



## A STUDY ON SERVICE QUALITY IN CORE BANKING SERVICES WITH REFERENCE TO HDFC BANKING SERVICES IN THIRUVARUR DISTRICT

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### Abstract

Modern banking services have been predominantly popular among the customers. The banking services are offered in its simplest and useful form to reach the common man everywhere. Even uneducated customers today whole heartedly without any hesitation make use of banks predominant ATM's services. Banks also aim at biometric identification of customers for security and hassle free identification of customers for various banking services. The present study aims at finding out the opinion of the customers regarding the modern banking services and to ascertain and evaluate the customer satisfaction through the various services utilized by them quite often.

**Keywords :** CBS, HDFC customer services, effectiveness, benefits.

### Introduction

Core Banking Service (CBS) is one of the recent developments in the field of banking and it has proved to be very useful. Centralized Online Real-time Environment (CORE) banking enables anywhere banking. Bank's customers can operate their accounts from any branch of the bank. The present scenario in banking industry is once a customer opens his/her account he/she becomes the customer of the bank but not the branch alone. Core Banking Services provides for online banking services everywhere to fulfill the needs of the customers. Previously all the operations such as keeping a ledger of various transactions, maintaining customer information, interest calculations of loans and deposits etc were done manually. With the advent of Information and Communication Technology (ICT) all the above core operations are done through the computers. CBS has been effective in bringing about a radical change in the field of banking. CBS from the customer's perspective simplify their banking operations by allowing them to conduct common frequently used banking transactions without visiting bank's branches, thus saving a lot of time. On the other hand bank's have improved upon their operational efficiency after the introduction of CBS. CBS provides for online banking, Mobile banking and ATM services on 24/7 basis to customers so that a customer need not visit a bank for his banking needs.

### Objectives of the Study

The objectives of the study are as follows,

- To understand the effectiveness of Core Banking Services in HDFC Bank Thiruvapur, THIRUVARUR.
- To know the impact of Core Banking Services on Bankers and Customers of HDFC Bank Thiruvapur.
- To analyze the Customer Services prevailing in HDFC Bank Thiruvapur in THIRUVARUR.
- To measure the benefits from CBS to HDFC Bank Thiruvapur Customers.

### Scope of Study

The present study is focused on Core Banking Services of HDFC in THIRUVARUR. It covers the Core Banking services meaning, features, its impact on customer progress, effectiveness and benefits to customers in this era. For the study respondents were considered across the THIRUVARUR using Simple Random Sampling Technique.

### Hypothesis of the Study

The hypotheses of the present study are

- H0 : CBS has no significant difference between other banking services.  
H1 : CBS has significant difference between other banking services.
- H0 : CBS has no effect on HDFC customers.  
H1 : CBS has strong effect on the HDFC customers.

### VI. Research Methodology

The present study is based on both primary and secondary data. The primary data is collected by framing a structured questionnaire. The structured questionnaire on CBS was prepared personally and handed over to the respondents by the researcher to collect primary data. In all 90 questionnaire were circulated and the response from the customers is tabulated to bring out the article. The respondents were randomly selected and it about 90 in numbers. The secondary data are collected from internet, books, journals, research articles news papers, bank web sites etc.

## VII. Sample Design

The present study is focused on Core Banking Services of HDFC branches across THIRUVARUR. For the study, the respondents are selected randomly using Simple random sampling technique.

## VIII. Statistical Tools and Techniques

The present study used the following Statistical Techniques for testing the hypotheses.

- X<sup>2</sup> test
- Frequency distribution
- Tables
- Charts
- Arithmetic Mean were used.

The following table indicates the personal demography of the respondents. The respondents can be divided on the basis of Gender, Age, Educational qualification, Monthly income, Occupation, Marital status and family type.

### Part – A

#### Gender of the Respondents

Gender	No.of Respondents	Percentage
Male	62	68.88
Female	28	31.12
<b>Total</b>	90	100

Out of 90 respondents on the basis of gender 68.88% were male and 31.12% were female. It clearly indicates that majority of the respondents were male.

#### Age of Respondents

Age	No.of Respondents	Percentage
16-25	34	37.78
25-45	44	48.89
45-Above	12	13.33
<b>Total</b>	90	100.00

Out of 90 respondents 37.78% were in the age group of 16-25, 48.89% were under 25-45 and 13.33% were above 45. It clearly indicates majority of the respondents were in the age group of 25-45.

#### Educational Qualification of the Respondents

Educational Qualification	No.of Respondents	Percentage
SSLC to HSC	12	13.33
Graduate	42	46.67
Post Graduate	36	40.00
<b>Total</b>	90	100.00

Out of 90 respondents 13.33% were in the educational qualification of SSLC to PUC, 46.67% were graduates and 40% were post graduates. It clearly indicates that the majority of the respondents were Graduates.

#### Monthly Income of the Respondents

Monthly Income	No.of Respondents	Percentage
Below 5000	6	6.67
5000-10000	10	11.11
10000-15000	24	26.67
15000-20000	27	30.00
Above 20000	23	25.55
<b>Total</b>	90	100.00

Out of 90 respondents 6.67% were below Rs.5000 monthly income, 11.11% were between Rs.5000 to 10000, 26.67% were Rs.10000 to 15000 and 30% were Rs.15000 to 20000 and 25.55% were above Rs.20000. It clearly indicates that the majority of the respondents were in the monthly income between Rs.15000-20000.

### Occupation of the Respondents

Monthly Income	No.of Respondents	Percentage
Government Employee	8	8.89
Private Employee	20	22.22
Business	19	21.11
Service and others	43	47.78
<b>Total</b>	90	100.00

Out of 90 respondents 8.89% were government Employees, 22.22% were private employees, 21.11% were from business and 47.78% were from service and other sectors. This clearly shows that majority of the respondents were from service and other sectors.

### Part – B

#### Awareness of HDFC Core Banking Services, Thiruvarur branch

Awareness	No.of Respondents	Percentage
Yes	90	100
No	0	0
<b>Total</b>	90	100

All the respondents were aware of CBS of HDFC Bank Thiruvarur in THIRUVARUR.

#### Satisfaction of Core Banking Services in HDFC

Particulars	No.of Respondents	Percentage
Strongly Agree	14	15.56
Agree	58	64.44
Neither agree Nor Disagree	10	11.11
Disagree	7	7.78
Strongly Disagree	1	1.11
<b>Total</b>	90	100

Out of 90 respondents 15.56% strongly agree, 64.44% agree, 11.11% neither agree nor disagree, 7.78% disagree and 1.11% strongly disagree towards the satisfaction of CBS in HDFC.

#### Benefits of Core Banking Solution in HDFC

Benefits	No.of Respondents	Percentage
Reliability and Safety	22	24.44
Time Saving	32	35.56
Cost efficiency	8	8.89
Easy Transaction	6	6.67
More Convenience	12	13.33
Help to multi currency operation	7	7.78
<b>Total</b>	90	100

Out of 90 respondents 35.56% were for reliability and safety, 24.44% were for time saving, 8.89% were for cost efficiency, 6.67% were for easy transaction, 13.33% were for more convenience, 7.78% were for multi-currency operation and 3.33% were for others. It indicates majority of the respondents considered the benefit of time saving under CBS in HDFC.

#### Effectiveness of Core Banking Solution in HDFC

Particulars	No.of Respondents	Percentage
Strongly Effective	22	24.44
Effective	50	55.56
Neither effective Nor ineffective	8	8.89
Ineffective	7	7.78
Strongly not effective	3	3.33
<b>Total</b>	90	100

Out of 90 respondents 24.44% were for strongly effective, 55.56% were for effective, 8.89% were for neither effective nor ineffective, 7.78% were for ineffective 3.33% were for strongly not effective. It indicates majority of the respondents found CBS 'Effective'.

#### Whether CBS is Effective Compared to Other Banking Services

Particulars	No.of Respondents	Percentage
Yes	62	68.89
No	28	31.11
<b>Total</b>	<b>90</b>	<b>100</b>

Out of 90 respondents 68.89% found CBS in HDFC more effective compared to other banking services. Only 31.11% found it is not effective.

#### Testing of Hypothesis

**I. Ho:** CBS has no significant difference between other banking services.

**H1:** CBS has significant difference between other banking services.

Particulars	No.of Respondents	Percentage
Yes	62	68.89
No	28	31.11
<b>Total</b>	<b>90</b>	<b>100</b>

Showing the X2 value of the HDFC customers.

Scale	O	E	O-E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
Yes	65	45	20	400	8.89
No	25	45	-20	400	8.89
				<b>(O-E)<sup>2</sup>/E</b>	<b>17.78</b>

$$X^2 = \frac{(O-E)^2}{E}$$

Degree of freedom (df) = n-1

$$= 2-1 = 1$$

Where,

X<sup>2</sup>= Chi –square test

O = Observed frequency

E = Expected frequency

N = number of classes

**Inference:** The table value of X<sup>2</sup> for the degree of freedom 1 at 5% level of significance is 3.841. The calculated value of X<sup>2</sup> is 17.78 which is higher than the table value, as such the null hypothesis is rejected. Therefore it indicates that CBS has significant difference between other banking services.

**II. H0:** Core banking service has no effect on HDFC customers.

**H1:** Core banking service has strong effect on HDFC customers.

#### Effectiveness of CBS in HDFC, Thiruvapur

Particulars	No.of Respondents	Percentage
Strongly Effective	22	24.44
Effective	50	55.56
Neither effective Nor ineffective	8	8.89
Ineffective	7	7.78
Strongly not effective	3	3.33
<b>Total</b>	<b>90</b>	<b>100</b>

#### Showing the X<sup>2</sup> value of the HDFC customers

Scale	O	E	O-E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
Strongly Effective	22	18	4	16	0.89
Effective	50	18	32	1024	56.89
Neither effective Nor ineffective	8	18	-10	100	1.12
Ineffective	7	18	-11	121	6.72
Strongly not effective	3	18	-15	225	12.5
				(O-E) <sup>2</sup> /E	<b>78.12</b>

Degree of freedom: n-1 i.e. 5-1 =4

**Inference:** The table value of X<sup>2</sup> for the degree of freedom 4 at 5% level of significance is 9.488. The calculated value of X<sup>2</sup> is 78.12 which is higher than the table value, as such the null hypothesis is rejected, which clearly indicates that CBS has strong effect on HDFC, THIRUVARUR customers.

#### Major Findings of the Study

1. In our study concerning impact of CBS on HDFC customers 90 respondents were chosen of which 68.88% were males and 31.12% were females. This indicates that majority of the respondents were males.
2. The survey also indicates that the respondents of the age group 35-45 who happen to be graduates were benefited out of CBS in HDFC in THIRUVARUR.
3. The findings from the survey shows that the customers who come under the income group of more than Rs.10000 per month in the service sector were benefited out of CBS in HDFC in THIRUVARUR.
4. The survey indicates that majority of the respondents were satisfied about CBS of HDFC in THIRUVARUR.
5. The study also indicates that the customers preferred CBS as it saves time and the banking operations can be done from any branch of HDFC in THIRUVARUR. In other words a customer not only becomes a customer of the branch but the customer of the bank also because CBS facilitates the banking operations from any branch of the bank. This saves time for the customers.
6. All the respondents were completely aware of the CBS of HDFC in THIRUVARUR.
7. In the present study some customers felt that there were instances of the computers not responding in time and insufficient skills on the part of the employees, but most of these problems at the branch level rarely exist and hence customers were not inconvenienced because of these issues.

#### Conclusions and Suggestions

The study was aimed to understand and comprehend the operational efficiency of HDFC in THIRUVARUR after the introduction of CBS. CBS have been successfully implemented in all the banks everywhere in the country and HDFC is no exception to it. The study clearly indicates that the customers were for the CBS because of its ease of operations, instantaneous, timely response and cost effectiveness. As CBS offers any time any where banking facility, customers are surely benefited out of it and after the introduction of CBS the operational efficiency of banks has certainly improved.

However majority of the uneducated and computer illiterate customers do not evince interest in CBS because they do not find a helping hand in the premises of the banks. Even though banks have displayed notices in the premises about CBS due to lack of sufficient employees the details regarding CBS do not reach the uneducated and computer illiterates. Such customers prefer branch banking with the assistance of counter clerks. No doubt, CBS has made a significant welcome change in the banking scenario of the country and certainly improved the efficiency of the banking operations. The CBS has created awareness about the presence of the banking sector everywhere and the benefits of banking to common man.

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