.52002	40	36.934	3.066	9.400356	0.2545
<b>Chi-Square</b>	<b>8.613</b>									

**Empathy (Factor -5)**

<b>Care by Financial Advisers</b>										
<b>HDFC BANK</b>						<b>ICICI BANK</b>				
	Obs-frq1	Exp-1	O-E	(O-E)2	(O-E)2/E	Obs-frq2	Exp-2	O-E	(O-E)2	(O-E)2/E
Hig.unsatisfied	5	3.214	1.786	3.1897	0.9924	5	6.787	1.787	3.1933	0.4705
Unsatisfied	0	8.035	-8.035	64.5612	8.035	25	16.964	8.036	64.5772	3.8067
Can't Say	15	14.464	0.536	0.2872	0.01986	30	30.5357	0.5357	0.2869	0.009398
Satisfied	20	17.678	2.322	5.391	0.304994	35	37.3214	2.3214	5.3888	0.14439
Hig.Satisfied	5	1.607	3.393	11.512	7.1639	0	3.392	-3.392	11.5056	3.392
<b>Chi-Square Value</b>	<b>24.34</b>									

**Empathy (Factor -5)**

<b>Customer Care Executives</b>										
<b>HDFC BANK</b>						<b>ICICI BANK</b>				
	Obs-frq1	Exp-1	O-E	(O-E)2	(O-E)2/E	Obs-frq2	Exp-2	O-E	(O-E)2	(O-E)2/E
Hig.unsatisfied	0	1.8518	-1.8518	3.429163	1.8517	5	3.1481	1.2962	1.68013	0.5336
Unsatisfied	10	7.407	2.593	6.7236	0.907743	10	12.5925	2.5925	6.721056	0.53373
Can't Say	5	9.2592	4.2592	18.1407	1.95921	20	15.74	4.26	6.721056	1.1529
Satisfied	25	24.074	0.926	0.857476	0.035618	40	40.9259	0.9259	0.857198	0.02094
Hig.Satisfied	10	7.407	2.593	6.7236	0.907743	10	12.5925	2.5925	6.721056	0.53373
<b>Chi-Square Value</b>	<b>8.437</b>									



## Overall Experiences Customer

HDFC BANK	ICICI BANK									
	Obs-frq1	Exp-1	O-E	(O-E)2	(O-E)2/E	Obsfrq2	Exp-2	O-E	(O-E)2	(O-E)2/E
Hig.unsatisfied	0	0	0	0	0	0	0	0	0	0
Unsatisfied	0	0	0	0	0	0	0	0	0	0
Can't Say	10	6.666	3.334	11.1155	1.6673	10	13.333	-3.333	11.109	0.83327
Satisfied	25	31.666	-6.666	44.435	1.4032	70	63.333	6.67	44.4889	0.70246
Hig.Satisfied	10	6.6666	3.334	11.1155	1.6673	10	13.3333	-3.333	11.109	0.83327
<b>Chi-Square Value</b>		<b>7.107</b>								

In the above said 7 variables of service quality, customers of both banks have shown different perception and satisfaction label. ICICI Banks customers are more satisfied with the image of bank as a brand in comparison to the HDFC Bank. In case of product range HDFC customers are more satisfied as compared to ICICI bank. Way of service is more effective in HDFC bank as compared with the ICICI Bank. The working style of HDFC is more transparent in comparison to the ICICI Bank.

Persived Satisfaction Label of Customers of HDFC and ICICI Banks – (Servqual Parameters) (Table-4)

### PARAMETERS (Servqual)

#### Tangibility (Factor-1)

Image of bank	23.2161
Facilities at branch	8.42105
Credit Card	7.30314
On line banking	4.74659
ATM network distribution	2.142344
Loan facility	4.79322
Product range	11.7297

#### Reliability (Factor-2)

Quality of service	8.168753
Way of service	15.6263
Transparency	10.07846
Customer relation	8.024789

#### Responsiveness (Factor-3)

Behaviors of bank employees	1.62882
Bank employee's knowledge	37.74104
Speed of service	18.658284
Ease of Service	1.67917

#### Assurance (Factor-4)

Financial Consultancy	5.64617
Convenience	8.63032
Security	1.262118
Efficiency	8.612960

#### Empathy (Factor-5)

Care by financial adviser	24.3391
Customer care executive	8.436914
Overall Experience	7.1068

## LIMITATION OF STUDY

The present study is confined to four districts of Uttar Pradesh and findings may not be applicable to other states of the country because of socio cultural difference. **Further**, customer behavior being dynamic in nature, there is every possibility that over time and space findings of today may become invalid tomorrow. The above lists of service quality parameters are not the exhaustive list for deciding satisfaction level for both HDFC and ICICI bank's customers. The responses of respondents were treated as correct.

## CONCLUSION

The findings of table-4 indicates that customers of two leading private sector banks not similar on 7 parameters of service quality whereas on the ground of rest of 15 variable their perception of service qualities are matching with what they were expecting from their banks. This finding is also indicating that now private sector banks are very well accepted in Indian customers.

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