

Service Branding Satisfaction in Banks: A Comparative Analysis of IDBI Bank Ltd. and ICICI Bank Ltd.

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Abstract:

In today's competition in Indian banking industry, customers have to make a choice among various service providers by making a trade-off between relationships and economies, trust and products, or service and efficiency. Customers are increasingly aware of the options on offer in relation to the rising standards of service. In this context, expectations rise and customers become more critical of the quality of service. Service quality, and its branding has now become the major challenge in gripping the banking sector in India. Service branding is an effective marketing strategy tool, which is directly controlling customer satisfaction and their retention. Therefore, the empirical investigation of service branding and its satisfaction is warranted. This research paper presents an enhanced approach to using SERVEQUAL Model for measuring customer's service branding satisfaction of two major DFI turned major commercial banks of India- IDBI Bank Ltd. and ICICI Bank Ltd. The paper tries to investigate that the degree of service branding satisfaction may influence the choice of customer's bank selection process. The study surveys the opinion of 400 customers of the two leading banks. The technology-related factors have changed the way the banking is done. Despite all these changes, it is the human touch and customer relationship which is responsible for enhancement of customer satisfaction, which is an important aspect of service delivery quality and its branding. This paper has examined the customer satisfaction from service branding quality of leading Indian banks ICICI Bank and IDBI Bank.

Introduction

Commercial banks in India have traditionally focused on meeting the short-term financial needs of industry, trade and agriculture. However, given the increasing sophistication and diversification of the Indian economy, the range of services

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extended by commercial banks has increased significantly, leading to an overlap with the functions performed by other financial institutions. Therefore, the role of new commercial banks can't be ignored. Here, it may be mentioned that two important erstwhile developmental financial institutions, viz. Industrial Development Bank of India (IDBI) and Industrial Credit and Investment Corporation of India (ICICI) converted themselves into commercial banks after the new bank licensing policy was announced in July 1993. Therefore, the proposed study is centre around these two new commercial banks.

Commercial banking is the most important and one of the most confusing industries in business today. More than any sector in India, bankers suffer from the belief that levying heavy budgets to advertising campaigns is solely responsible for enhancing their brand-loyalty translating into more customers and accounts. This belief is totally wrong. Overall, service branding satisfaction is a must and is an area where, the banks have to pay interest to because if, the customers know the brand name but do not actually understand and enjoy the services and benefits provided by the bank in comparison to the competitors of the industry, why will they come to you again and again? Now, the question is: how to convey and make customers understand the additional advantage provided by a particular bank over the other, especially when the banks under study are new commercial banks. How can a bank appeal to its customers, what methods can it employ to deliver its message? The point researcher want to make is that a brand's unique selling proposition (USP) is the simply-stated benefit that it promises to provide to its customer which should be delivered in the most effective way and customers must find it believable. For this, banks have to connect with their customers, and therefore, understanding the level of service branding satisfaction against its competitors provides the pathway. They will have to understand their service branding dimensions. Hence, service branding plays a crucial role in determining the superiority of services over the other.

Now a days, majority of the commercial banks are undergoing makeovers to enhance their brand-loyalty and market share, especially the public-sector banks. The Industrial Development Bank of India Limited (IDBI) is one of India's leading public sector banks and 4th largest Bank in overall ratings. RBI categorised IDBI as an "other public sector bank". To meet emerging challenges and to keep up with reforms in financial sector, IDBI has taken steps to reshape its role from a development finance institution to a commercial institution and build and consequently enhance its branding satisfaction amongst the customers.

ICICI Bank Ltd. is India's second largest financial services company headquartered in Mumbai, and the country's largest private sector bank. It offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its specialised subsidiaries in the areas of investment

banking, life and non-life insurance, venture capital and asset management. ICICI Bank has grown from a development bank to a financial conglomerate. Even its office reflect its attitude.

Both the banks are posing challenge to each other's service branding position and offer different services experience. Nevertheless, it is expected that the customer satisfaction level for both the banks is different as per the customers' perception.

Therefore, this study of service branding satisfaction will try to examine the differences in satisfaction of various brand dimensions between IDBI Bank Ltd and ICICI Bank Ltd. This is achieved by identifying the gap between expectations and perceptions among respondents who have accounts in both the banks and have used various services of both of them. It has also been suggested that service quality has a direct effect on organisation's profits, since it is positively associated with customer retention and customer loyalty (Baker and Crompton, 2000; Zeithaml and Bitner, 2000). Studies have shown that it costs six times more to attract new customers than to retain the existing ones (Rosenberg and Czepiel, 1983). Reports have also shown that the net increase of the present value of profits that results from 5% increase in customer retention varies between 25% and 95% over different industries (Zeithaml et al., 1996; Oliver, 1999; Ndubisi, 2003). Zeithaml et al. (1996) used SERVQUAL (Service Quality) model and proposed that perceived service quality was related to positive behavioural intentions, which could be viewed as signals of retention or defection. Businesses seeking to improve profitability are, thus, advised to monitor and make improvements to their service quality on an ongoing basis (Gerrard and Cunningham, 2005). Banking business is also high in credence qualities meaning that, it cannot be evaluated confidently even immediately after receipt of the good due to customer ignorance or lack of knowledge. In addition, a longer time may be required in this industry for a fully informed evaluation (Devlin, 2001). Hence, customer's satisfaction towards its service branding is difficult both to measure and to ascertain. Therefore, this research study is proposed. In India, banks fall under various categories as formed by RBI, the controlling authority of banking system in India. Each group has their own benefits and limitations and dedicated target market.

The Industrial Development Bank of India Limited (IDBI) is one of India's leading public sector banks and 4th largest Bank in overall ratings. RBI categorised IDBI as an "other public sector bank". It was established in 1964 by an Act of Parliament to provide credit and other facilities for the development of the fledgling Indian industry. It is currently 10th largest development bank in the world in terms of reach with 1512 ATMs, 909 branches including one overseas branch at DIFC, Dubai and 621 centers including two overseas centres at Singapore & Beijing. Some of the institutions built by IDBI are the National Stock

Exchange of India (NSE), the National Securities Depository Services Ltd (NSDL), the Stock Holding Corporation of India (SHCIL), the Credit Analysis & Research Ltd, the Export-Import Bank of India (Exim Bank), the Small Industries Development Bank of India (SIDBI), the Entrepreneurship Development Institute of India, and IDBI Bank, which is owned by the Indian Government. IDBI Bank is on a par with nationalised banks and the SBI Group as far as government ownership is concerned. It is one among the 26 commercial banks owned by the Government of India.

ICICI Bank Ltd. is India's second largest financial services company headquartered in Mumbai, India. It offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its specialised subsidiaries in the areas of investment banking, life and non-life insurance, venture capital and asset management. The Bank has a network of 2,533 branches and 6,800 ATMs in India, and has a presence in 19 countries, including India. The bank has subsidiaries in the United Kingdom, Russia, and Canada; branches in United States, Singapore, Bahrain, Hong Kong, Sri Lanka, Qatar and Dubai International Finance Centre; and representative offices in United Arab Emirates, China, South Africa, Bangladesh, Thailand, Malaysia and Indonesia.

ICICI Bank was established in 1994 by the Industrial Credit and Investment Corporation of India, an Indian financial institution, as a wholly owned subsidiary. The parent company was formed in 1955 as a joint-venture of the World Bank, India's public-sector banks and public-sector insurance companies to provide project financing to Indian industry. The bank was initially known as the Industrial Credit and Investment Corporation of India Bank, before it changed its name to the abbreviated ICICI Bank. The parent company was later merged into ICICI Bank.

Rationale and Justification

Understanding the level of satisfaction of various branding dimensions on service industry like commercial banking is an upcoming area in the field of marketing. While the level of general research in this area of service industries increases and the understanding of the differences between goods and services marketing increases, an opportunity exists for researchers to use this developing research base as a theoretical foundation. Therefore, focus of this paper, while falling within the broad scope of the current research with respect to service branding dimensions and customer satisfaction, aims to focus on a much more specific sub-set of this research area; that of the comparison of service branding satisfaction of two commercial banks – IDBI Bank Ltd and ICICI Bank Ltd.

Customers in emerging banking scenarios, may have different requirements for the

management of their money. Some people will require secure internet or telephone banking; some other will need physical branches around the country so that their many businesses around the country can deposit their cash. Some need advice on how best to save their money, on how best to invest their money, on how to spend their money and the list is endless and so is the competition amongst various banks across the country. Therefore, both the banks need to identify which one will be the most profitable needs for them and enhance brand-loyalty around that. The challenge is to know which is right for your product or service against the competitor which provides scope of research.

Research Objectives

The study has been done with the following objectives:

- To examine the differences in the satisfaction of service branding dimensions between IDBI Bank Ltd and ICICI Bank Ltd.
- To explore the various service branding dimensions for the banking industry.

Research Methodology

It is proposed to be an exploratory research that would attempt to understand the various aspects of the topic focusing on the customers of IDBI Bank Ltd. and ICICI Bank Ltd. in Rajasthan. The customers will be overlapping i.e. the customers who have used or enjoyed the services of both the banks. The research data would be taken from both secondary sources (journals and other published material, books and magazines etc.), and primary data (through interview and questionnaire). The population of study for this research would be the customers having or had accounts in both the selected banks i.e IDBI Bank Ltd and ICICI Bank Ltd as well as their employees. The sample design to be used would be probability based simple random sampling; the interviews would be structured in nature.

The research design of the study would be exploratory research design. The research methodology would be divided into three phases. In the first phase, the researcher would undergo thorough review of the gathered literature from various secondary sources such as journals, books etc. Since, the study is proposed to be an exploratory one, the researcher would make efforts to extract the different dimensions related to the field of service branding and it's applicability on commercial banks which has still not been explored by the previous researchers. In the second phase, the researcher would gather primary data from various relevant sources like questionnaire, structured interviews, informal discussions etc. This would be accompanied by understanding of relationship between service branding and service quality so as to formulate the hypothesis and finally, in last phase, testing the hypothesis with relevant statistical tools, interpretation of result and

drawing conclusion for the stated problem SERVQUAL Model would be used for measuring customer satisfaction. SERVQUAL is based on the perception gap between the received service quality and the expected service quality, and has been widely adopted for explaining consumer perception of service quality. Frequency analysis would be adopted in accordance with the research design. To interpret the gathered primary data in the best possible manner application software like MS-Excel and SPSS would be used.

Limitations

The research involves studying difference in service branding satisfaction of only two DFI which later turned into commercial banks. Therefore, the results of the study may not reflect the generalised status of service branding satisfaction in other commercial banks. The small sample size due to temporal and financial constraints may not give the overall picture of service branding satisfaction in other states of India. Response bias or sampling errors are probable to creep in the research study.

Consumer Survey

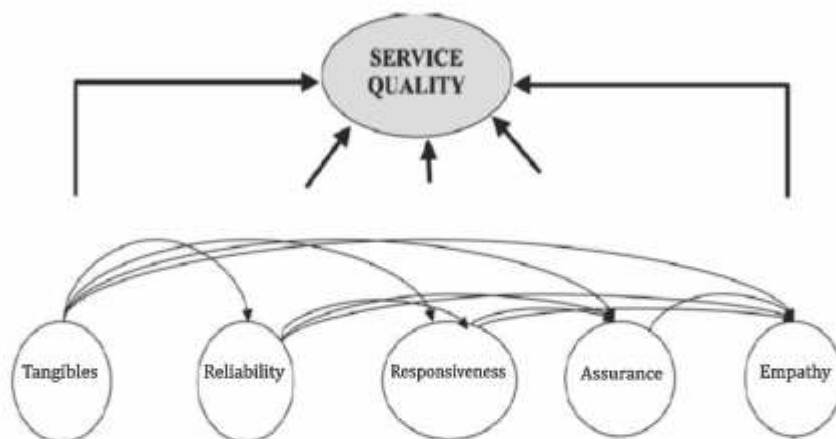
Table 1 : The Satisfaction of Service Branding Dimensions between IDBI Bank Ltd. and ICICI Bank Ltd.

After analysis of responses via frequency analysis, it indicates that for all the factors of service quality, there is higher satisfaction level and if researcher club the satisfactory

Customer Perception of Service Branding in IDBI and ICICI	Level of Satisfaction				
	Excellent	Good	Satisfactory	Poor	Worse
IDBI					
Characteristics	Excellent	Good	Satisfactory	Poor	Worse
Prompt Services	210	120	40	10	20
Behaviour of Employees	300	70	30	0	0
Fulfillment of Promises	215	110	70	5	0
Personal Attention to Customers	180	170	60	10	30
Understanding Specific Needs of Customer	220	100	50	30	0
ICICI					
Characteristics	Excellent	Good	Satisfactory	Poor	Worse
Prompt Services	200	110	40	0	0
Behaviour of Employees	150	110	100	30	10
Fulfillment of Promises	200	100	70	10	20
Personal Attention to Customers	150	90	70	40	20
Understanding Specific Needs of Customer	210	150	20	20	0

responses, it can conclude that more than 80 % of customers are either highly satisfied or satisfied with IDBI over ICICI. The negative response or dissatisfaction for most of the factor is around 10% which is not a serious issue. However, in personal attention to customers and understanding specific need of customers, there is more than 15% dissatisfaction level which the concerned banks need to arrest so that it does not lead to customer attrition.

The SERVQUAL model proposed five dimensions upon which customers evaluate service quality. These are:



Tangibles – the appearance of the physical facilities and materials related to the service.

Reliability – the ability to perform the service accurately and dependably.

Responsiveness – the willingness to help customers and provide prompt service.

Assurance – the competence of the system and its security, credibility and courtesy.

Empathy – the ease of access, approachability and effort taken to understand customers' requirements.

Suggestions

It is suggested that, if the banks under study are able to provide excellent service quality and hence excellent service branding, they will not only enhance the customer satisfaction, but also improve the retention of customers and development of long-term customer relationship.

Conclusion

It is evident from analysis that IDBI Bank provide prompt service, the employee behaviour is more courteous than ICICI, their employees have better knowledge and they have convenient business hours, employees are sincere in solving customer problems and their banking charges are reasonable. The bank focus not only on the customer satisfaction, but also aim at delighting them through service branding to ensure their retention.

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