

# **PROJECT DISSERTATION REPORT**

**on**

## **A STUDY OF CONSUMER PREFERENCE ON PUBLIC VS PRIVATE SECTOR BANKS**

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## **DECLARATION**

I, **Aarav Bansal**, hereby declare that the Major Research Project Report entitled "**A study of consumer preference towards public and private sector bank** " is uniquely prepared by me within span of four months.

I also confirm that the report is only prepared for my academic requirement, not for any other purpose. It might not be used with the interest of the opposite party of the corporation.

Aarav Bansal

2K22/DMBA/01

Date: 27/05/2024

## CERTIFICATE

This is to certify that **Aarav Bansal**, roll no. **2K22/DMBA/01** has submitted the project titled “**A study of consumer preference towards public and private sector bank**”, as a part of Master of Business Administration (MBA) curriculum of Delhi School of Management, New Delhi. As per the student, this is an original piece of work and has not been submitted elsewhere and plagiarism content is less than 10%.

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## EXECUTIVE SUMMARY

In today's dynamic banking environment, characterized by rapid technological advancements and evolving customer expectations, understanding consumer preferences and satisfaction is paramount for financial institutions. This research focuses on discerning the factors that drive consumers to choose between public and private banks in India, specifically examining the State Bank of India (SBI) and HDFC Bank. Through a detailed survey of 136 respondents, the study provides comprehensive insights into the motivations and satisfaction levels of customers with these two banks.

### Consumer Preferences:

The research indicates that consumers opt for SBI primarily due to its perceived security, extensive branch network, and the trust associated with its government backing. These factors underscore SBI's reputation as a stable and reliable institution. On the other hand, HDFC Bank attracts customers with its exceptional service quality, strong brand reputation, and superior digital banking facilities. These attributes highlight HDFC's commitment to providing a modern, customer-centric banking experience.

### Advantages and Disadvantages:

**SBI:** Customers appreciate SBI's long-standing reputation and the security of banking with a public sector entity. However, the bank faces challenges in terms of service efficiency, with lower ratings for waiting times and staff courtesy. Despite improvements, SBI's digital services lag behind those of private banks, reflecting lower usage and user satisfaction.

**HDFC:** HDFC Bank is praised for its high-quality customer service, courteous staff, and robust digital banking platforms. These strengths make it a preferred choice for tech-savvy and service-oriented customers. While there are few significant drawbacks, HDFC can continue to enhance branch accessibility and further innovate its digital offerings.

### Satisfaction with Facilities:

The survey reveals that ATM services and interest packages are the most satisfying facilities for SBI customers, indicating the importance of reliable, fundamental banking services. Conversely, HDFC customers find internet banking to be the most satisfying, underscoring the critical role of digital services in shaping customer experiences in private banks.

#### Statistical Analysis:

**Regression Analysis:** A regression analysis between service ratings and overall satisfaction demonstrates a positive correlation, indicating that higher service quality significantly boosts overall customer satisfaction.

**Correlation Analysis:** The strong correlation between the use of digital banking services and overall satisfaction among HDFC customers highlights the increasing importance of digital capabilities in the banking sector.

#### Conclusion:

This study reveals clear distinctions in consumer preferences and satisfaction levels between public and private banks in India. While SBI is valued for its trustworthiness and traditional banking services, it needs to address service efficiency and enhance its digital offerings to meet modern customer expectations. In contrast, HDFC excels in customer service and digital banking, positioning itself as a leader in providing contemporary banking experiences.

## TABLE OF CONTENTS

### Contents

DECLARATION.....	i
CERTIFICATE.....	ii
EXECUTIVE SUMMARY.....	iii
TABLE OF CONTENTS.....	v
CHAPTER 1: INTRODUCTION.....	1
1.2 PROBLEM STATEMENT.....	4
1.3 OBJECTIVES OF STUDY.....	4
1.4 SCOPE OF STUDY.....	4
CHAPTER 2: LITERATURE REVIEW.....	6
CHAPTER 3: RESEARCH METHODOLOGY.....	9
3.1 RESEARCH DESIGN .....	9
3.2 DATA COLLECTION.....	9
3.3 SAMPLE SIZE.....	9
CHAPTER 4: DATA ANALYSIS.....	11
4.1 INTRODUCTION TO THE CASE.....	11
4.2 DATA ANALYSIS.....	12
4.3 FINDINGS AND RECOMMENDATIONS.....	28
CHAPTER 5: CONCLUSION.....	30
5.1 REFERENCES.....	31
5.2 ANNEXURE.....	31

## CHAPTER 1: INTRODUCTION

### 1.1 Structure of Banking:

The Reserve Bank of India (RBI) is the cornerstone of India's financial system, acting as both a central bank and regulatory body. Established under the Ministry of Finance in 1935, the RBI is responsible for issuing and managing the Indian rupee (currency). It also oversees the Indian banking system, promoting the country's economic well-being. Prior to 2016, the RBI held sole control over India's monetary policy. Today, this responsibility is shared with the Financial Policy Committee. Its journey began on April 1, 1935, as mandated by the Reserve Bank of India Act. Initially, its capital was divided into shares of ₹100 each. Following India's independence, the RBI became fully nationalized in 1949.

#### Governance and Structure:

The RBI's leadership consists of a 21-member Central Board of Directors. This board includes the Governor, four Deputy Governors, government representatives, and directors nominated by regional boards. These regional boards ensure local voices are heard, with representatives from cooperative and indigenous banks. The RBI plays a prominent role on the international stage. It's a member of the Asian Clearing Union and actively champions financial inclusion through the Alliance for Financial Inclusion (AFI). Nicknamed "Mint Avenue," the RBI is a vital institution for India's financial landscape.

#### India's Diverse Banking System:

India's banking sector is comprised of various categories, each catering to specific needs. The two main categories are Scheduled Commercial Banks and Unscheduled Banks, defined by the RBI Act. Scheduled Commercial Banks are further classified by the RBI for evaluation purposes: public sector banks, old private sector banks, new private sector banks, and foreign banks. We'll delve deeper into the key differences between public and private sector banks in the following section.

#### Government at the Helm- Understanding the public sector banks:

Public sector banks are the financial bedrock of a nation. They're institutions where the government, either central or state, holds a controlling interest, usually owning more than half the shares. Despite this government ownership, these banks often trade

publicly on stock exchanges. Public sector banks are vital for a country's financial health. They contribute significantly to overall stability and security by offering a safe haven for people's money. This is particularly true for fixed deposit accounts, where the risk of the bank defaulting on your funds is generally lower. The government's involvement often acts as a safety net, potentially providing support if a public sector bank encounters financial difficulty.

Private ownership, public focus- private sector banks:

Unlike public sector banks, private sector banks are driven by private ownership. Here, individual investors or private institutions hold the majority stake, meaning more than half the shares belong to them. This private ownership structure allows private sector banks to be nimble and focus on innovation. They often entice customers with competitive interest rates and cutting-edge financial products. However, there's a trade-off for this agility. Compared to public sector banks, private sector banks carry a slightly higher risk. In rare cases, a private bank could face financial difficulties and potentially default on fixed deposits or even be forced to close. This could lead to some loss of customer savings. Thankfully, deposit insurance programs exist in many countries to lessen this risk and protect your hard-earned money.

Key Distinctions:

Who's in Charge? Ownership Structure: Public sector banks are like government agencies, with the majority of shares controlled by the state or central government. Private sector banks, on the other hand, are owned by private individuals or institutions, similar to any for-profit company.

Safety Net vs. Market Drive: Risk Profile: Public sector banks benefit from government backing, making them generally perceived as safer. This is because the government may intervene in case of financial difficulties. Private sector banks, while innovative and nimble, may carry a slightly higher risk profile, as their stability is more reliant on market forces.

Social Goals vs. Shareholder Value: Focus and Priorities: Public sector banks sometimes balance social objectives, like financial inclusion in rural areas, alongside making profits. Private sector banks, on the other hand, typically prioritize maximizing returns for their shareholders.



<b>Comparison Parameter</b>	<b>Public sector banks</b>	<b>Private sector banks</b>
Control Status	Government-controlled	Under the control of private individual
Rate of Interest offered	High for loans, low for savings	Less for loans, higher for savings
Shareholdings	Maximum shares held by government	Maximum shares held by private shareholders
Customer Base	More extensive due to perceived trustworthiness among public	Lesser due to lower trust levels
Employee Promotion	Seniority-based	Performance-based

Table 1.1

The Titan of Indian Finance- State Bank of India:

Headquartered in the bustling metropolis of Mumbai, State Bank of India (SBI) reigns supreme as India's largest public sector bank. This financial services powerhouse extends its reach beyond borders, operating as a publicly traded international bank. In 2020, SBI secured a prestigious spot on the fortune global 500 list of the world's biggest corporations, ranking a remarkable 43rd. It's no surprise then, that SBI is the only Indian company to grace this prestigious list. SBI's dominance within India's financial landscape is undeniable. It boasts a commanding 23% share of the country's total assets and a staggering 25% share of both loans and deposits. This translates to SBI being the undisputed king of the Indian banking sector.

HDFC Bank- A private sector powerhouse:

HDFC Bank Limited, headquartered in the heart of Mumbai, Maharashtra, is a force to be reckoned with in the Indian financial sector. It holds the prestigious title of India's largest private sector bank, both in terms of assets and market capitalization (as of April 2021). This dominance extends beyond the private sphere, placing HDFC Bank as the third-largest company by market capitalization on all Indian stock exchanges.

## **1.2 The Problem Statement:**

While customer satisfaction is increasingly valued in the banking sector, a crucial gap exists in understanding what drives customers towards public versus private banks. This is particularly true in India, where giants like State Bank of India (SBI) and HDFC Bank Ltd (HDFC) dominate the market. Existing research often focuses on general customer perceptions in banking. However, a deeper dive is needed to explore how these two specific banks are aligning with current trends. These trends include the surge of digitalization, evolving customer demographics, and a more competitive landscape.

## **1.3 Objectives of the Study:**

- Research Objective 1: Study consumer preference while choosing between a public bank (SBI) and a private bank (HDFC).
- Research Objective 2: Analyse the advantages and disadvantages of SBI and HDFC according to customer feedback.
- Research Objective 3: Investigate which banking facilities please customers the most.
- Research Objective 4: Assess the correlation between banking tenure and overall service satisfaction.
- Research Objective 5: Identify limitations and challenges in understanding consumer preferences and satisfaction in the

## **1.4 Scope of the study:**

- **Geographic Scope**: The study will focus on customers of State Bank of India (SBI) and HDFC Bank Ltd (HDFC) across various regions in India, considering the diverse demographic and socioeconomic factors that may influence consumer preferences and satisfaction.
- **Customer Segmentation**: The research will aim to capture the perspectives of different customer segments, including individuals from various occupations (service, business, students, homemakers, etc.) and income levels, to understand how preferences vary across demographics.
- **Factors Influencing Consumer Preferences**: The study will investigate the key factors that influence customers' choices between SBI and HDFC, including brand reputation, service quality, digital banking facilities, perceived security, location convenience, and traditional banking services.

- **Advantages and Disadvantages Analysis:** The research will analyse the perceived advantages and disadvantages of SBI and HDFC from the perspective of their customers, identifying strengths and weaknesses based on customer feedback and experiences.
- **Facility Satisfaction:** The study will explore which banking facilities offered by SBI and HDFC are most valued by their customers, including traditional banking services (e.g., deposits, withdrawals, loans) and digital banking facilities (e.g., mobile banking, online banking, ATM services).
- **Comparative Analysis:** A comparative analysis will be conducted to assess differences in customer preferences, satisfaction levels, and perceptions between SBI and HDFC, providing insights into how these banks compete in the market and differentiate themselves.
- **Alignment with Industry Trends:** The research will examine how SBI and HDFC align with current trends in the banking industry, such as digitalization, customer-centricity, and innovation, to understand their strategic positioning and competitive advantage.

## CHAPTER 2: LITERATURE REVIEW

### 1. Consumer Preferences and Satisfaction in Banking:

Oliver (1980) introduced the concept of customer satisfaction, stating that satisfied customers are more likely to remain loyal and engage in positive word-of-mouth communication. “He proposed the expectancy-disconfirmation model, which suggests that satisfaction results from the perception of service quality meeting or exceeding expectations. Oliver's work laid the foundation for understanding the importance of customer satisfaction in the banking sector”.

Zeithaml et al. (1996) expanded on Oliver's work by emphasizing the significance of service quality dimensions in influencing customer satisfaction. “Their study identified five dimensions of service quality: tangibles, reliability, responsiveness, assurance, and empathy. They argued that meeting or exceeding customer expectations across these dimensions is crucial for enhancing satisfaction and loyalty in the banking sector”.

Parasuraman et al. (1988) developed the SERVQUAL model to measure service quality across various industries, including banking. The model identified five dimensions of service quality and provided a framework for assessing customer perceptions and expectations. Their research emphasized the importance of understanding and managing customer perceptions to deliver superior service quality and enhance satisfaction.

Gupta and Jain (2014) conducted a study to explore the factors influencing customer choice in Indian banks. They identified service quality, convenience, brand image, and trust as critical factors affecting customer preferences. Their findings underscored the need for banks to focus on providing superior service quality and enhancing customer trust to remain competitive in the market.

### 2. Public vs. Private Banks:

Prasad and Dhal (2016) compared customer satisfaction between public and private sector banks in India. “Their study found that private banks often outperformed public banks in terms of service quality, technology adoption, and customer satisfaction. Private banks' focus on customer-centric approaches and innovative services contributed to their higher satisfaction levels among customers”.

Kapoor and Vijayakumar (2017) conducted research to analyze customer perceptions of public and private sector banks. They found that private banks were perceived as more customer-friendly and innovative compared to public banks. Private banks' emphasis on personalized services, modern banking infrastructure, and efficient complaint resolution mechanisms contributed to their positive image among customers.

### 3. Case Studies on SBI and HDFC:

Mishra and Mohanty (2015) conducted a study to examine the factors influencing customer loyalty in State Bank of India (SBI). Their research identified trust, service quality, and convenience as key drivers of customer loyalty. Despite SBI's extensive branch network and brand reputation, the study emphasized the importance of improving service quality and customer-centric initiatives to enhance customer loyalty.

Chandra and Sharma (2018) investigated customer satisfaction in HDFC Bank. Their study highlighted the role of technology, service quality, and brand reputation in shaping customer perceptions. HDFC's focus on digital banking, personalized services, and efficient complaint resolution processes contributed to its positive image among customers.

### 4. Digital Banking Trends:

Gupta and Bhatnagar (2020) discussed the impact of digitalization on the banking sector, emphasizing the growing importance of mobile banking, online payments, and digital customer service. Their study highlighted the need for banks to invest in digital infrastructure and enhance digital offerings to meet evolving customer expectations.

Bandyopadhyay et al. (2018) explored the challenges and opportunities of digital banking adoption in India. They identified factors such as security concerns, infrastructure limitations, and user experience as critical barriers to digital banking adoption. Their study underscored the importance of addressing these challenges to accelerate digital banking growth in India.

### 5. Innovations in Banking Services:

Agrawal and Das (2017) analyzed the role of innovation in the banking sector, emphasizing banks' ability to innovate in products, services, and delivery channels to meet changing customer expectations. Their study highlighted examples of innovative

practices, such as the introduction of new banking products, digital payment solutions, and customer relationship management (CRM) initiatives.

Kumbhar (2011) discussed innovative practices in Indian banking, including the adoption of advanced technologies, customer-centric initiatives, and product diversification strategies. The study highlighted the importance of banks' ability to innovate and adapt to changing market dynamics to remain competitive in the industry.

#### 6. Customer Relationship Management (CRM) in Banking:

Kumar and Reinartz (2016) explored CRM strategies in the banking sector, focusing on customer segmentation, personalized marketing, and relationship building. Their study emphasized the importance of leveraging customer data and analytics to deliver personalized services and enhance customer relationships.

Akroush et al. (2017) investigated the impact of CRM practices on customer satisfaction and loyalty in the banking industry. “Their research found that effective CRM implementation led to higher levels of customer satisfaction and loyalty. Banks that adopted customer-centric approaches and invested in CRM technologies were better able to meet customer needs and preferences”.

#### 7. Global Banking Trends:

A study by Deloitte (2020) examined global banking trends, including the rise of digital banking, regulatory challenges, and the shift towards customer-centric banking models. Their research highlighted the importance of digital transformation, regulatory compliance, and customer experience in shaping the future of banking.

McKinsey & Company (2021) reported on emerging trends in retail banking, emphasizing the need for banks to embrace digitalization, data analytics, and agility to stay competitive. Their study underscored the importance of innovation and customer-centricity in driving growth and differentiation in the banking domain.

## CHAPTER 3: RESEARCH METHODOLOGY

### 3.1 Research technique:

#### Research Approach: Descriptive Research

This study utilizes a descriptive research design. Here, the focus is on understanding "what" is happening rather than delving into the underlying causes or "why" it's happening. For instance, if you're researching customer satisfaction with a new online banking platform, a descriptive approach would gather data on users' experiences, preferences, and overall satisfaction levels. It wouldn't necessarily explore the reasons behind their satisfaction or dissatisfaction.

#### Data Collection Method: Probability Sampling

To ensure the research findings can be generalized to the larger population, a probability sampling technique was employed. Probability sampling guarantees that every member of the target population has a known and equal likelihood of being chosen for the study. This method fosters representativeness and reduces bias in the collected data.

#### Sampling Technique: Stratified Random Sampling

This study specifically utilized stratified random sampling, a specific type of probability sampling. Here's a breakdown of this technique:

**Stratification:** The target population is first divided into subgroups (strata) based on relevant characteristics that might influence the research topic. Common stratification factors include age, gender, income level, geographic location, or any other characteristic deemed important to the study.

**Random Selection:** Once the population is stratified, a random sample is drawn from each subgroup independently. This ensures the final sample accurately reflects the proportions of the various strata within the larger population.

For example, if you're researching public transportation usage in a city, you might stratify the population by age groups (e.g., 18-24, 25-34, etc.) and then randomly select participants from each age group to create a representative sample.

#### Size of the sample:

It denotes the total number of individuals included in the study. It is denoted by the letter "n." Choosing the appropriate sample size is crucial for achieving two key statistical properties:

- **Estimates Precision:** In simpler terms, a larger sample provides a more accurate picture of what's happening in the entire population.
- **Statistical Power:** Sample size also influences the study's statistical power, which refers to its ability to detect a true effect if one exists. A sufficiently large sample size increases the study's credibility by reducing the chance of missing a real phenomenon. In this specific study, the sample size comprised 136 participants. The rationale behind this sample size likely involved a balance between achieving an acceptable level of precision and practicality in terms of data collection resources.



## CHAPTER 4: CASE STUDY

### 4.1 Introduction to the case:

In today's rapidly evolving banking landscape, understanding consumer preferences and satisfaction is crucial for banks to stay competitive and relevant. With the advent of digitalization, changing customer demographics, and increasing competition, banks are facing new challenges and opportunities like never before. In this context, our research aims to delve into the dynamics of consumer preferences and satisfaction with two prominent banks in India, State Bank of India (SBI) and HDFC Bank Ltd (HDFC), and relate them to current trends in the banking industry.

#### Current Trends in the Banking Industry:

##### 1) Rise of Digital Banking:

The past decade has witnessed a significant shift towards digital banking, driven by technological advancements and changing customer preferences. Mobile banking apps, online banking, and digital payment solutions have become integral parts of the banking experience. With the COVID-19 pandemic accelerating the adoption of digital channels, banks are increasingly investing in enhancing their digital offerings to meet customer demands for convenience, speed, and security.

##### 2) Customer Experience and Service Excellence:

In an era of heightened competition, providing exceptional customer service and personalized experiences has emerged as a key differentiator for banks. Customers expect seamless and hassle-free interactions across all touchpoints, whether online or in-branch. Banks that prioritize customer satisfaction and offer innovative solutions are better positioned to attract and retain customers in today's competitive market.

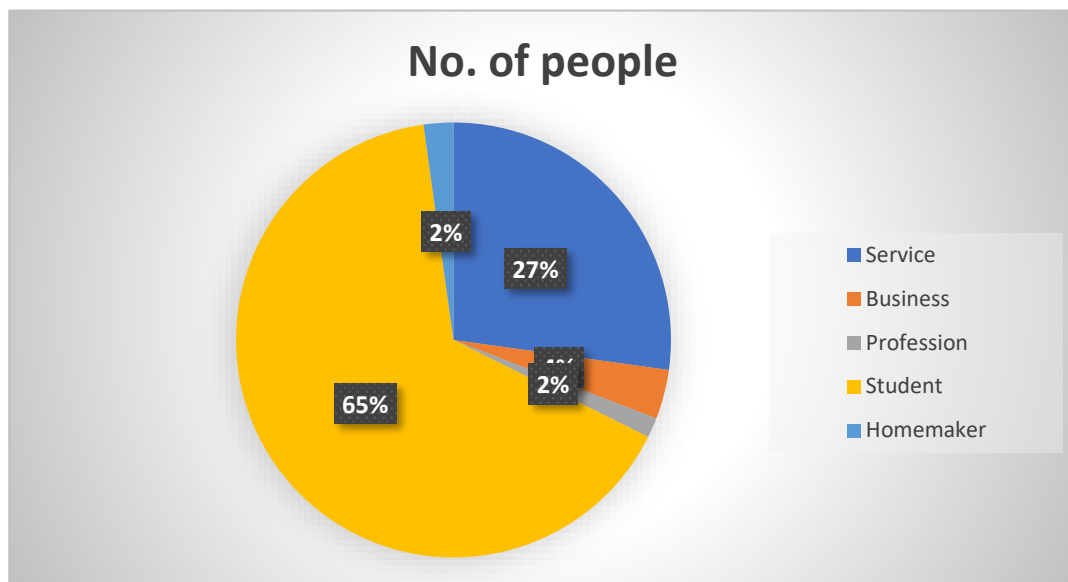
##### 3) Data-Driven Insights:

Banks are leveraging big data and analytics to gain deeper insights into customer behavior, preferences, and needs. By analyzing vast amounts of data, banks can tailor their products and services to meet specific customer segments' requirements, leading to enhanced customer satisfaction and loyalty.

## 4.2 Data Analysis

### Occupation of the people surveyed:

OCCUPATION	No. of people
Service	37
Business	5
Profession	2
Student	89
Homemaker	3



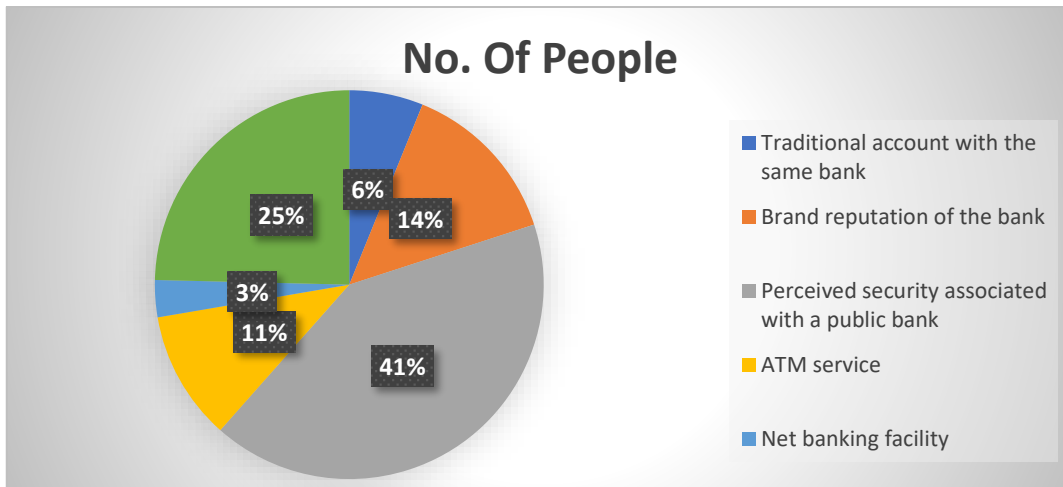
Students contributed to the major segment, contributing to the total of 65% of the sample size. People pursuing job were the second major segment with 27%.

### Reasons to choose a public bank:

Reasons	No. Of People
Traditional account with the same bank	4
Brand reputation of the bank	9
Perceived security associated with a public bank	27
ATM service	7
Net banking facility	2

Location advantage

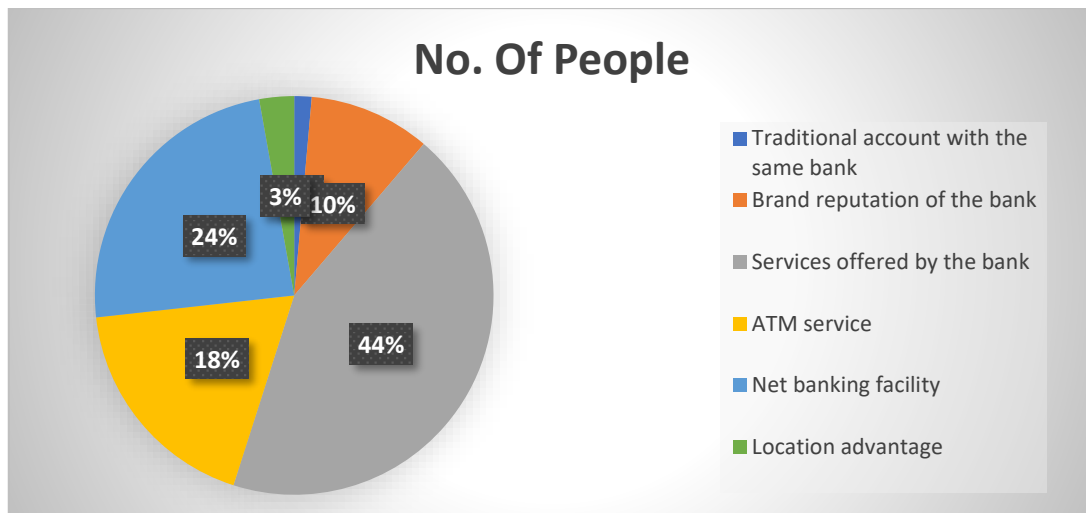
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Perceived security associated with a public bank is the primary reason behind choosing the bank. Whereas location advantage and brand reputation of a public bank are another major contributing factor behind choosing the bank.

**Reasons to choose a private bank:**

Reasons	No. Of People
Traditional account with the same bank	1
Brand reputation of the bank	7
Services offered by the bank	31
ATM service	13
Net banking facility	17
Location advantage	2

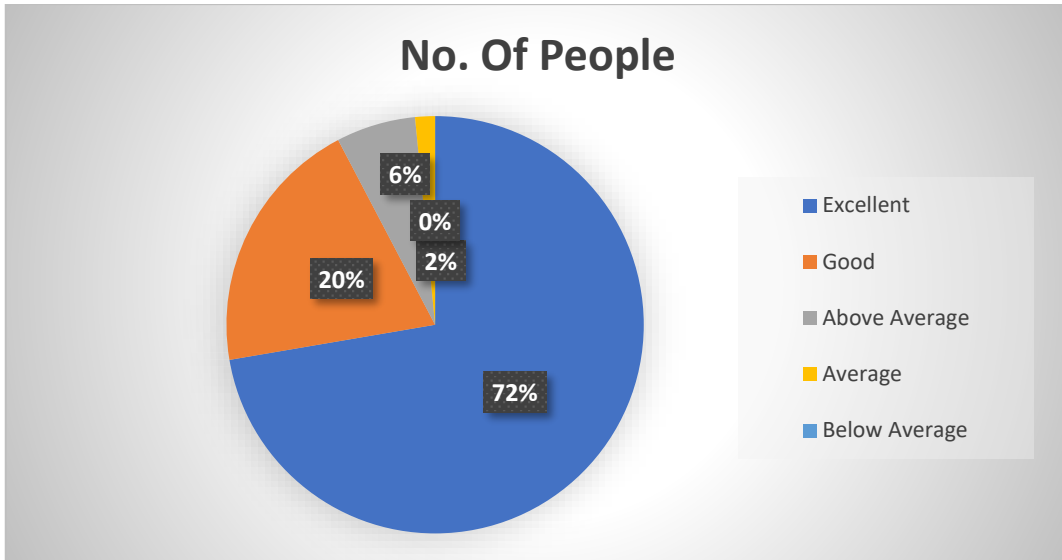


Services offered by the private bank comes out to be the primary reason behind choosing the bank. Other major reasons include good net banking facility and ATM services which are offered by the private bank.

#### **Ease of Access to your bank:**

##### **SBI Customers**

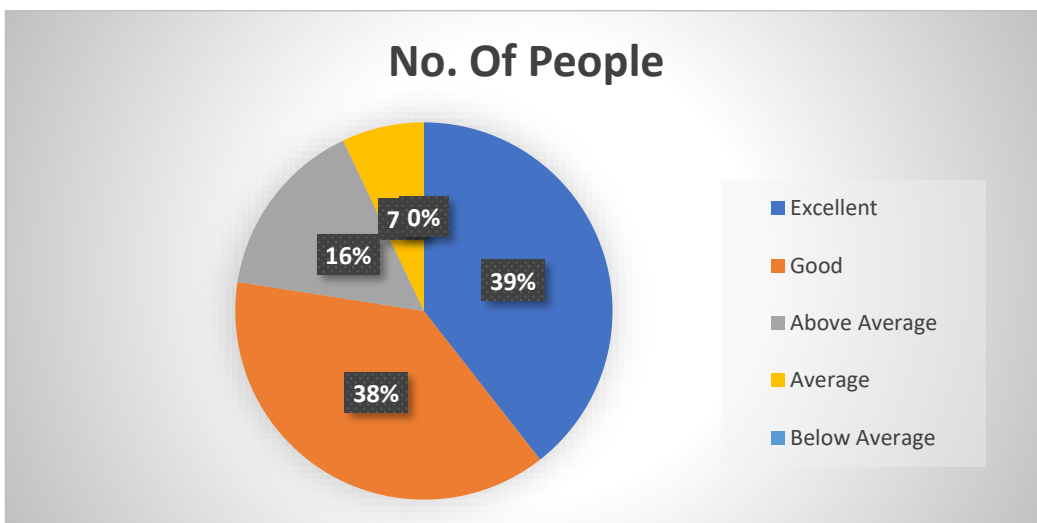
Ratings	No. Of People
Excellent	47
Good	13
Above Average	4
Average	1
Below Average	0



A staggering 72% of the SBI customers rates the ease of access of the bank as excellent. 20% of the customers rate is as good whereas there hardly and customers that provides an inferior rating.

#### HDFC Bank Customers

Ratings	No. Of People
Excellent	28
Good	27
Above Average	11
Average	5
Below Average	0

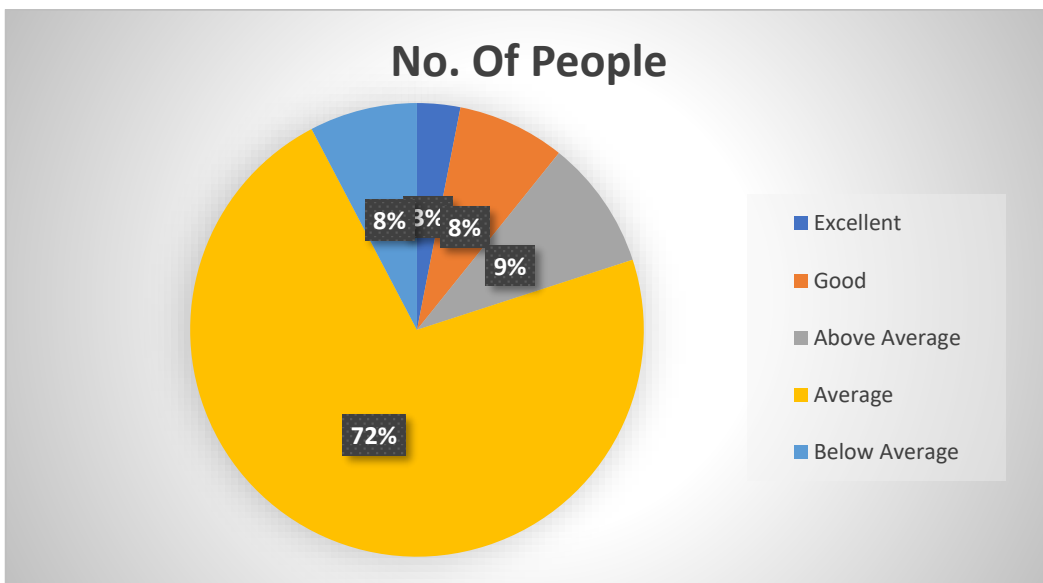


When it comes to rating the ease of access, 39% and 38% rated the same as excellent and good respectively. Only 16% of the population rated the ease of access as average. A very marginal sample size rated average whereas there were none to rate as below average.

**Waiting time in the bank:**

**SBI Customers:**

Ratings	No. Of People
Excellent	2
Good	5
Above Average	6
Average	47
Below Average	5

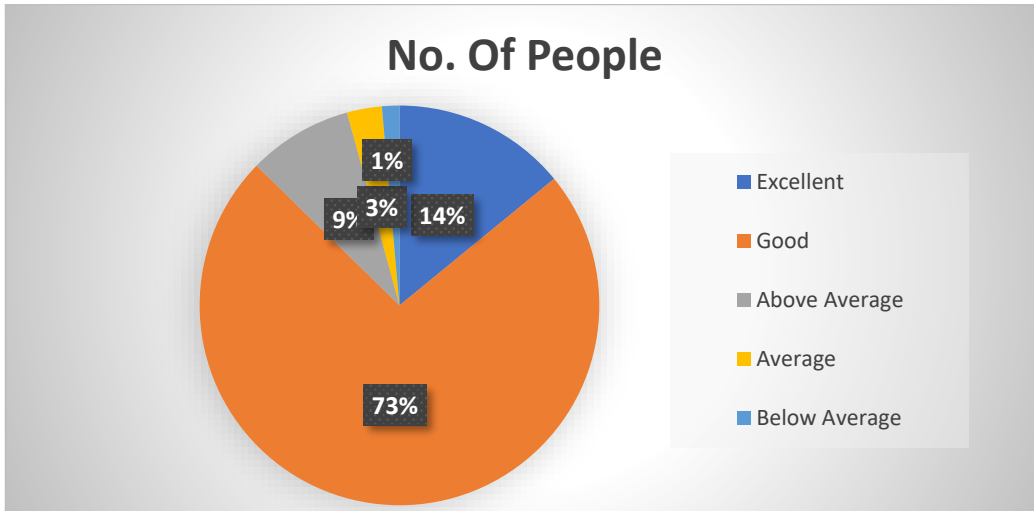


Waiting time as been rated average by a whopping 72% of the SBI customers. 9% of the customers gave above average rating and 8% of the customers provided the good ratings. Only 3% gave the excellent ratings.

**HDFC Bank Customers:**

Ratings	No. Of People
Excellent	10
Good	52

Above Average	6
Average	2
Below Average	1

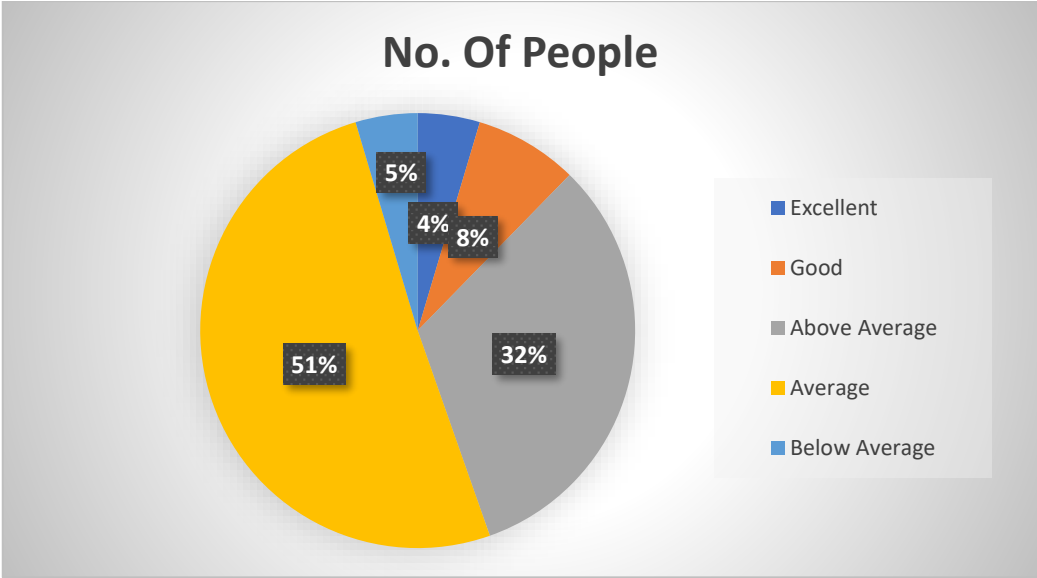


73% of the HDFC bank customers provided the good ratings when it comes to waiting time. Excellent and above average ratings were given by 14% and 9% customers respectively. A very less number gave the average and below average ratings.

**Courtesy of the bank staff:**

**SBI Customers:**

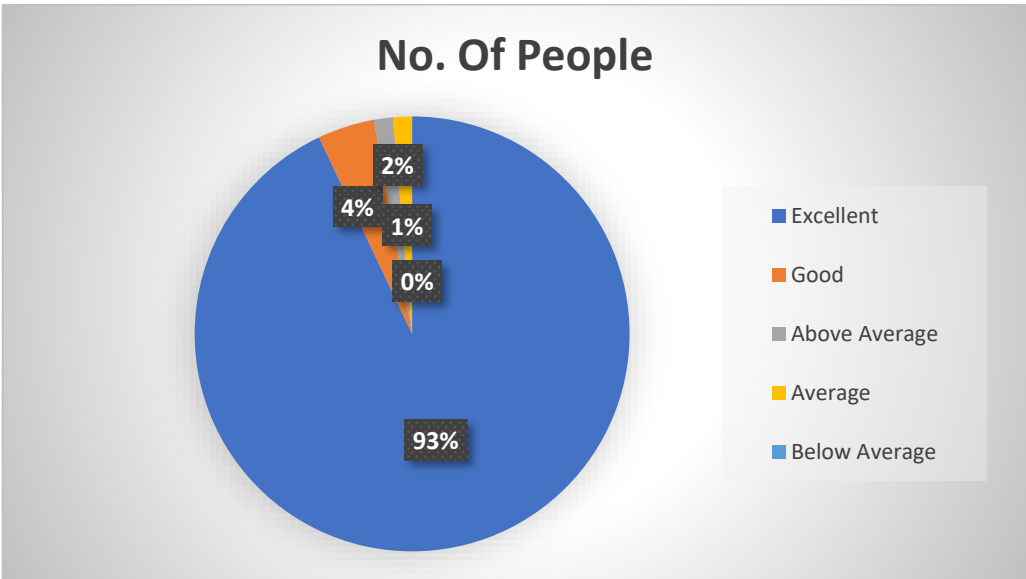
Ratings	No. Of People
Excellent	3
Good	5
Above Average	21
Average	33
Below Average	3



Most of the SBI customers rated courtesy of the bank staff as average that is 51%. 32% of the people rated it as above average. Only 8% and 4% of the customers rated the courtesy as good and excellent respectively.

**HDFC Bank Customers:**

Ratings	No. Of People
Excellent	66
Good	3
Above Average	1
Average	1
Below Average	0



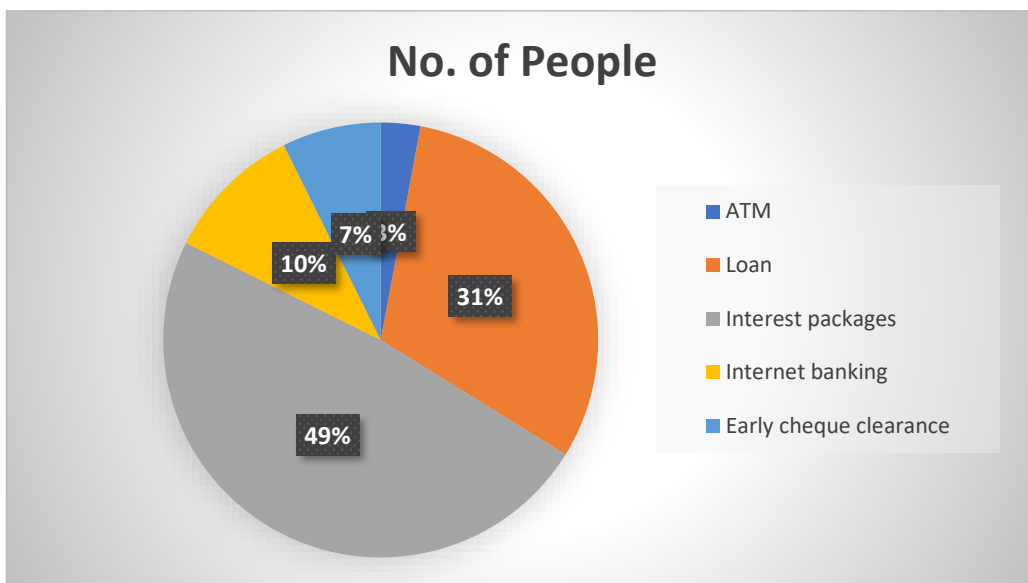


Majority of the people that is 93% of the customers rated courtesy of the bank staff as excellent and 4% rated as good. Only 2% of the population rated the factor as above average.

**Best service offered by the bank:**

**SBI Customers:**

Service	No. of People
ATM	2
Loan	21
Interest packages	33
Internet banking	7
Early cheque clearance	5

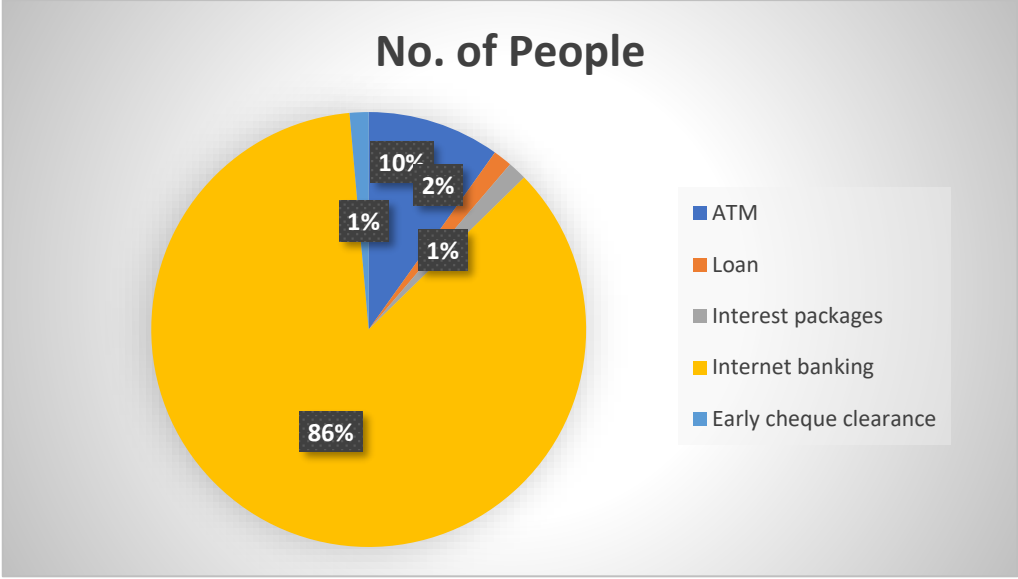


49% of the customers consider the interest packages as the best service. Loan facility is another most liked service by SBI customers.

**HDFC Customers:**

Service	No. of People
ATM	7
Loan	1
Interest packages	1
Internet banking	61

Early cheque clearance	1
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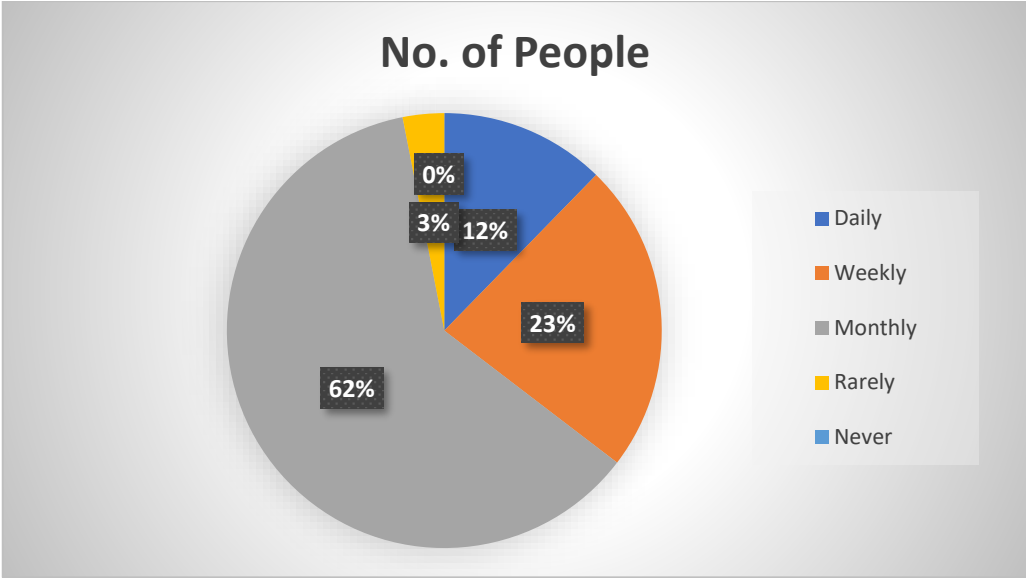
A majority of 86% HDFC bank customers consider internet banking as best service. 10% believe ATM as best service.

**Frequency of using digital banking services digital banking services:**

**SBI Customers:**

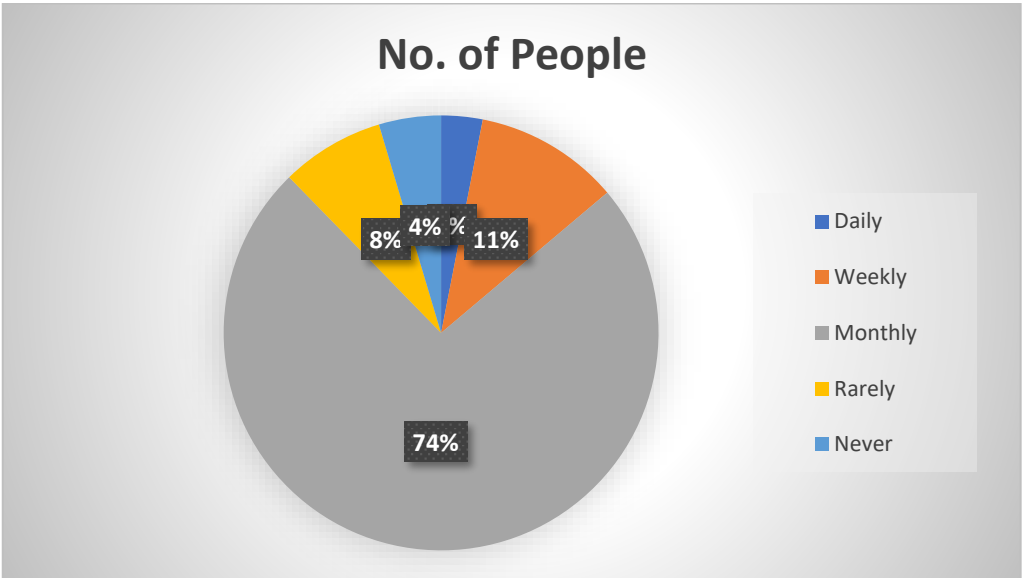
**ATM services-**

Frequency	No. of People
Daily	8
Weekly	15
Monthly	40
Rarely	2
Never	0



**Mobile Banking services-**

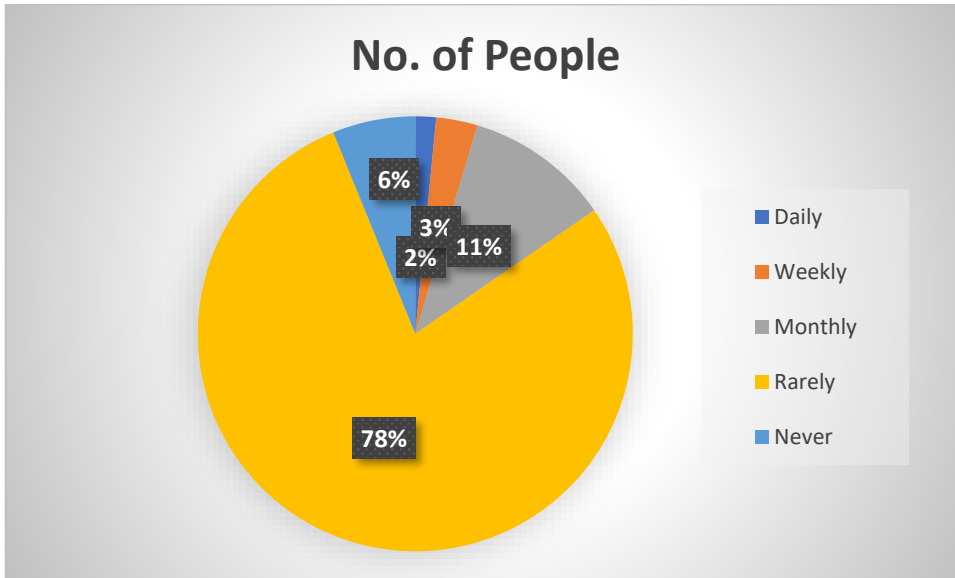
Frequency	No. of People
Daily	2
Weekly	7
Monthly	48
Rarely	5
Never	3



**Internet Banking Services-**

Frequency	No. of People
Daily	2
Weekly	7
Monthly	48
Rarely	5
Never	3

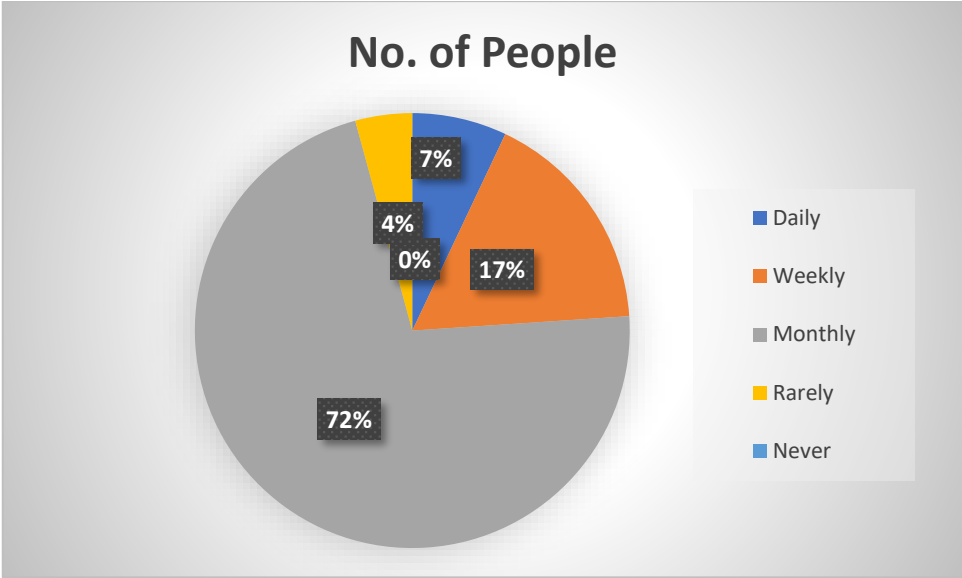
Daily	1
Weekly	2
Monthly	7
Rarely	51
Never	4



**HDFC Customers:**

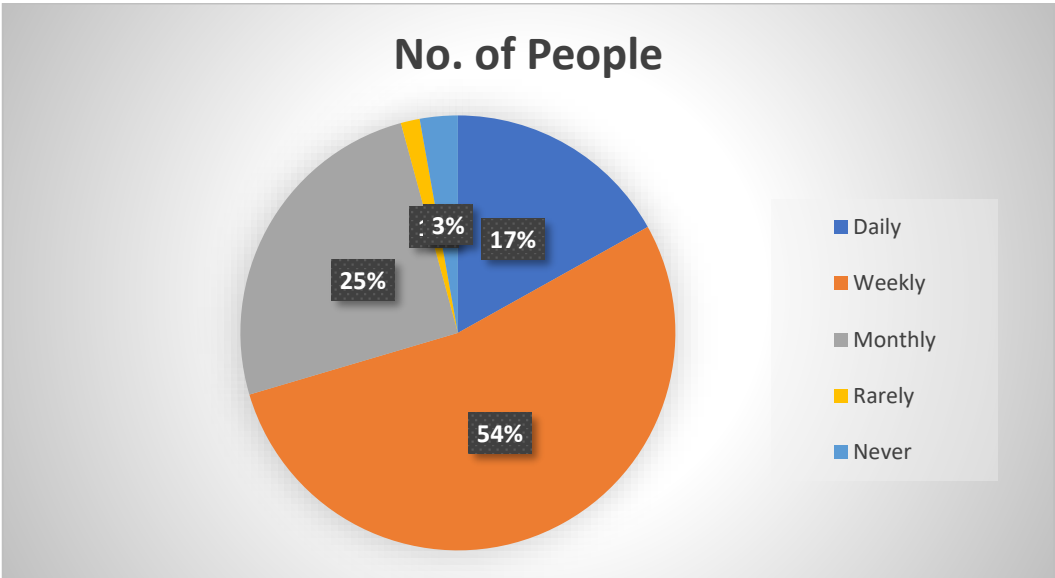
**ATM Services-**

Frequency	No. of People
Daily	5
Weekly	12
Monthly	51
Rarely	3
Never	0



**Mobile Banking Services-**

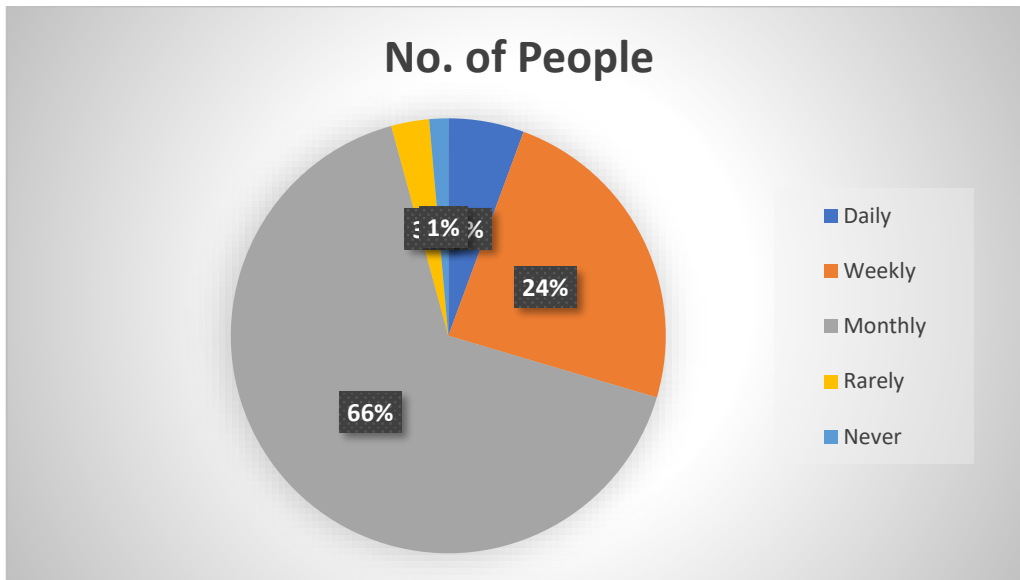
Frequency	No. of People
Daily	12
Weekly	38
Monthly	18
Rarely	1
Never	2



**Internet Banking Services-**

Frequency	No. of People
-----------	---------------

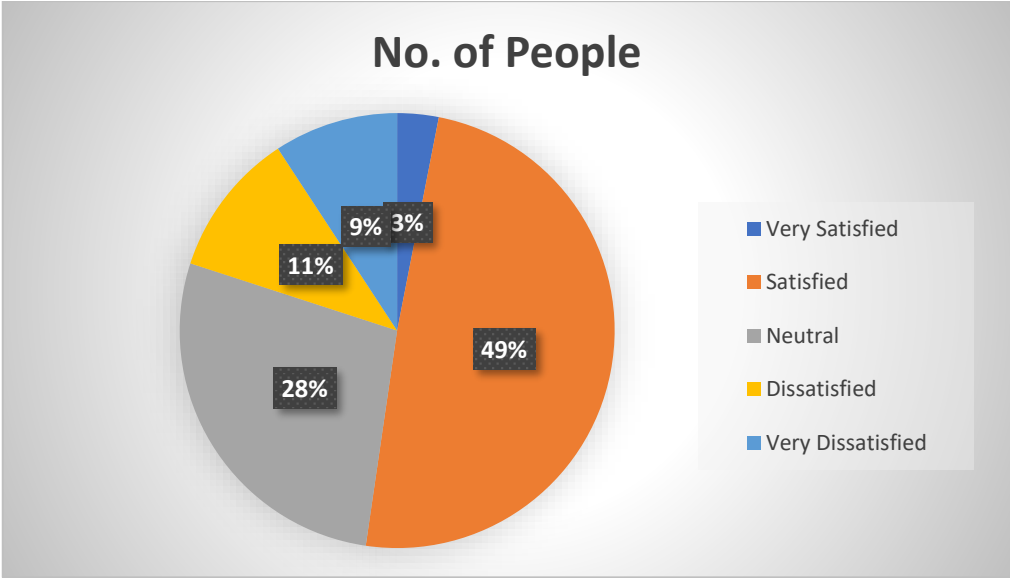
Daily	4
Weekly	17
Monthly	47
Rarely	2
Never	1



**User-friendliness of the bank's mobile banking app:**

**SBI Customers:**

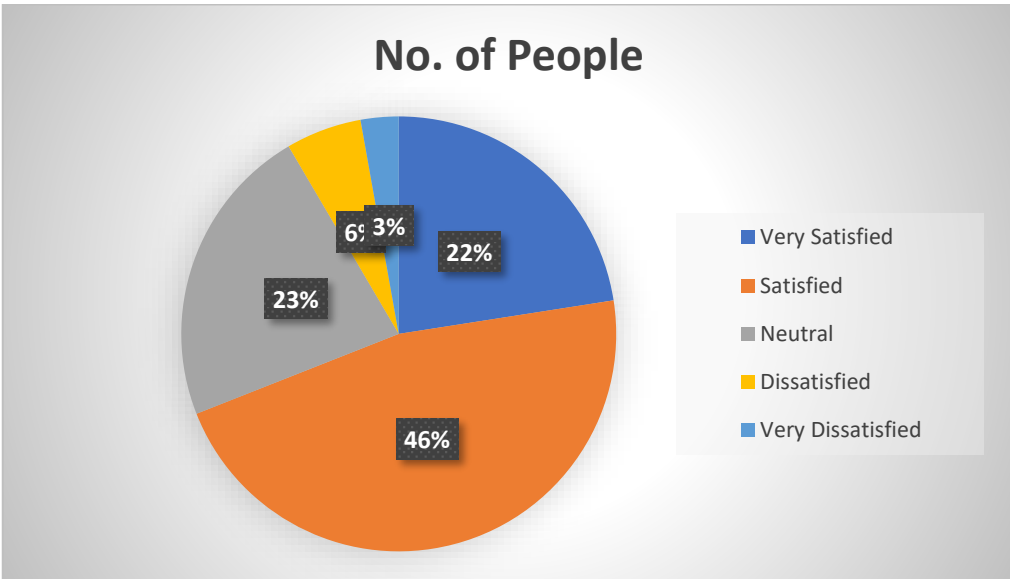
Rating	No. of People
Very Satisfied	2
Satisfied	32
Neutral	18
Dissatisfied	7
Very Dissatisfied	6



When it comes to rating user friendliness of the mobile banking app, 49% of the customers are satisfied with the service. 28% gave neutral as their rating whereas 11% were dissatisfied with the service.

**HDFC Customers:**

Rating	No. of People
Very Satisfied	16
Satisfied	33
Neutral	16
Dissatisfied	4
Very Dissatisfied	2

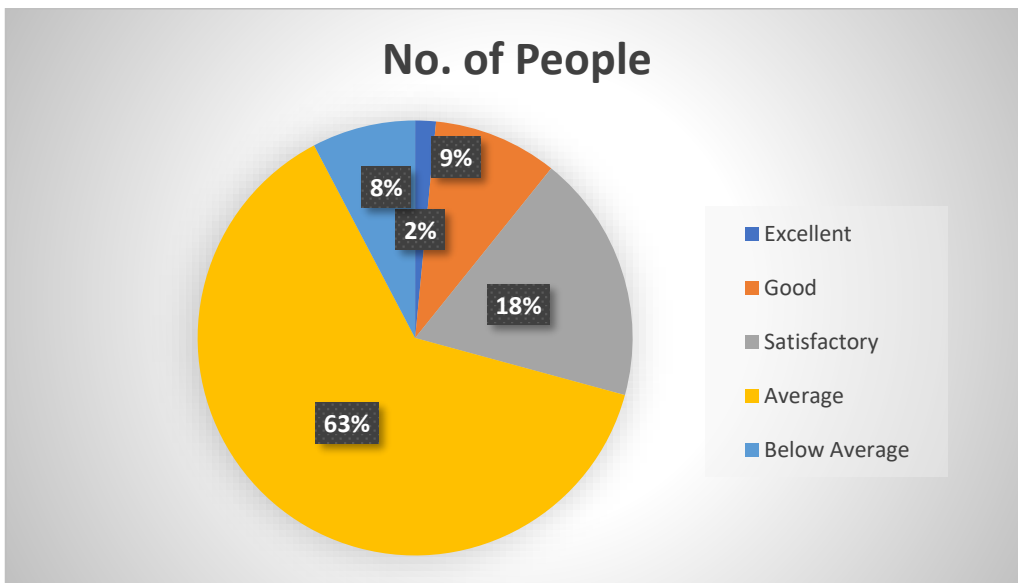


When it comes to rating user friendliness of the mobile banking app, 46% of the customers are satisfied with the service. 23% gave neutral as their rating whereas 6% were dissatisfied with the service. 22% rated the service as excellent.

**Ratings given to overall services of the bank:**

**SBI Customers:**

Ratings	No. of People
Excellent	1
Good	6
Satisfactory	12
Average	41
Below Average	5



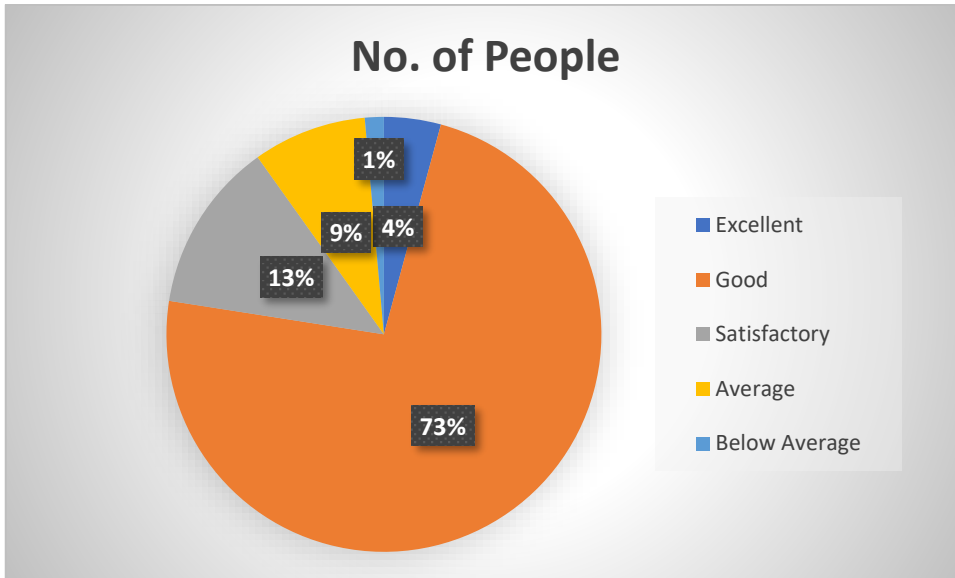
When it come to rating the overall services of the SBI bank, 63% gave average as their rating and 18% rated as satisfactory. 8% gave below average rating. Only 2% gave excellent as their rating.

**HDFC Customers:**

Ratings	No. of People
Excellent	3
Good	52
Satisfactory	9



Average	6
Below Average	1



73% of the HDFC bank customers rated the overall services as good. 13% rated as Satisfactory and 9% rated as average. Below average was rated by only 1% of the customers.

**Correlation between banking tenure and overall service satisfaction:**

**SBI Customers:**

Regression Equation:  $Y=0.4X+15.2$

$Y=0.4X+15.2$

Pearson's  $r \approx 0.047$

**HDFC Customers:**

Regression Equation:  $Y=9.9X-2.3$

$Y=9.9X-2.3$

Pearson's  $r \approx 0.969$

**4.3 Findings**

To study consumer preference while choosing a public bank (SBI):

Analysis:

- SBI customers seem to prioritize perceived security and location advantage when choosing a bank.
- Brand reputation is also a factor but to a lesser extent.
- Traditional accounts, ATM services, and net banking facilities are less influential in decision-making.

To study consumer preference while choosing a private bank (HDFC):

Analysis:

- HDFC customers prioritize excellent service and digital banking facilities, particularly net banking.
- ATM service and brand reputation are also significant factors.
- Traditional accounts and location advantage are less influential in decision-making.

To analyse advantages and disadvantages of SBI according to customer feedback:

I. Advantages of SBI:

- Perceived security associated with a public bank
- Extensive branch network (location advantage)
- Trust associated with the brand

II. Disadvantages of SBI:

- Lower ratings for ease of access, waiting time, and staff courtesy compared to HDFC.
- Lower usage and satisfaction with digital banking services.
- Lower overall service ratings compared to HDFC.

To analyse advantages and disadvantages of HDFC according to customer feedback:

I. Advantages of HDFC:

- Excellent service offered by the bank
- Strong digital banking facilities (net banking, mobile app)
- Higher ratings for ease of access, waiting time, and staff courtesy compared to SBI.
- Higher overall service ratings compared to SBI.

## II. Disadvantages of HDFC:

- Relatively lower importance given to location advantage and brand reputation.
- Relatively lower usage of traditional banking services like ATM and higher reliance on digital services.

To analyse which facility pleases customers the most:

- SBI customers seem more satisfied with traditional banking facilities like interest packages.
- HDFC customers are more satisfied with digital facilities, especially internet banking.

Correlation between banking tenure and overall service satisfaction:

SBI Customers:

Regression Equation:  $Y=0.4X+15.2$

$Y=0.4X+15.2$

Pearson's  $r \approx 0.047$

HDFC Customers:

Regression Equation:  $Y=9.9X-2.3$

$Y=9.9X-2.3$

Pearson's  $r \approx 0.969$

Interpretation:

For SBI customers, there is a very weak positive correlation between banking tenure and overall service rating.

For HDFC customers, there is a strong positive correlation between banking tenure and overall service rating.

This suggests that for HDFC customers, longer banking tenure tends to be associated with higher overall service ratings, indicating increased satisfaction with the bank's services over time. However, for SBI customers, the relationship between banking tenure and overall service rating is much weaker.

## CHAPTER 5: CONCLUSION

- 1) SBI and HDFC cater to different customer preferences and needs.
- 2) SBI attracts customers based on its reputation for security and extensive branch network, but it lags behind HDFC in terms of service quality and digital offerings.
- 3) HDFC excels in providing excellent service and robust digital banking facilities, leading to higher overall satisfaction ratings among customers.
- 4) Longer tenure with HDFC is strongly associated with higher satisfaction, indicating the bank's ability to retain and satisfy customers over time.
- 5) To compete effectively, SBI needs to focus on improving service quality, particularly in digital banking, and enhancing customer satisfaction. On the other hand, HDFC should continue to emphasize its strengths in service excellence and digital innovation to maintain and grow its customer base.

### 5.2 Limitations of the Study

While the research conducted provides valuable insights into consumer preferences and satisfaction with SBI and HDFC banks, there are several limitations to consider:

- 1) **Sample Bias:**  
The sample might not be representative of the entire customer base of SBI and HDFC. For example, the respondents might be predominantly urban, educated, or tech-savvy, which may not accurately reflect the broader customer demographics.
- 2) **Response Bias:**  
Respondents may have provided biased or inaccurate responses, either intentionally or unintentionally, leading to skewed results. For instance, they might overstate satisfaction with their current bank or underreport certain factors.
- 3) **Limited Scope:**  
The study only focuses on SBI and HDFC banks, which might not capture the full spectrum of consumer preferences in the banking sector. Other banks, especially regional or cooperative banks, could have different dynamics and customer satisfaction levels.

4) Questionnaire Design:

The questionnaire design might have influenced responses. For instance, the options provided for selecting reasons for choosing a bank might not have covered all potential factors, leading to oversimplified responses.

## 5.1 Reference

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## 5.2 Annexure

1. Occupation:
  - a. Service
  - b. Business
  - c. Profession
  - d. Student
  - e. Homemaker
  
2. Which bank are you currently dealing with?
  - a. SBI (State Bank of India)
  - b. HDFC Bank Ltd
  
3. What is the most important reason for choosing a public bank? (Please select one)
  - a. Traditional account with the same bank
  - b. Brand reputation of the bank
  - c. Perceived security associated with a public bank
  - d. ATM service
  - e. Net banking facility
  - f. Location advantage
  
4. What is the most important reason for choosing a private bank? (Please select one)

- a. Traditional account with the same bank
  - b. Brand reputation of the bank
  - c. Excellent service offered by the bank
  - d. ATM service
  - e. Net banking facility
  - f. Location advantage
5. How long have you been dealing with this bank?
- a. Less than 1 year
  - b. 1-2 years
  - c. 2-5 years
  - d. More than 5 years
6. How would you rate the ease of access of your bank?
- a. Excellent
  - b. Good
  - c. Above Average
  - d. Average
  - e. Below Average
7. How would you rate the waiting time at your bank?
- f. Excellent
  - g. Good
  - h. Above Average
  - i. Average
  - j. Below Average
8. How would you rate the courtesy of the bank staff?
- a. Excellent
  - b. Good
  - c. Above Average
  - d. Average
  - e. Below Average

9. Which facility satisfies you the most? (Please select one)

- a. ATM
- b. Loan
- c. Interest packages
- d. Internet banking
- e. Early cheque clearance
- f. Preparation of drafts

10. How would you rank the overall services of the bank?

- a. Excellent
- b. Good
- c. Satisfactory
- d. Average
- e. Below Average
- f. Not Applicable

11. How frequently do you use the following digital banking services?

ATM Withdrawals:

- a. Daily
- b. Weekly
- c. Monthly
- d. Rarely
- e. Never

Mobile Banking App:

- a. Daily
- b. Weekly
- c. Monthly
- d. Rarely
- e. Never

Online Banking:

- a. Daily



- b. Weekly
- c. Monthly
- d. Rarely
- e. Never

12. How satisfied are you with the user-friendliness of the bank's mobile banking app?

- a. Very Satisfied
- b. Satisfied
- c. Neutral
- d. Dissatisfied
- e. Very Dissatisfied

13. How satisfied are you with the online banking experience provided by your bank?

- a. Very Satisfied
- b. Satisfied
- c. Neutral
- d. Dissatisfied
- e. Very Dissatisfied

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