"MEASURING CUSTOMER SATISFACTION OF HDFC & ICICI BANK IN SURAT CITY"

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ABSTRACT

Purpose- The aim of this study is to measure the customer satisfaction of two private sector banks.

Research methodology- To collect the information non-probability sampling method is used. 100 services users of different banks in bardoli region were contacted with face-to-face personal interview method through questionnaire. "Customer Satisfaction Index" method was used to measure the customer satisfaction.

Findings- The study represents the result of a survey among the customers in the bardoli region of two private sectors banks. Study proved that the HDFC bank's customers are more satisfied than ICICI bank. There were parameters are found out which are more important to increasing the satisfaction rate.

Implications – The results of this study provides very important information in formulating competitive marketing strategies. It shows the critical points where the limited resources of the banks should be allocated to improve satisfaction and loyalty and provides information about the strengths and weaknesses of the banks from customers' point of view.

Key words: Customer satisfaction, CSI (Customer Satisfaction Index)

1. INTRODUCTION

Customers are viewed as a group whose satisfaction with the organization must be incorporated in strategic planning efforts. With better understanding of customers' perceptions, companies can determine the actions required to meet the customers' needs. Organization can identify their own strengths and weaknesses, where they stand in comparison to their competitors, chart out path future progress and improvement. Customer satisfaction measurement helps to promote an increased focus on customer outcomes and stimulate improvements in the work practices and processes used within the company.

1.1 CUSTOMER SATISFACTION

Satisfied customers are central to optimal performance and financial returns. Placing a high priority on customer satisfaction is critical to improved organizational performance in a global marketplace. A study conducted by Levesque and McDougall inform that confirmed and reinforced the idea that unsatisfactory customer service leads to a drop in customer satisfaction and willingness to recommend the service to a friend. The working of the customer's mind is a mystery which is difficult to solve and a challenging task. This exercise in the context of the banking industry will give us an insight into the parameters of customer satisfaction and their measurement. This vital information will help to build satisfaction amongst the customers and customer loyalty in the long run which is an integral part of any business. With the phenomenal increase in the country's population and the increased demand for banking services; speed, service quality and customer satisfaction are going to be key differentiators for each bank's future success. Thus it is imperative for banks to get useful feedback on their actual response time and customer service quality aspects of retail banking, which in turn will help them take positive steps to maintain a competitive edge. The customer's requirements must be translated and quantified into measurable targets. This provides an easy way to monitor improvements, and deciding upon the attributes that need to be concentrated on in order to improve customer satisfaction.

- **"Customer Satisfaction Index" (CSI)**

The original interest in customer satisfaction research was on customer's experience with a product episode or service encounter (Yi, 1990; Anderson et al., 1994). Cumulative satisfaction defines satisfaction as customer's overall experience to date with a product or service provider. This approach to satisfaction provides a more direct and comprehensive measure of a customer's consumption utility, subsequent behaviors and economic performance (Fornell et al., 1996). CSIs were built upon a cumulative view of satisfaction. It represents the overall satisfaction level of that customer as one number, usually as a percentage. Comparing this satisfaction index of the customer against a time scale shows exactly how well the supplier is accomplishing the task of customer satisfaction.

Best and impartial results can be achieved by calculating the Satisfaction Index using an importance weighting based on an average of, Calculate the average importance score assigned by all respondents for each parameter of all the weightings given by the customer. Find out the weighting factor (divide the average importance score assigned by all respondents for each parameter by the sum/total of the importance score). Multiply the weighting factor with corresponding satisfaction score evaluator can get the weighted score. Sum of the weighted score gives total customer satisfaction. Thus Customer Satisfaction can be expressed as a single number that tells the suppliers where they stands today and an Improvement plan can be checked out for further improvement.

Table no: 1 CSI calculation example

Parameter P	Importance score [a]	Weighting factor [b] (b=a/T)	Satisfaction score [c]	Weighted score d (d=b*c)
P1	a1 = 9	0.39	8	3.12
P2	a2 = 8	0.35	10	3.50
P3	a3 = 6	0.26	6	1.56
T = Total	T = 23			8.18 = 81.8%

a = Average importance score assigned by all respondents for each parameter

b = weighted factor (a/T)

c = Average satisfaction Score assigned by all respondents for each parameter

d = Weighted score (b*c)

1.2 OBJECTIVES OF THE STUDY

Primary objective:

To measure the satisfaction level of the customers of HDFC & ICICI bank in bardoli region.

Secondary objectives:

- To know the most important parameters from the point of view of the individual banks' customers.
- To find out the areas of improvement for providing maximum satisfaction to the customers.

2. LITERATURE REVIEW

Customer satisfaction has been one of the most extensively researched constructs in marketing and service management. In the banking industry, customer satisfaction is regarded as a key determinant of customer loyalty, profitability, competitive advantage, and long-term sustainability. With the liberalization of the Indian banking sector and increasing competition among public and private sector banks, researchers have examined various dimensions affecting customer satisfaction, including service quality, employee behaviour, technology adoption, convenience, responsiveness, and relationship management.

Parasuraman et al. (1988) developed the SERVQUAL model to measure service quality by identifying five major dimensions namely Tangibles, Reliability, Responsiveness, Assurance and Empathy. The study established that customer satisfaction is largely determined by customers' perceptions of service quality. The SERVQUAL framework became one of the most widely used instruments in banking research and laid the foundation for subsequent studies examining customer satisfaction.

Cronin and Taylor (1992) introduced the SERVPERF model and argued that customer perceptions of actual service performance provide a better measure than expectation-performance gaps proposed in SERVQUAL. Their empirical findings indicated that service performance significantly influences customer satisfaction and behavioural intentions.

Johnston (1997) investigated determinants of customer satisfaction and dissatisfaction in service industries. The study revealed that factors creating customer satisfaction differ from those causing dissatisfaction. Employee courtesy, responsiveness, reliability, and problem resolution emerged as significant contributors to satisfaction.

Jamal and Naser (2002) investigated customer satisfaction in the retail banking sector and observed that relationship quality, trust, employee competence, and personalized services significantly affect customer satisfaction. They also concluded that long-term relationships improve customer retention.

Ganguli and Roy (2011) examined technology-based banking services in India and found that technology quality and customer-oriented service significantly enhance customer satisfaction. The study emphasized internet banking, ATM services, electronic transactions, and technological reliability as major contributors to customer satisfaction.

3. RESEARCH METHODOLOGY

3.1 Research design:-

Research design is a master plan specifying the method and procedure for collection and analyzing needed information. For this study, descriptive research design is used where the data is collected through the questionnaire. The information is gathered from the different customers of the different banks. Customers of different banks were contacted personally in order to seek fair and frank responses on the various bank attributes which are leads to overall customers' satisfaction.

3.2 Sampling Design:-

Sampling method: Non-probability Sampling method has been used.

Sampling Element: Existing customers of HDFC and ICICI bank.

Sampling unit: Account holders and service users of banks.

Sample size: 100 customers [50 customers per bank].

Extent: Bardoli region.

Choice of Survey Method: Here face-to-face personal interview method used.

4. FINDINGS

Findings of the study according to objectives are explained below:

1) Primary objective

Primary objective of this project is “To measure the satisfaction level of the customers of HDFC & ICICI bank in bardoli region.”

To achieve this objectives there are 29 parameters have taken, which are important for clients to make a decision for evaluate the services of the different banks. Asked two questions, one for important level and other for satisfaction level with same parameters and used customer satisfaction index method. The calculation is given as per table no: 1 & 2.

Table No: 1, Calculation of Total Customer Satisfaction Index.

<u>For HDFC Bank</u>

Parameters	Importance Score a	Satisfaction score b	Weighting factor c = (a/T)	Weighted score d = (b*c)
ATM service is available everywhere	4.66	4.56	0.034677	0.158131
Phone banking & Net banking facility are available	4.2	4.64	0.031254	0.145022
Home services facilities are available	4.14	4.44	0.030808	0.136788
Responsibility of the staff to customer	5	5	0.037207	0.18604
Willingness of the staff to customer	5	4.46	0.037207	0.165947
Sympathetic staff with customer	5	4.64	0.037207	0.172645
Understanding power of the staff	5	4.64	0.037207	0.172645
Behavior of the staff with customer	5	4.84	0.037207	0.180086
Easy ,safe and quick transaction	5	4.74	0.037207	0.176366
Long operating hours of bank	4.84	4.28	0.036017	0.154154
Interest rates of borrowing & lending money	5	5	0.037207	0.18604
Service charges	5	4.6	0.037207	0.171156
Sitting facilities in the bank	4.28	4.84	0.031849	0.154154
Cleanliness of the bank	4.46	4.8	0.033189	0.159309
A.C. & Atmosphere of the bank	4.24	5	0.031552	0.157762
Availability of the Magazine and News paper	4.44	4.23	0.033040	0.139762
Parking facilities	5	3.76	0.037207	0.139902
Provides necessary information by telephone/post/ mail	5	5	0.037207	0.18604
Provides necessary information in Appropriate	5	4.36	0.037207	0.162227

language				
Provides written documents & receipts	5	4.68	0.037207	0.174133
Quick problem solving	5	4.24	0.037207	0.157762
Good communication with the customer while problems occurs	5	5	0.037207	0.18604
Taking opinions for providing maximum services	4.2	4.45	0.031254	0.139083
Advisory services	4.2	4.58	0.031254	0.143146
Telephone facility in the bank	3.92	4.95	0.029171	0.144396
Provides drinks and beverages in the bank	5	4.92	0.037207	0.183063
Availability of the toilet & washrooms in the bank	4.24	4.5	0.031552	0.141985
Availability of the medical facility in the bank	2.56	3.59	0.019050	0.068391
Security facility in the banks	5	5	0.037207	0.18604
Total	**T = 133.38**			**∑d = 4.62821**
				[4.62821 *2=9.256]
			CSI	**92.56 %**

For HDFC Bank

Overall customer satisfaction index= 92.56%

Table No: 2, Calculation of Total Customer Satisfaction Index.

For ICICI Bank

Parameters	**Importance Score a**	**Satisfaction score b**	**Weighting factor c = (a/T)**	**Weighted score d = (b*c)**
ATM service is available everywhere	4.42	4	0.033576	0.134306
Phone banking & Net banking facility are available	4.12	4.13	0.031297	0.129259
Home services facilities are available	3.96	4.23	0.030082	0.127247
Responsibility of the staff to customer	4.96	4.66	0.037678	0.175582
Willingness of the staff to customer	4.96	4.3	0.037678	0.162018
Sympathetic staff with customer	4.96	4.6	0.037678	0.173321
Understanding power of the staff	4.96	4.12	0.037678	0.155235
Behavior of the staff with customer	4.96	4.32	0.037678	0.162771
Easy ,safe and quick transaction	4.96	4.64	0.037678	0.174828
Long operating hours of bank	4.8	4.26	0.036463	0.155333
Interest rates of borrowing & lending money	5	4.76	0.037982	0.180796
Service charges	4.96	4.12	0.037678	0.155235
Sitting facilities in the bank	4.16	4.82	0.031601	0.152318
Cleanliness of the bank	4.22	4.12	0.032057	0.132075
A.C. & Atmosphere of the bank	4.08	3.98	0.030993	0.123355
Availability of the Magazine and News paper	3.92	3.72	0.029778	0.110775
Parking facilities	4.36	3.65	0.033120	0.12089
Provides necessary information by telephone/post/ mail	4.82	4.62	0.036615	0.169161
Provides necessary information in Appropriate language	4.82	4.26	0.036615	0.15598
Provides written documents & receipts	5	4.74	0.037982	0.180036

Quick problem solving	4.82	4.28	0.036615	0.156712
Good communication with the customer while problems occur	5	4.7	0.037982	0.178517
Taking opinions for providing maximum services	4.28	4.09	0.032512	0.132978
Advisory services	4.08	4.32	0.030993	0.133892
Telephone facility in the bank	3.94	4.41	0.029930	0.131992
Provides drinks and beverages in the bank	4.64	4.58	0.035247	0.161434
Availability of toilet & washrooms in the bank	4.34	3.93	0.032968	0.129567
Availability of the medical facility in the bank	3.14	3.03	0.023852	0.072274
Security facility in the banks	5	4.92	0.037982	0.186873
Total	**T = 131.64**			**∑d = 4.314763**
				[4.31476 *2=8.629]
			CSI	**86.29%**

For ICICI BANK

Overall customer satisfaction index= 86.29%

Secondary objectives:

I. First objective is to know the most important parameters from the point of view of the banks' customers.

- There are 18 parameters are found out shown in table no: 4, by calculating expected mean of each 29 parameters, which are more important for customers to evaluate the performance of the banks and with extreme focus on it banks can increase their customers' satisfaction by spending more resources on it.

Table no: 3, List of most important parameters

HDFC BANK	ICICI BANK
Responsibility of the staff to customer	Responsibility of the staff to customer
Willingness of the staff to customer	Willingness of the staff to customer
Sympathetic staff with customer	Sympathetic staff with customer
Understanding power of the staff	Understanding power of the staff
Behavior of the staff with customer	Behavior of the staff with customer
Easy ,safe and quick transaction	Easy ,safe and quick transaction
Interest rates of borrowing & lending money	Service charges
Service charges	Provides written documents & receipts
Parking facilities	Good communication with the customer while problems occurs
Provides necessary information by telephone/post/ mail	Security facility in the banks
Provides necessary information in Appropriate language	
Provides written documents & receipts	
Quick problem solving	
Good communication with the customer while problems occurs	
Provides drinks and beverages in the bank	
Security facility in the banks	

II. Second objective is to find out the areas of improvement for providing maximum satisfaction to the customers.

- On the basis of CSI method there are various parameters found out in which both the banks does their activities below the satisfaction level and are needed more resources to improve the service which leads to increase overall satisfaction level of the customers. Rest of the parameters in which bank does well are including in table no: 5.

Table no: 4, List of the parameters.

HDFC	ICICI
Phone banking & Net banking facility are available	Phone banking & Net banking facility are available
Home services facilities are available	Home services facilities are available
Responsibility of the staff to customer	Sitting facilities in the bank
Interest rates of borrowing & lending money	Advisory services
Sitting facilities in the bank	Telephone facility in the bank
Cleanliness of the bank	Phone banking & Net banking facility are available
A.C. & Atmosphere of the bank	Home services facilities are available
Provides necessary information by telephone/post/ mail	
Good communication with the customer while problems occurs	
Taking opinions for providing maximum services	
Advisory services	
Telephone facility in the bank	
Availability of the toilet & washrooms in the bank	
Availability of the medical facility in the bank	
Security facility in the banks	

5. RECOMMENDATIONS

From the findings, the following suggestions are being made to banks, to get optimum benefit by knowing the customer satisfaction level from the customers of Bardoli region.

1. With focus on parameters in which the customers' satisfaction of HDFC banks is greater than ICICI bank, ICICI bank become also successful to getting maximum satisfaction. Banks also increase the level of satisfaction by knowing the lacking areas. And also with extreme focus on the parameters which are more important for the customers. So that these efforts become leads to maximum customer satisfaction.

2. Banks have to introduce some of the new schemes and extra services to attract more customers.

6. CONCLUSION AND FUTURE RESEARCH DIRECTIONS

The results of the CSI model as a whole can be a valuable guide for the top management in formulating competitive marketing strategies. Independent and uniform measurement characteristics of the CSI model provide a useful tool for tracking performance and systematic benchmarking over time. In general customer satisfaction must be matching or greater than the importance level. From this research study conclude that the overall satisfaction of the HDFC bank customers (92.56%) is more than the ICICI bank (86.29%). Yet there are some aspects are noted in the recommendation, where both banks need to focus more in order to achieve optimum customer satisfaction. So if the banks focus on these aspects, there is no doubt about their success in satisfying customers and thereby maintaining long term healthy relationships with customers. Hence this study is done only for the bardoli region, a small geographical area; future research may be done for broader area. Further, application of CSI method can also be explored for other products or services by future researchers.

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