**TOPIC**

***IMPACT OF SERVICE QUALITY OF HDFC BANKS ON CUSTOMERS***

**ABSTRACT**

In today's fiercely competitive global landscape, the Indian banking industry stands as a testament to the crucial role customers play in shaping success. Banks must not only meet but exceed customer expectations to secure their loyalty and thrive. Understanding and bridging the gap between perceived and actual service quality is paramount. Recent research highlights tangibility and assurance as key dimensions of service quality, yet responsiveness and empathy fall short of customer satisfaction. To stay ahead, banks must prioritize technological advancements for seamless service delivery while fostering trust. By elevating service quality, banks can cultivate a loyal customer base, driving efficiency and performance in this dynamic sector.

### INTRODUCTION

The pivotal role of banks in a nation's economic development cannot be overstated. These financial institutions gather deposits and redistribute them through lending activities, serving as a vital bridge between capital deficits and surpluses. However, the banking sector in India faces a series of challenges, including ensuring quality service, customer satisfaction, retention, and loyalty.

Quality service is a cornerstone for achieving customer satisfaction and fostering brand loyalty within the banking industry. Today's discerning banking customers demand nothing less than stellar service. They have come to realize their importance in the banking relationship and expect to be treated accordingly.

Enhanced service quality directly impacts customer satisfaction and, consequently, the profitability of the banking sector. It brings about a host of benefits, such as bolstering the corporate image, fostering cross-selling opportunities, and strengthening customer relationships through positive word-of-mouth recommendations.

Customers' preferences are increasingly shaped by perceptions of service quality rather than other industry factors. They seek competitive loan rates coupled with swift processing times for their applications. Prompt communication regarding changes in deposit rates and service charges is also crucial, and any grievances must be addressed promptly to avoid customer dissatisfaction.

Modern customers value the convenience of online banking but also cherish personalized interactions during branch visits. They desire a banking experience that goes beyond mere transactional efficiency to include caring and attentive service.

In essence, customers desire a financial partner that not only handles their transactions efficiently but also demonstrates genuine care and provides exceptional service at every touchpoint.

### VISION STATEMENT

The bank is committed to maintain the highest level of ethical standards,

professional **integrity**, corporate governance and regulatory compliance. HDFC Bank's business philosophy is based on **five** core values: Operational **Excellence**, Customer Focus, Product Leadership, People and Sustainability.

### MISSION STATEMENT

To our share holders, our mission is to optimize returns.

To our customers, our mission is to provide a caring service by anticipating their requirements and innovatively satisfying them beyond their expectations.

To our staff, our mission is to identify their multi-faceted talents, develop, motivate, recognize and reward them towards fulfilment of the institutional and national housing vision.

### REVIEW OF LITERATURE

Various scholars and experts have delved into the realm of service quality in the banking sector, shedding light on its intricacies and implications.

Dhandabani (2010) examined the interplay between service quality and customer loyalty in Indian retail banking, revealing dimensions such as reliability, responsiveness, knowledge, and tangibles.

Thakur (2011) emphasized the crucial link between service quality, customer satisfaction, and loyalty, advocating for a customer-centric approach in banking operations.

Desta (2011) explored the perceptions of SBI branch customers, highlighting the significance of reliability in influencing customer satisfaction and word-of-mouth recommendations.

Kheng et al. (2010) underscored the impact of service quality on customer loyalty, particularly in the face of competitive substitutes.

Dr. Rupa Rathee (2014) focused on service quality gaps in banks post-nationalization, emphasizing the importance of reliability and empathy, especially in private banks. Despite these extensive studies in urban settings, a critical gap remains in understanding rural customers' perspectives on banking service quality in India. Thus, this research aims to fill this void by examining rural customers' perceptions and experiences with banking services.

Mosahab et al. (2010) investigated service quality, satisfaction, and loyalty at Sepah Bank in Tehran, Iran, finding customers' expectations exceeded perceived service quality, leading to low satisfaction. They also noted customer satisfaction mediated the relationship between service quality and loyalty.

Afsar et al. (2010) identified determinants of customer loyalty in Pakistan's banking sector, highlighting perceived quality, satisfaction, trust, switching cost, and commitment as influential factors. J. Joshua Selvakumar (2010) examined Service Quality's impact on Customer Satisfaction in Public and Private Sector Banks

. Dr. Manasa Nagabhushanam (2010) studied service quality across all banks in India using the SERVQUAL scale, analyzing the expected and perceived gaps.

Dewan and Mahajan (2009) explored perceived Service Quality and its Dimensions in Private Sector Banks, revealing significant demographic differences in customer perceptions, with males generally viewing service quality more positively than females.

Maya Basant Lohani and Dr. POOJA Bhatia (2011) delved into the Evaluation of Service Quality across Public and Private Sector Banks in India, seeking to understand variations in service quality among demographic segments and measure customer satisfaction by analyzing the expectation-perception gap.

Vibhor Jain, Dr. Sonia Gupta, and Smrita Jain (2014) investigated customer perceptions of service quality in the Indian banking sector, particularly focusing on private banks, highlighting the need for these institutions to reaffirm their positions amidst fierce competition.

Ms. Nisha Malik and Mr. Chand Prakash Saini (2011) conducted an empirical study on service quality and customer satisfaction in two private sector banks, aiming to gauge customer perceptions and analyze the gap between expected and perceived service quality parameters.

Akte S. and Ghosh S.K. (2006) examined customer expectations and perceptions of banking services in Dhaka, Bangladesh, utilizing the SERVQUAL model. Their findings suggested significant gaps in reliability, empathy, tangibility, and assurance dimensions, urging banks to address these discrepancies to better meet customer expectations.

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**Data Analysis, Interpretation and Presentation**

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**OBJECTIVES**

1) To evaluate HDFC Bank's customer satisfaction by analyzing the fundamental dimensions of service quality, namely RATER.

2) To pinpoint areas in which the bank excels in service quality dimensions and areas that require improvement, thereby enhancing overall service quality.

3) To uncover any customer grievances that may exist.

4) To assist the bank in understanding customers' needs and desires, enabling them to adapt accordingly.

##### RESEARCH DESIGN

I opted for a blend of exploratory and descriptive research methodologies to delve into the general nature of the issue and its associated variables. However, during the course of the study, the approach leaned towards descriptive research, particularly in evaluating customer perceptions regarding the service quality of HDFC Bank.

##### SOURCES OF DATA

1. Primary data

Questionnaire, Personal interview and observations.

1. Secondary data

Books, Journals, Brochures, Google, Internet & Websites etc.

**DATA COLLECTION TOOL**

In employing a Likert scaling approach, a bipolar method aimed at gauging positive or negative responses to statements, the questionnaire comprises two sections. The initial segment encompasses queries pertaining to respondent demographics, including name, age, educational background, and income. Subsequently, the second part consists of 18 inquiries aimed at probing the respondent's perceptions of HDFC Bank's service quality. The assessment encompasses dimensions of reliability, assurance, tangibility, empathy, and responsiveness to ascertain the bank's actual service quality. Utilizing a 5-point Likert scale, the questionnaire follows a structured pattern for responses.

1. Strongly disagree
2. Disagree
3. Neither agree nor disagree
4. Agree
5. Strongly agree

#### DATA COLLECTION METHOD

In the process of data collection, two main sources are utilized: primary and secondary. Secondary sources involve leveraging existing information and efforts from external sources, while primary sources involve collecting data firsthand. To ensure precision, both secondary databases and primary data collection methods were employed. Secondary data was gathered from company brochures and websites, while primary data was collected through a survey method. Surveys serve as valuable tools for eliciting responses and insights, with questionnaires being the chosen instrument in this project. A close-ended questionnaire was specifically employed to gauge customer satisfaction levels and inform future service improvements.

**CONCLUSION**

Customer satisfaction hinges on performance relative to expectations. Understanding and meeting or surpassing customer needs is crucial, all while optimizing resource utilization. While many companies focus on enhancing quality and external customer service, internal customer satisfaction often gets overlooked. However, it's essential to recognize that total customer satisfaction can only be achieved when all employees dedicated to external customer satisfaction collaborate and support one another. If internal customers aren't satisfied, it can negatively impact relationships with external customers. Thus, adopting a customer-oriented approach to ensure internal customer satisfaction is vital. Satisfied and motivated internal customers are more likely to focus on meeting the needs of external customers, thereby maximizing overall customer satisfaction. Internal satisfaction surveys serve as a means to gauge employee satisfaction, helping to track investments in maintaining a positive work environment and culture within organizations. HDFC Bank's products and services have garnered significant consumer interest, leading to substantial growth within a short timeframe.