

Understanding Reasons behind Customer Perception for a Prominent Private Bank

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Keywords

New To Bank (NTB) Customers, New To Bank-Acquisitions (NTB-A), Consumer Behavior, Prospective Customer

Abstract

There are reasons for customers to be associated and not be associated with the bank. Customers do not associate with a particular bank if they are not incentivized or see value in their services. Analysis of the customer satisfaction data helps interpret and approach people with a proper strategy while working in a bank as exemplified in a case Housing Development Finance Corporation Limited. A Personal Banker has to be trustworthy, so that people are convinced of their purchase. Further, a Personal Banker must do some careful and persistent work before presenting information to the buyer which means that "the seller should control the information flow" (Parr, 2006, p. 232).

Introduction

Housing Development Finance Corporation Limited is an Indian financial conglomerate based in Mumbai, India. It was the first bank in India to get an approval from the Reserve Bank of India (RBI) to set up a bank in private sector. HDFC was formed as a legal corporation in August 1994 as 'HDFC Bank Limited', with registered office in Mumbai, India.

The paper talks about customer buying behavior while prospecting customers that fall in the category of "New-To-Bank" (NTB) customers. These customers do not hold any type of account with the Bank. Acquisition in the banking business context means purchase of one company by the other. Here, "New to Bank Acquisitions" means acquiring more and more customers by the bank, i.e, connecting people with the bank which are not currently using any service provided by the bank.

Objective

To understand customer behavior, it is important to understand customer likes and dislikes. HDFC Bank intends to increase its customer base by enrolling prospective clients who have never been a customer to the bank. There are various reasons for the reluctance of people to be part of the bank. This research paper intends to understand customer base and consumer behavior which in turn will help the management to frame strategies for increasing their customer base.

1. Research Methodology

1.1 Research Design

Descriptive Research Design is used in this research. This is a category of research design that involves descriptive research by observing, recording, describing, and classifying phenomena.

1.2 Sampling Technique

Convenience and Judgmental Sampling: Data was collected from walk-in customers as well as prospective customers in the area of bank, i.e., Phase-XI, Mohali.

Convenience Sampling uses the non-probability sampling technique where the customers to be studied in a population are selected as per their accessibility and spatial vicinity to the researcher. It means the respondents are available around the researcher's vicinity.

Judgmental Sampling is again a non-probability sampling technique where samples are collected biasedly, which are intuitively thought as better samples than the others.

Questionnaire: A series of questions are arranged in a pattern according to the aim for collect required information from the respondents who have been selected through convenience and judgmental sampling.

The framed questionnaire contains both open-ended and close-ended questions. It useful to have a precise combination of both according to the data requirement.

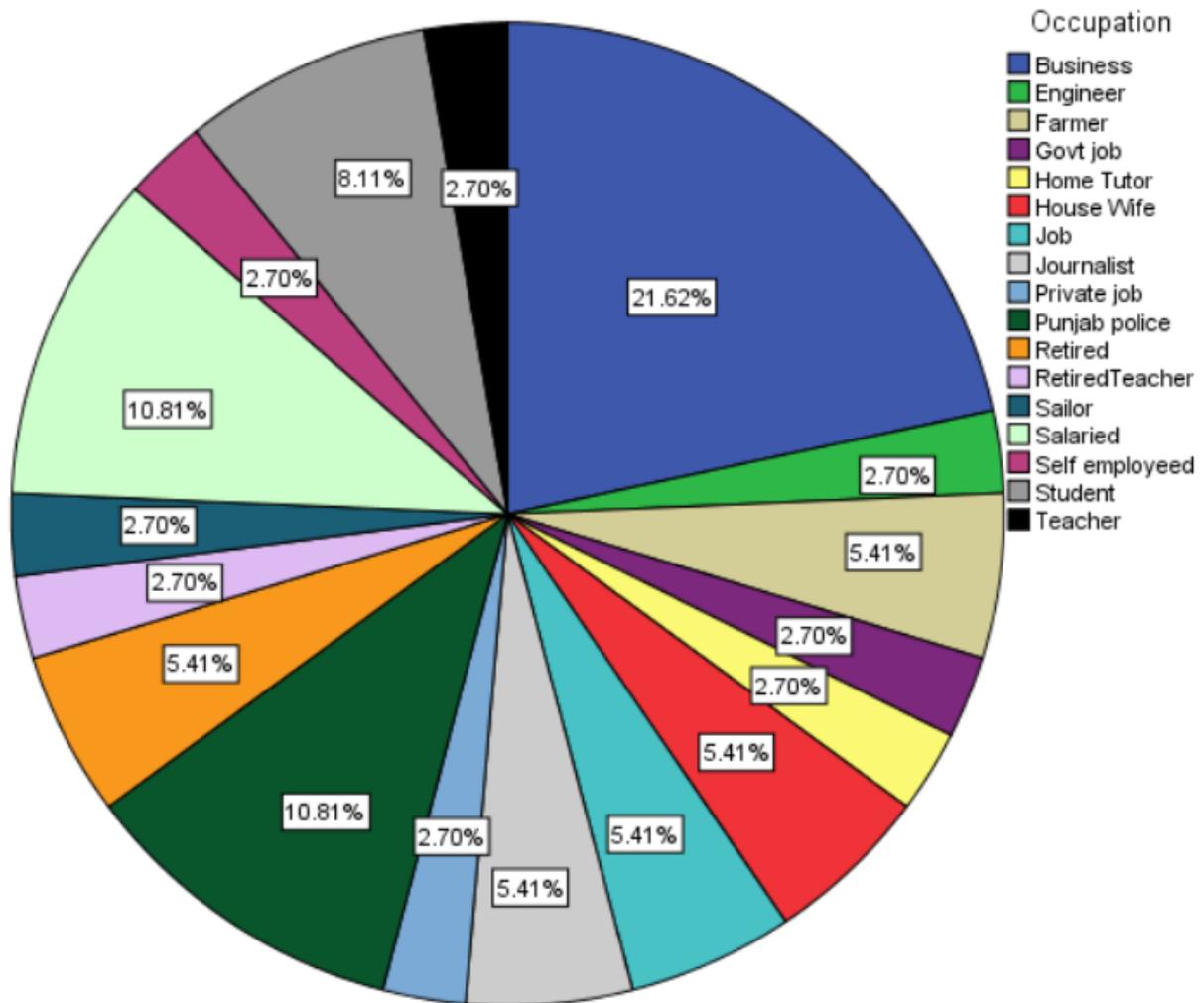
2.0 Data Analysis and Interpretation:

Primary data collected was used to derive inferences on the basis of descriptive and inferential analysis of the data. The data was used to study the current proportion of the accounts in Phase XI, Mohali HDFC Bank. The inferences drawn are used to encourage customers to be a part of the Bank. These are also used to understand that why they do not

want to be a part of the bank or what are the factors responsible for their reluctance to seek services of the bank.

The data was analysed by using MS-Excel and IBM SPSS Statistics.

2.1 Occupation Proportion of Account Holders



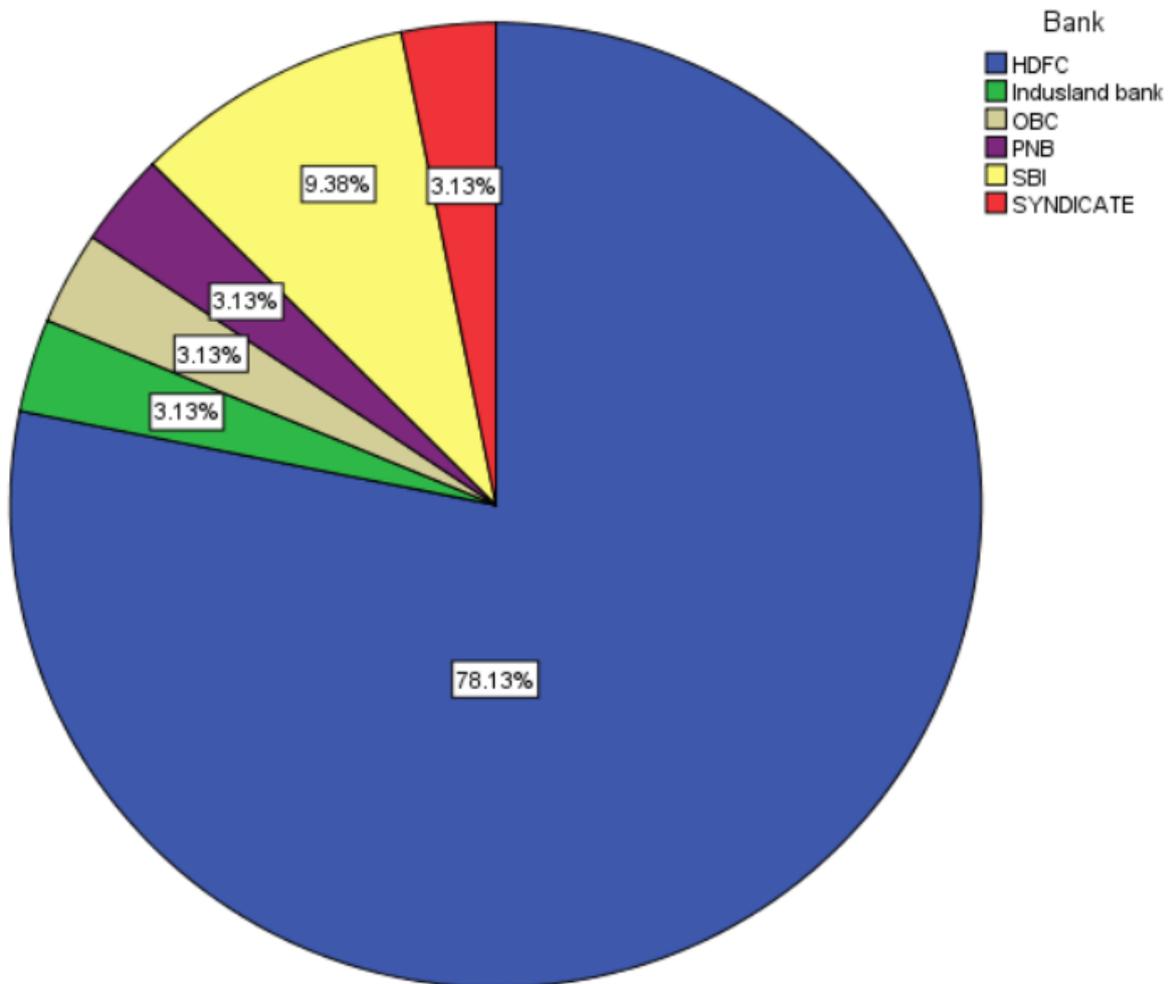
Interpretation:

As depicted in the above pie chart, businesspersons are the biggest category of account holders in HDFC Bank at Phase XI, Mohali, followed by salaried class from various sectors and then from Punjab Police. About 21.62% are businesspersons while 10.81% are both salaried class employees and Punjab Police personnel.

Since, HDFC Bank has its tie up with Punjab Police department, it provides specialized facilities to the Punjab Police. In this particular case, there is no need of persuasion as such

customers are already part of the bank. Similarly, HDFC has tie-ups with many other organizations.

2.2 Proportion of People Holding Account in HDFC Bank:



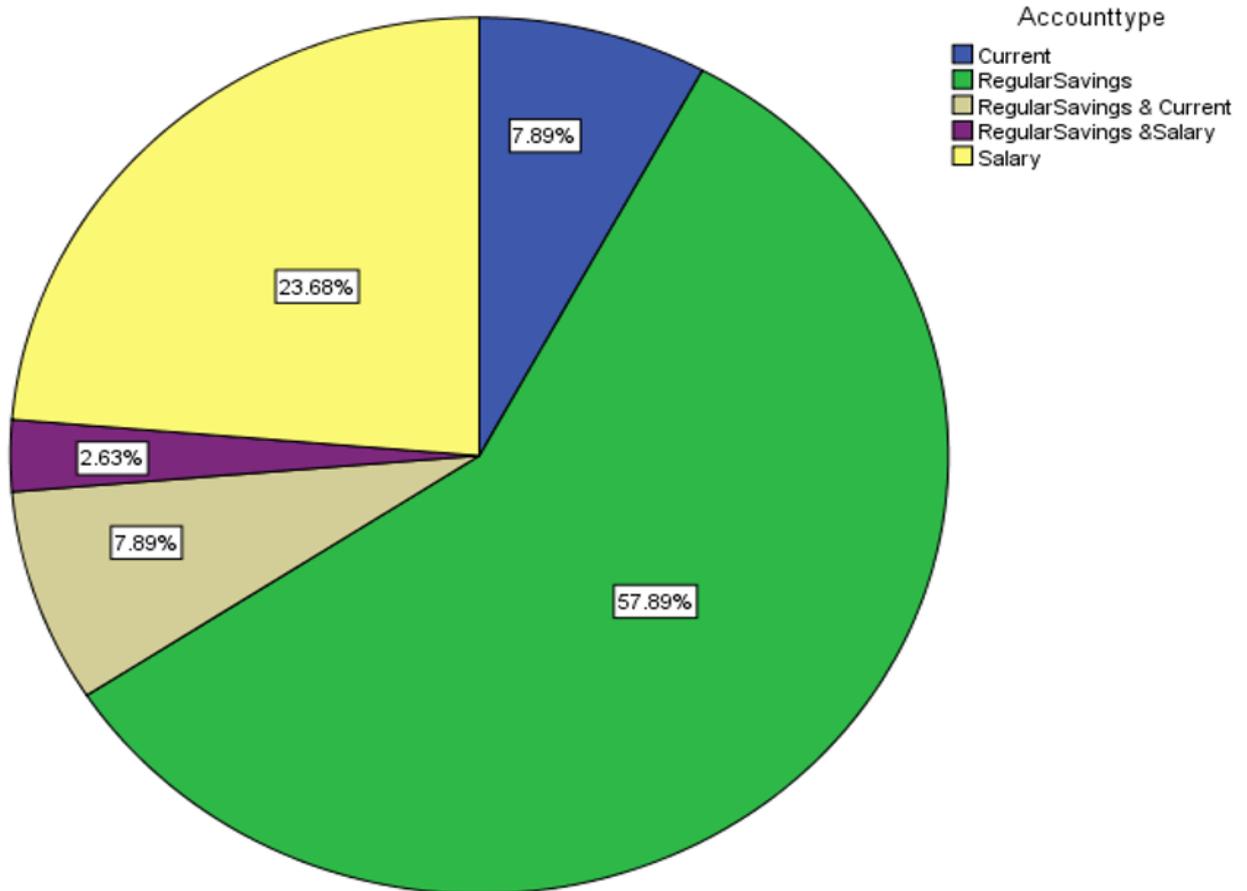
Interpretation:

To connect people with the bank, it is important to know whether currently they are part of HDFC Bank or not. To do so, a survey was done to know the proportion of walk-ins out of the total number of account holders in the bank.

Around 78.13% proportion of the walk-in sample population held account in HDFC Bank. The people who did not have an account in HDFC Bank, Phase XI, Mohali but visited the bank were those who used some other services provided by the bank, such as credit card services or loan services.

This chart helps in shortlisting the potential customers who could be converted into HDFC Bank account holders. They can be pitched to be a part of the bank.

2.3 Proportion of Different Types of Accounts in HDFC Bank:



Interpretation:

Majority accounts at HDFC Bank, Phase XI, Mohali were of Regular Savings type, i.e., 57.89% of the sample population.

Next, the salary accounts made 23.68% of the sample population. The reason behind this is the tie up of HDFC Bank with the Punjab Police department.

The proportion of Current account holders was very less. The bank need to run promotional campaigns to make people aware of the benefits they could receive if they opened their current account with the HDFC Bank.

3.0 Conclusions and Recommendations

3.1 Conclusions:

HDFC Bank, Phase-11, Mohali, has the potential to increase account holders. Through its attractive schemes and offers, quality service and trustworthiness, it can acquire more and more customers as New To Bank customers.

People around Phase X, Mohali were more or less aware about the benefits provided by the bank. Account holders with the HDFC Bank were satisfied enough, while those who were not, they were not at all willing to open an account with bank due to their perception that private banks charge exorbitantly.

Moreover, due to increased competition and increased customer awareness, it's getting harder to convince the customers as they are more inclined towards rational buying. Also, HDFC must run some campaign to make people acquainted with the advantages and time saving through the use of NetBanking.

3.2 Recommendations:

- The leads generated by the personnel need timely oversight and supervision. Work pressure on bank employees should not lead to delays in sending the forms for processing for prospective clients. Delays in processing the requests can lead to customer potential loss of prospective customer.
- People belonging to the low income group are unable to maintain an average monthly balance of Rs 10,000 which is a prerequisite for HDFC nationwide. Prospective customers would enrol if requirement of minimum average monthly balance is lowered. They might enjoy lesser benefits as compared to regular customers or classic/preferred customers, but still would have an account with the bank.
- Better hospitality post opening an account with the bank. Many a times, customers are brushed aside once they agree to open an account with the bank.
- Customers base with bank will increase if they are made aware about the benefits of Netbanking.

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