

## **A Study on Customer Satisfaction of HDFC Bank with Special Reference to Automated Teller Machine in Vapi Region**

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### **ABSTRACT**

This paper is an attempt to identify the customer satisfaction level at HDFC bank in context with ATMs at Vapi. The descriptive study is being used in this paper. Data was collected from both the sources and structure questionnaire was prepared to collect data from the 200 respondents with Vapi region. Random sampling is being used to select the respondent. The data is being analyzed on the basis of different aspects related to ATMs located in Vapi region. This study attempted to measure the satisfaction level of HDFC bank with special reference to ATM in Vapi. ATM is such type of innovation that can mechanically accept deposits, issue withdrawals, transfer funds between accounts and collect cheques.

**Keywords: Deposits, Fund Transfer, Withdrawals, Customer Satisfaction, Automated Teller Machine**

### **Introduction:**

The fashion in banking industry originated with the cash economy and transferred to the cheque and now it has being changed into the plastic money and e-cheque. Globalization and the competition from all over the globe insisted all types of bank to implement new and innovative technologies in day to day operation of banks. These days even a co-operative bank or rural bank started using the technology in the daily operations. Technology has given a new phase to the banking industry in India. HDFC was incorporated in 1994.HDFC Bank is the

fifth largest bank in India by assets. It is the largest bank in India by market capitalization as of 24 February 2014. As on Jan 2 2014, the market cap value of HDFC was around USD 26.88B, as compared to Credit Suisse Group with USD 47.63B.The bank was promoted by the Housing Development Finance Corporation, a premier housing finance company (set up in 1977) of India. HDFC Since its inception, HDFC has implemented all new technologies in its operation either it would be internet banking or ATM or plastic cards or e-cheque or money transfer.

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## Statement of the Problem

The HDFC Bank introduced the ATM facility since its inception and today is the bank having huge number of ATMs in the country. As the use of ATM is increasing day-by-day, it is important to study the insight about the level of customer satisfaction with respect to various aspects of HDFC Bank ATM and to identify the problem areas and proposed recommendations leading to improvement. This study one of such an attempt.

## Objectives of the Study

The main objectives of the study can be stated as below:

- (a) To examine the level of customer satisfaction associated with various aspects of HDFC Bank ATM.
- (b) To make policy recommendations to improve the service quality of HDFC Bank ATM.

## Overview of Literature

Al-Hawari et al. (2006) compiled a list of five major items about ATM service quality that include convenient and secured locations, functions of ATM,

adequate number of machines and user-friendliness of the systems and procedures. Some studies have also identified customers' dissatisfaction with ATM service quality dimensions.

Davies et al., (1996) examined the factors that influence customers' satisfaction about ATM service quality. These factors include costs involved in the use of ATM, and efficient functioning of ATM.

Moutinho (1992) examined relationship of dimensions of usage rate and performance expectation with customers' prolonged satisfaction with ATM services. Thus, Moutinho established that ATM facility resulted in speed of transactions and saved time for customers. Moutinho established that ATM facility resulted in speed of transactions and saved time for customers. Stemper, 1990, noted that customers do not like ATMs because of impersonality, vision problem, fear of technology and reluctance to change and adopt new mode of delivery of service

Cabas (2001) noted investment opportunities, reduction in costs, satisfaction of customers and competitiveness as motives to install and add new ATM to the existing network.

Marshall and Heslop, 1988, concluded that the banks should focus not only on the satisfaction of ATM users, but also aim at delighting them to ensure their retention. Banks should capitalize on the spread of communication technology and the theory of innovations.

Mariappan (2006) analyzed that IT revolution has brought stunning changing in the business environment perhaps no other sector has been influenced by advances in technology as much as banking and finance, as a result, the banking pose a totally new look today.

The concept of ATM is quite old and has been developing throughout. No doubt, a fair number of theoretical and empirical researches have been undertaken throughout the world.

Islam et al (2005) examined the satisfaction level of ATM card holders of a leading bank (HBSC) in Bangladesh. The study found significant relationship of ATM service quality with customers' satisfaction. The study identified that location, personnel response, quality of currency notes, promptness of card delivery and performance of ATM were positively and significantly related to customer' satisfaction. The security, frequent breakdown of machine, and insufficient number of ATM were major contributors of customers' dissatisfaction.

Joseph and Stone (2003), through focus group study in the United States, found that easy access to location, user-friendly ATM, and security are important factors that influence majority of bank customers' perception of ATM service quality.

Moutinho (1992) examined relationship of dimensions of usage rate and performance expectation with customers' prolonged satisfaction with ATM services. The results indicated that usage rate had a negative association with customer perceived prolonged satisfaction whereas performance expectations found to have positive and significant predictor of customers' prolonged satisfaction.

Patricio et al., (2003) undertook a qualitative study of a Portuguese bank regarding customers' use of multi channel offerings. The study identified accessibility and speed of operation as strong predictors of customers' satisfaction, whereas security dimension and technical failures were main causes of dissatisfaction

### **Rationale of the Study**

As the use of ATM services is increasing day-by-day, it is important on the part of the bank, to have an idea about what the ATM users are thinking about its various features, what are their problem areas, what are their recommendations,

how do they compare the ATM service of this bank with that of any other banks etc..Thus the findings of the study may be very useful to them and it may also help the ATM section of the bank to identify their positive and negative features and the recommendation of the customers. The bank management can take actions on this basis to improve the service quality assuming that the sample customers selected on the random basis represent the whole population.

### **Research Methodology**

Data sources: Both primary and secondary data were used for the purpose of the study.

Population and Sample: The population defined for this study was limited to the ATM users of HDFC Bank in Vapi. In this study random sampling technique has been used and 200 customers were selected on random basis.

### **Instrument: Questionnaire**

In a question, respondents were asked to indicate their level of satisfaction regarding various aspects of the ATM (such as promptness of card delivery, performance, service quality of ATM personnel, quality of currency notes) of

HDFC Bank ATM on a 5-point likert type scale (1 for “Highly Unsatisfied” to 5 for “Highly Satisfied”).

After developing the questionnaire, the customers availing ATM services were identified from entire Vapi. There are 5 ATM booths of HDFC Bank in Vapi situated at fairly far and equal distances. The customers accessing the ATMs were randomly selected evenly from all the ATM booths of the city (40 from each ATM). Respondent ATM users have been explained the objectives of the study and were requested to fill in the questionnaire on the spot. Besides this, many secondary sources have been used for supplementary purpose. Secondary sources include bank’s annual report, relevant web-based materials and prior research reports etc. Data have been analyzed by using descriptive statistics. Mean levels of satisfaction of the respondents were calculated. By using these mean levels of satisfaction, information has been provided to use in analyzing the situation. Weighted Average Scores have also been calculated between various aspects of ATMs regarding their level of satisfaction and then ranking was done determining the aspect contributing the most towards the overall satisfaction of customers.

## Survey Findings

All the questionnaires were filled by the respondents in presence of the author of the paper. This analysis proceeded by identifying the relevant dimensions of customers' satisfaction towards ATM service of HDFC Bank.

1. Level of Customer Satisfaction with reference to various aspects

The survey findings with respect to the level of customer satisfaction with various aspects can be shown in the following table:

Table No: 1 Level of Customer Satisfaction with reference to various aspects

S.No.	Particulars	Total Number of Respondents	Weighted Sum	Average Level of Satisfaction
1	Promptness of the delivery of ATM Card	200	664	3.32
2	The service quality/ behavior of ATM personnel/ guard	200	768	3.84
3	Safety-security-Privacy	200	645	3.225
4	Cash Availability in ATM	200	674	3.37
5	Cash withdrawal (Correctness / Promptness)	200	634	3.17
6	Quality of Notes	200	623	3.115
7	Availability of Pay-in-slips / Deposit Envelops etc.	200	609	3.045
8	Availability of Power Back up / Generator / Inverter	200	456	2.28
9	Location Aspect of ATMs	200	401	2.005
10	Sufficient number of ATMs	200	454	2.27
11	Complaint book availability	200	459	2.295
12	Overall performance of ATM	200	689	3.445

From the table it can be interpreted that the level of satisfaction of ATM among the customer is neutral which is indicated by

the average mean with respect to all the aspect of the ATM.

Some of the aspect denoted very less weighted average means such as sufficiency of number of ATMs in the city, location aspect, availability of power backup and complaint book at ATM booth. All this aspect has the mean score less than the 3 which was considered as neutral score. So this aspects which has less than 3 score, need more focus and attention for improvement of the same. Therefore these aspects need more attention and shows good scope of improvement. On the basis of the weighted average mean, rank is allotted to various aspects of ATM for

understanding the priority of the aspects. And also to know the contribution of the each aspect to increase the satisfaction level among the customer and this will also indicate the negative impact of the different aspects.

## 2. Knowledge about the features of HDFC Bank ATMs

Here in this the question respondents were asked about the features of the HDFC bank's ATM and what other facilities respondent use other than the cash withdrawal.

**Table: 2 Knowledge about the features of HDFC Bank ATMs**

Knowledge about the features of HDFC Bank ATM	Number of respondent	%
Yes	173	86.5%
No	27	13.5%
Total	200	100

**Table No.3 Use of Features by knowledgeable persons other than Cash Withdrawal**

Use of Features by knowledgeable persons other than Cash Withdrawal	Number of respondent	%
Yes	139	80.34%
No	34	19.65%
Total	173	100

From the above table it can be interpreted that 173 respondents have the basic knowledge of the HDFC ATMs facilities

and among that also only 80% of the respondent have knowledge about the other features than cash withdrawal.

This indicates that still many of the customer does not have knowledge about features of ATMs even for cash withdrawal, and even if they have information about the ATMs, it is only limited to cash withdrawal. Still respondent use ATMs only for cash withdrawal. ATMs have many facilities but the customers are not aware about the other facilities such as transfer money, billing etc.

### 3. Recommendations to Improve Service Quality

In the questionnaire suggestion According to the respondents, HDFC ATMs should enhance some of the facilities in Vapi. The recommendations of the respondents are quantified on the basis of the importance are mentioned below:

**Table: 4 Recommendations to Improve Service Quality**

Sr. No.	Suggestions	Number of Respondent	Percentage %
1	More user friendly machine	92	46
2	Better customer service	67	33.5
3	Prompt card delivery	51	25.5
4	New ATM locations	113	56.5
5	Increase in number of ATM	167	83.5
6	More withdrawal limit	103	51.5
7	Facility to pay utility Bills	26	13
8	Increase of safety security	32	16
9	Better currency quality	36	18
10	Making more attractive decorations	21	10.5

### Conclusions:

From the analysis table analysis is being drawn as follows:

1. The customer are highly satisfied by the by the service quality and the behavior of the guard or the

personnel and cash availability at each ATM. Respondent are satisfied with other aspect of the ATM.

2. Respondents are dissatisfied with aspects such as complaint book availability, location of the ATM, number of ATMs and availability of generator/power back. The score of these aspects are less than 3 (average score).
3. Maximum respondent uses ATM for cash withdrawal and also for the other features such as transfer, payment of the bills etc.
4. Respondent have high level of recommendation for the non-availability of the generator because they face lots of problem due this.
5. The most essential finding came out of the study that Weighted Average Score of overall performance of HDFC Bank ATMs was 3.44 which is more than neutral (i.e. 3). HDFC bank ATMs should consider all the recommendations and implement it in the near future absorb the prospective customer in the market

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