



# A STUDY ON BANKING SERVICES AND INVESTEMENT PRODUCTS OF HDFC BANK

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## Abstract

The study focused on exploring the range of banking services and investment products offered by HDFC, one of the leading financial institutions in India. Through an extensive review of literature and analysis of the company's website and other relevant sources, the study found that HDFC offers a wide range of banking services, including savings and current accounts, loans, credit cards, and online banking. In addition, the company provides various investment products, such as mutual funds, stocks and bonds, insurance policies, and retirement plans. The objective of this study is to provide valuable insights into the investment product and banking services offered by HDFC BANK and to determine the level of awareness and satisfaction among customers regarding the investment products and banking services offered by HDFC. Data from 218 customers of HDFC BANK was taken into consideration for the study of the project. The findings of the study suggest that majority of customers are not fully aware of the HDFC BANK offerings and majority of customers were satisfied due to following factors: trust and security, innovation, quality of service etc. The result suggests that HDFC should focus on providing personalised solutions to its customer and enhance their presence in rural areas as well to educate the customers from rural areas.

**KEYWORDS:** Banking Services, Investment Products, Diverse needs, Financial Services, Customer Satisfaction

## INTRODUCTION

HDFC is a leading financial institution in India that provides a wide range of banking services and investment products to its customers to cater their diverse needs. The provision of a diverse range of products and services can greatly impact the success of an organization in a market where businesses vie for customers daily. This research aims to shed light on public perception of HDFC Bank's banking services and investment products. Customer satisfaction is important in banking industry for various reasons :-

- Community service organizations rely heavily on meeting the needs of their consumers to thrive.
- Organizations that surpass both minimum standards and customer expectations tend to lead the sector.
- Consumers evaluate service delivery quality and play a significant role in shaping service development.

Thus, measuring customer satisfaction and gathering feedback on organizational performance is crucial for enhancing service quality and driving continuous improvement.

The banking sector has undergone significant changes in recent years, with a focus on enhancing customer satisfaction through various means such as digital transformation and personalized banking services. In this regard, customer

satisfaction has become a key performance indicator for banks, and it plays a vital role in driving growth and profitability.

Customer satisfaction in the banking sector is primarily influenced by factors such as the quality of service, the ease of conducting transactions, the availability of personalized banking services, and the level of trust and security in the banking institution. Banks that excel in these areas are likely to attract and retain customers, leading to growth in terms of customer base and profitability.

## DESCRIPTION OF THE PROBLEM

Evolved banking industry has made it complex for customers to use banking services and investment products of HDFC and achieve their financial goal. So, it is important to understand the various investment products and banking services offered by HDFC.

Customer satisfaction poses a significant challenge for the banking industry in the present scenario. Identifying customer needs and wants is a difficult task, making it challenging to serve customers effectively.

## NEED FOR THE STUDY

As the banking industry continues to evolve and become more complex, it is important to understand various investment products and banking services offered by HDFC. It helps the customers to understand the features and benefits of these products. And with changing customer needs and wants, studying customer satisfaction in banking services and investment products is crucial in order to retain existing customers and attract new ones, gain competitive advantage to increase their market share in the industry, to improve service quality and to enhance their brand image.

## OBJECTIVES

- To identify the range of services and products offered by HDFC and assess their suitability in meeting customer needs.
- To determine the level of customer awareness and perception of HDFC investment product and banking services.
- To measure customer satisfaction levels and gather feedback on organizational performance to drive continuous improvement in service quality.
- To identify areas of improvement in HDFC's offerings and service delivery processes based on customer feedback.
- To gain insights into customer preferences and develop new products and services that meet changing customer needs and preferences.
- To enhance HDFC's brand image and reputation in the market through positive customer experiences and recommendations.
- To gain a competitive advantage in the industry by offering superior customer service and meeting customer needs better than competitors.

## SCOPE OF THE STUDY

Existing users of HDFC BANK are the only participants in the current study. For the purpose of study, existing users of HDFC BANK from rural and urban area ----- were taken into consideration.

## LITERATURE REVIEW

Investment products and banking services are two key areas of financial services that have grown in popularity in recent years. Investment products are financial instruments that provide a return on investment, such as mutual funds, insurance products, and savings schemes. Banking services, on the other hand, are financial services that provide support for everyday financial transactions, such as loans, credit cards, and account types. HDFC has a wide range of investment products and banking services that cater to the diverse needs of its customers, easily accessible and the affordability vary depending upon the product or service and the income of the customer, according to the research.

Several research have looked at this problem from various angles. A few of the publications on this topic are reviewed.

Jindal and Hasrat's empirical study titled "Customer Awareness and Preferences for HDFC Bank's Digital Banking" highlights how changing consumer habits and a competitive market are compelling banks to upgrade their technology on a daily basis to maintain profitability. As a result, the banking industry is increasingly focused on rapidly upgrading its products and services to keep up with market transformations. While banks are not typically known for their agility, the industry has introduced innovative methods of banking to make it as hassle-free as possible and stay competitive. (Hasrat, 2016).

In their case study titled "Assessing Customer Satisfaction in the Banking Sector: A Study of HDFC Bank Ltd.", Raj and Bansal highlight the significant impact of product and service evaluation on customer satisfaction. Within the banking industry, customers evaluate service features such as pricing, personnel friendliness, and product/service customization. As service is the primary product offered by service providers such as HDFC Bank Ltd., the quality of service is often judged based on price. However, this may not necessarily be an accurate representation of service quality within the sector, particularly as price is just one aspect of the overall product and service offering. (Bansal, January 10, 2019).

In their 2011 study, Naveen Kumar and V.K. Gangal investigated the satisfaction of customers in new-generation banks and highlighted the fast-growing expectations of customers in the Indian banking industry. New customers demand the best services at reasonable prices. The study found that most Indian banks have limited diversity in the products and services they offer. Consequently, in a competitive industry, banks must focus on implementing strategic measures to satisfy customers and retain as many of them as possible.

In 2008, Rueangthanakiet Pairot provided a definition of customer satisfaction as being the ability of a company to meet the business, emotional, and psychological requirements of its customers. Nevertheless, due to differences in attitudes and experiences, customers may

have varying levels of satisfaction with the company. The importance attributed by customers to different aspects of the product or service also influences their level of satisfaction. Measuring customer satisfaction enables an organization to identify the critical factors that contribute to satisfaction or dissatisfaction and gain insight into what drives customer satisfaction during a service encounter.

In 2011, Desta conducted a study that involved evaluating and gauging the perception of banking service quality among customers of an SBI branch. The study also investigated the correlation between service quality, customer satisfaction, and positive word-of-mouth. The findings revealed that the bank customers' expectations were not adequately met, and the most significant discrepancy was observed in the reliability aspect.

In 2012, Maya Basant Lohani conducted a study that investigated service quality in several banks, utilizing the SERVQUAL scale developed by Parasuraman et al. (1988) to measure service quality across five dimensions. The findings indicated that there was a minor perceptual gap between the banks in terms of overall service quality. The study also observed that banks tend to prioritize tangible factors such as computerization and physical facilities to attract customers.

In their 2016 study, Rajgopal Subashini and Velmurugan Gopalsamy elucidated the notion of customer satisfaction within the banking industry. With private and public banks playing a pivotal role in providing a plethora of intermediate banking services to both rural and urban customers, maintaining customer loyalty and retention has become crucial. However, the study observed that some banks neglect the significance of their clients.

Service quality gap analysis in Indian banks by Raj Alok Kumar examine the service quality gaps in the products and services offered by India's leading public and private sector banks, namely SBI and HDFC Bank. Furthermore, the study identify the shortcomings of specific banks, enabling them to comprehend their strengths and weaknesses and implement measures to enhance efficiency and effectiveness.

Trends and Progress Made By Indian Banks in Adoption of Technology: A case study of HDFC Bank. This study examines the progress and trends of Indian banks in embracing technology, given the increasing reliance on technological advancements. Several parameters, such as the deployment of Automated Teller Machines, the issuance of Debit and Credit Cards, as well as the use of NEFT, RTGS, and mobile banking for outward debits and inward credits have been analyzed. (Dr. Katoch Rupinder 11 oct 2019).

In their 2012 study, Nirmaljeet Virk and Prabhjot Kaur Mahal investigated customer satisfaction in both public and private banks in India. The study found that private bank managers establish stronger personal relationships with their customers compared to public bank managers. This factor significantly impacts customer satisfaction levels.

## RESEARCH GAP

A literature review revealed that there have been several studies on the subject customer satisfaction in a particular HDFC service such as E-banking service, ATM, etc. This study's exclusive emphasis was on investment product and banking services of HDFC BANK. Because earlier studies had focused on the service quality, its impact on customer satisfaction, but had not given the investment product enough attention.

## RESEARCH METHODOLOGY

Research follows a methodical and logical approach. It involves using scientific techniques and specific procedures to answer overarching questions. To achieve this, data is gathered from customers and analysed using rational and scientific tools. The collection of relevant information is crucial for conducting effective research. Therefore, both customers and online sources were consulted to obtain the necessary data.

## RESEARCH DESIGN

Designing the research involves establishing the conditions under which data relevant to the study's objective will be gathered and analysed. It serves as a roadmap for conducting research activities. After this, the next step in descriptive research is to define the research goals and determine the specific data required to identify the characteristics being studied.

## DATA COLLECTION METHOD

This study utilizes both internal and external sources of data. The researchers collected raw materials, including data from company records and documents, which constitute internal data, while other data are external.

The data collection process involves two types: primary and secondary

**Primary data** - The data for this study was obtained by using a questionnaire to gather information. The questionnaire was completed by existing users of HDFC BANK.

**Secondary data** - The data is collected from various sources, such as standard books, internal sources, newspapers, and magazines. Additionally, data is collected from external and internal sources, such as the company's annual reports, additional profiles, and website.

## SAMPLE METHOD

For this study, a convenient method of random sampling was employed to determine the appropriate sample size.

## SAMPLE SIZE

250 existing users of HDFC BANK - were used as the study's sample size.

## DATA ANALYSIS

- Young individuals are less inclined towards fixed deposits as they seek substantial returns on their investments within a short period. Hence, they prefer to allocate their funds towards equities in the stock market.
- Individuals aged between 31 and 40 display a certain level of interest in saving money for their future, individuals aged between 41 and 50 prioritize investing their funds in low-risk areas, with little or no inclination towards equity and share markets.
- The majority of customers were satisfied by the services provided by the bank like after sale services before sale services token system. The number of satisfied customers is much more than the unsatisfied customer.
- The person aged 20 to 30 are investing more in recurring deposits, the people aged 31 to 40 invest less in recurring deposits, The people aged 41 to 50 invest very less.
- The number of customers interested in fixed deposits is more than Recurring Deposits and saving A/C. because people want to invest there money in one go instead of investing there money per month.
- Majority of customers find HDFC investment products and banking services easily accessible in urban areas, whereas it was difficult for people in rural areas because of lack of education and financial literacy.

## LIMITATIONS OF THE STUDY

The study project is limited to exploring investment products and banking services of HDFC BANK. It does not include any other bank's products and services, due to which the study failed to compare the offerings of HDFC BANK to other banks. The number of respondents taken into consideration was limited to 250, which fails to represent the broader view of larger population. The study includes people of low and middle income group. There is potential for doing study in the future on a larger scale, such as entirely on new generation banks.

## CONCLUSION

HDFC Bank provides a range of investment products and banking services to its customers, catering to their various financial needs. The bank offers attractive interest rates, flexible tenure options, and various features to its customers.

Recent research has shown that age plays a vital role in choosing the products and service as financial literacy has evolved over years and people from different age groups think differently because of various factors.

HDFC's investment products and banking services have a high level of customer satisfaction. The study identified the key factors that influence customer satisfaction in HDFC's investment products and banking services, which can help HDFC to improve its services further. The study recommends that HDFC should focus on improving the quality of its investment products and banking services, customer service, and convenience to maintain and increase customer satisfaction. By doing so, HDFC can retain its existing customers and attract new ones in the highly competitive banking and investment industry.

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