

# user's choice

## HT-MARS BANK SATISFACTION SURVEY



# A bright future for Indian banking

**MERIT LIST** Private players HDFC and ICICI offer a spree of services to come out on top of the HT-MaRS Bank Satisfaction survey

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A decade ago, transferring money from your account to a family member's would have meant a visit to the nearest bank branch, a long queue and a few days-long wait. Today, you can use your mobile phone to make the same transaction instantly.

Innovations such as automatic bill payment, cash transfers through mobile phones and online banking have ensured that customers no longer have to make pilgrimages to bank branches. Passbook entries have been replaced by hassle-free e-statements; ATMs facilitate easy withdrawals and payments.

Most importantly, banks have been able to ensure that all these transactions are safe and secure. Banking in India has rapidly innovated to keep up with the times. Banks today are competing heavily with each other, offering low rates on housing loans, credit cards to anyone who answers those annoying tele-marketers and freebies for existing customers. So, how do they stack up against each other?

The HT-MaRS Bank and Credit Card Satisfaction Survey 2012 ranked banks according to customers' satisfaction across various categories. According to the results, India's second-largest private bank, HDFC, emerged as the winner, dethroning 2010's champion, Axis Bank (which slipped to third place). ICICI Bank moved up one place from the previous survey to the second position. Though private sector banks may have got the top spots, ahead of public sector ones, when it comes to satisfying consumers, the top 10 list features more state-owned banks. Bank of Baroda bested the mammoth State Bank of India, improving drastically from its 12th position in 2010 by landing the fourth position over-all, becoming the best government-run bank.

The survey ranked banks across five parameters, namely account opening, bank staff, branch facilities, turnaround time and account-related services. Each parameter had various attributes on which customers were asked to score their banks.

Compared to 2010, there has been a marked increase in over-all satisfaction scores. Indian Bank, Indian Overseas Bank and Canara Bank fell out of the top ten while relative newcomers such as Kotak Mahindra Bank and Yes Bank, which featured nowhere in the 2010 list have inched into the results. Results vary from town to town, but residents of Chandigarh seem the most satisfied with their banks, stamping their approval with a high score of 829 points.

### CHANGES AHEAD

The contours of the banking industry in India is set to change in the coming years with Parliament passing the much-awaited Banking Laws Amendment Bill last week. The passage of the bill paves the way for the Reserve Bank of India to come out with final guidelines on issuing new bank licenses. This not only means more banks, but the style of operation is also expected to be different, with the upgradation of technology.

At present, over 70% of the market lies with the public sector banks but the government is now geared up to open the sector to more foreign players while setting up new private banks in the country which would help in bringing more people under the banking net. Several business houses including Aditya Birla Group, the Tatas and Reliance have evinced interest in entering the Indian banking space. Besides the corporate houses, even non-banking financial corporations can now convert themselves into full-fledged banks.

While allowing more banks to be set up, to encourage healthy competition



PHOTO: IMAGES BAZAAR

## TOP 10 NATIONAL BANKS ALL-INDIA

National banks, both public and private sector ones, were scored on various parameters including account opening, bank staff, bank facilities, turnaround time and account-related services

Rank	Bank	Score
01	HDFC BANK	782
02	ICICI BANK	770
03	AXIS BANK	758
04	BANK OF BARODA	756
05	STATE BANK OF INDIA	751
06	INDIAN OVERSEAS BANK	749
06	DENA BANK	749
06	PUNJAB & NATIONAL	749
09	IDBI BANK	748
10*	UCO BANK UNION BANK	747

Total satisfaction score  
\* Scores were tied

in the market, the government could also look at consolidating the public sector banks with a view to creating mega-banking entities which could face up to stiff competition from others.

### EVOLUTION

The government under late prime minister Indira Gandhi nationalised 14 commercial banks in 1969. The second dose of nationalisation happened in 1980 when 6 more commercial banks were nationalised. The move, according to the government then, was to provide more control of credit delivery. In 1993, the government merged New Bank of India with Punjab National Bank. The Narasimha Rao government in the 1990s embarked on a policy of liberalisation, providing licenses to several private banks, which came to be known as the new generation banks.

With liberalisation and changing economic dynamics in the country, the UPA government is now keen to open up the sector to more private and foreign players.

"The dynamics were different pre-liberalisation and they are very different today and we must move with the times," a senior finance ministry official, who did not wish to be identified, said.

(With inputs from Abhijit Patnaik)

## Public sector banks down, but not out

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Government-owned banks, which stood tall in 2008-09 at a time when the global banking industry went through severe turmoil, are finding the going difficult this time. Public sector banks which enjoy over 75% of the marketshare in India have been witnessing a surge in the level of bad assets — assets that do not yield any return for the banks.

It seems that these public sector banks are out of favour with the customers as well, not performing as well as private sector banks in the HT-MaRS Bank Satisfaction survey.

Among public sector banks, Bank of Baroda finished first, followed by the State Bank of India, IOB, Dena Bank and Punjab National Bank.

"The reason I chose a public sector bank like SBI was because I trust them more. Also, they have a huge presence all over India, not only in metro cities," said Kanika Gupta, a teacher, spelling out some of the reasons why many still prefer state-owned giants.

## TOP 10 PUBLIC SECTOR BANKS

Rank	Bank	Total satisfaction Score
01	Bank of Baroda	758
02	State Bank of India	752
03	Indian Overseas Bank	751
04	Dena Bank	749
04	Punjab National Bank	749
04	IDBI Bank Limited	749
04	UCO Bank	749
08	Union Bank of India	747
09	Indian Bank	744
10	Vijaya Bank	736

While the public still considers these banks the touchstone of trustworthiness when it comes to depositing their money, some of the banks are finding themselves in hot water.

Earlier this month, credit rating agency Moody's said its outlook on the Indian banking system for the next 12 to 18 months remains negative as asset quality is set to weaken due to the current uncertainty in the macro-economic

environment. It had downgraded its credit rating last November.

The challenges for government-owned banks are many. Besides rising Non-Performing Assets (NPA) levels, appetite for credit has remained weak due to high interest rates. These banks have also seen an erosion of low-cost deposits, which include money deposited in current and savings accounts. This means banks have had to shell out

The reason I chose a public sector bank like SBI was because I trust them more. Also, they have a huge presence all over India, not only in metro cities

KANIKA GUPTA, teacher

more for deposits.

"There has been an increase in the NPA level but banks are taking all steps to reduce this...it is not a cause for concern as it is more an impact of the overall economic situation," finance minister P Chidambaram said last month.

The finance ministry is also keeping a close watch on the functioning of these banks. Several banks need to be recapitalised to be able to expand their businesses. The finance ministry is finalising the process and they would be recapitalised within the current fiscal.

## Banks add convenience to account-related services

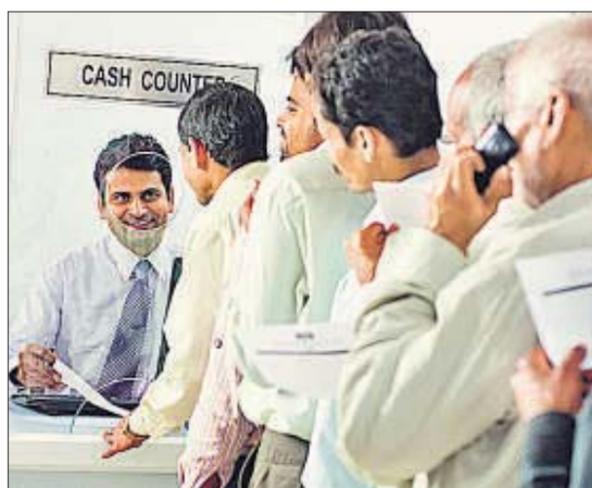


PHOTO: IMAGES BAZAAR

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Opening a bank account has never been easier, thanks to technology, and competition among banks to attract more customers. Banks may be falling over each other, offering freebies when you open an account with them, but there is nothing known as a free lunch. Increasingly, customers are feeling that the cost of services and products offered by banks has become higher in the last few years.

In the HT-MaRS Bank Satisfaction survey, HDFC Bank emerges as the winner when it comes to account-related services on offer. ICICI Bank stands second, while Bank of Baroda, IDBI Bank and Axis Bank make up the rest of the top five.

"I opened my account some three years back and I didn't face any problem. The representative came to my office and it was done the very next

## TOP 10 ACCOUNT-RELATED SERVICES

Rank	Bank	Total satisfaction Score
01	HDFC Bank	791
02	ICICI Bank	782
03	Bank of Baroda	771
03	IDBI Bank Limited	771
05	Axis Bank	759
06	State Bank of India	755
07	Corporation Bank	750
08	Union Bank of India	749
09	Indian Overseas Bank	746
10	Dena Bank	745

day," said Alka Singh, who works with a private IT company in Chandigarh, highlighting how banks are willing to go the extra mile to get your business.

The list of services provided today was unrecognisable fifteen years ago. Be it recharging your prepaid mobile, requesting a chequebook, paying bills

or even paying your taxes online, banks today make life more convenient for the average Joe.

However, customers complain that banks are over-charging for services and products in order to maximise the revenue. "The cost has definitely gone up though and we don't get to know of

many charges till the time we see our bank statements properly," said Singh.

"It is logical that if a private organisation is offering services, it will charge a fee for that. But bankers should keep in mind that they do not resort to overcharging the customers. Banking regulators and Reserve Bank of India should ensure that customers are not overcharged," said Anuj Anand, resident of Mumbai.

Customers also feel that banks need to be more transparent while deducting charges.

"Many banks have ₹ 5,000 as minimum balance, which now has gone up to ₹ 10,000 in some, against the guidelines of the Reserve Bank of India. Bankers do not tell you these things in detail and you come to know only when deductions are made and you ask for an explanation," said Vivek Arya, a businessman based in Ranchi.

(With inputs from Chandigarh and Ranchi)

# user's choice

## HT-MARS BANK SATISFACTION SURVEY



# Customer service, the key to success

**MIXED REVIEW** Private banks may have scored better, but customers say service across the board leaves much to be desired

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Private sector banks have outpaced public sector banks in winning customers' trust when it comes to satisfaction with the services offered. HDFC Bank tops all three parameters — bank staff, facilities and turn-around time — while ICICI Bank, India's largest private bank, stood second in all these categories.

In the list of top 10 banks, IDBI Bank, Bank of Baroda and Axis Bank have found a place in the top five.

The dominance of private sector banks in the top slots in all three categories shows that private banks are trying hard to attract customers and improving their services constantly. On the other hand, it also shows that public sector banks have a long way to go if they want to keep up.

Customers we spoke to feel that there is a need for banks to train their staff

about the services on offer as well as customer behavior.

"This (staff's friendliness and efficiency) is an issue with all the banks. Though staff looks really fancy and well-dressed, an ability to multi-task and knowledge about their own products is always missing," said Dipanshu Roy, a Chandigarh resident who works for a news agency. "The recruiters really have to think about this," he said.

Despite banks embracing new technology, many customers complain that they have to wait longer to finish their

transactions.

"Most banks make you wait. Due to their dependence on the internet, if there is a technical failure then there is no alternative manual mechanism. Sometimes, there is no work throughout the day due to server failure," said Sujit Mishra, who is a senior marketing executive from Ranchi.

Customers have also given a thumbs-up to the marked improvement in bank branches and ATMs. While earlier, one would have to wait in long queues in cramped spaces to get work done, most banks now ensure that their branches and ATMs are more accessible and attractive. "The banking hours and cleanliness (in branch and ATMs) are quite satisfying," said Aishwarya Pathak, an HR executive from Indore. "There is scope of improvement in seating arrangements though," she added.

(With inputs from Chandigarh, Ranchi and Indore)

**Most banks make you wait. Due to their dependence on the internet, if there is a technical failure, then there is no alternative manual mechanism.**

SUJIT MISHRA, marketing executive



PHOTO: IMAGES BAZAAR

## TOP 10 BANKING SERVICES

Attributes include staff availability, friendliness, knowledge of bank's products & services, queues at counters, waiting period at the branch etc

BANK STAFF		BANK FACILITIES		TURN-AROUND TIME	
1	HDFC Bank 796	1	HDFC Bank 771	1	HDFC Bank 771
2	ICICI Bank 778	2	ICICI Bank 769	2	ICICI Bank 769
3	IDBI Bank 772	3	IDBI Bank 758	3	IDBI Bank 758
4	Axis Bank 762	4	Axis Bank 756	4	Bank of Baroda 757
5	Bank of Baroda 756	5	Corporation Bank 740	5	Axis Bank 756
6	Corporation Bank 753	6	UCO 740	6	Indian Overseas 747
7	Indian Overseas 753	7	Bank of Baroda 757	7	Vijaya Bank 745
8	State Bank of India 749	8	Indian Overseas 747	8	Union Bank of India 744
9	UCO Bank 747	9	Union Bank of India 744	9	UCO Bank 740
10	Indian Bank 746	10	Indian Bank 735	9	Corporation Bank 740

# HDFC leads private banks in race for top honours

## TOP 07 PRIVATE SECTOR BANKS

ICICI may be India's largest private sector bank, but loses out to HDFC bank for the top spot among banks in this sector

Rank	Total satisfaction Score
1	HDFC Bank 782
2	ICICI Bank 770
3	Kotak Bank 768
4	Yes Bank 765
5	IndusInd Bank 759
6	Axis Bank 758
7	ING Vysya Bank 752

**NOTE:**  
1. The sample bank customers for HDFC, Axis and ICICI banks were selected from all towns.  
2. For the other banks, bank customers were selected from the following towns

**Kotak Mahindra Bank:** Delhi, Mumbai, Chennai, Bangalore, Ahmedabad  
**Yes Bank:** Delhi and Mumbai  
**IndusInd Bank:** Mumbai  
**ING Vysya:** Delhi, Mumbai, Chennai, Bangalore, Hyderabad

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**MUMBAI:** HDFC Bank has topped the list of private banks in customer satisfaction scores while arch-rival ICICI Bank has secured the second position.

Kotak Mahindra Bank and Yes Bank, new entrants in the banking sector, have managed to secure third and fourth position respectively. The RBI had granted banking license to Kotak Mahindra Bank and Yes Bank in 2003.

Given the intense competition in the sector, private banks have focused on making the customer experience as smooth and hassle-free as possible. "Customer service has been an integral component of ICICI's strategy. The bank has followed a multi-pronged approach of expanding the branch and ATM network to provide easily accessible services and has enabled its technology platforms to make banking effortless and convenient. To match customers' evolving behavior, we have also redesigned processes to ensure seamless delivery of services," said K Ramkumar, executive director, ICICI.

"We have enhanced our base of relationship managers, invested significantly in training of employees, empowered the branch staff and developed a structured process of grievance redressal," he said.

Just like in the Airlines and Telecom sectors, the opening up of the banking sector to private players has proven beneficial to customers as it has led to an overall improvement in the services and products offered, and made rates competitive.

"Entry of private banks has augured well for the customers. Earlier, in the

**The bank has followed a strategy of expanding the branch and ATM network and has enabled its technology platforms to make banking effortless**

K RAMKUMAR, ICICI Bank

1980's and 1990's, one had to struggle a lot to get one's transaction done. Opening an account or sending money to other accounts was a time consuming process," said Rajat Arora, who works for an insurance company in New Delhi.

"After the entry of private banks, competition toughened and public sector banks have also become aggressive in attracting customers. Now banks are coming to the customers, unlike the earlier days, when a customer had to go to the banks," he said.

Customers scored these private sector banks in various categories such as satisfaction with bank facilities, staff behavior and turn-around time. The banks offering better facilities, treating customers properly and responding swiftly got higher scores.

For some customers though, the good old *sarkari* banks will do. "In private banks, the relationship between the customer and the staff is more formal. Whereas in public sector banks, especially where you hold an account for a long time, both customer and staff become somewhat like family members," said Colonel TR Chowdhury, a customer.

(With inputs from Kolkata)

## TOP 20 2010 RESULTS

RESULTS FROM THE FIRST HT-MARS BANK SATISFACTION SURVEY

The results were far closer in the first edition of the survey, with many banks tied in the top 20. Axis bank was the 2010 topper

1	Axis Bank	11	Central Bank of India
2	HDFC Bank	12	Bank of Baroda
3	ICICI Bank	12	Syndicate Bank
4	Indian Bank	14	Vijaya Bank
5	Indian Overseas Bank	15	Allahabad Bank
5	State Bank of India	16	Oriental Bank of Commerce
5	Canara Bank	17	Bank of India
8	Punjab National Bank	18	Corporation Bank
9	Union Bank of India	19	Dena Bank
9	UCO Bank	20	United Bank of India

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## METHODOLOGY

The study was carried out in 12 major towns of India — Delhi, Lucknow, Jaipur, Chandigarh, Kolkata, Ranchi, Mumbai, Ahmedabad, Indore, Chennai, Bangalore and Hyderabad. A total of 8751 savings account holders constituted the sample sizes across these 12 towns.

Customer satisfaction on banking services was measured using 5 dimensions and 15 attributes.

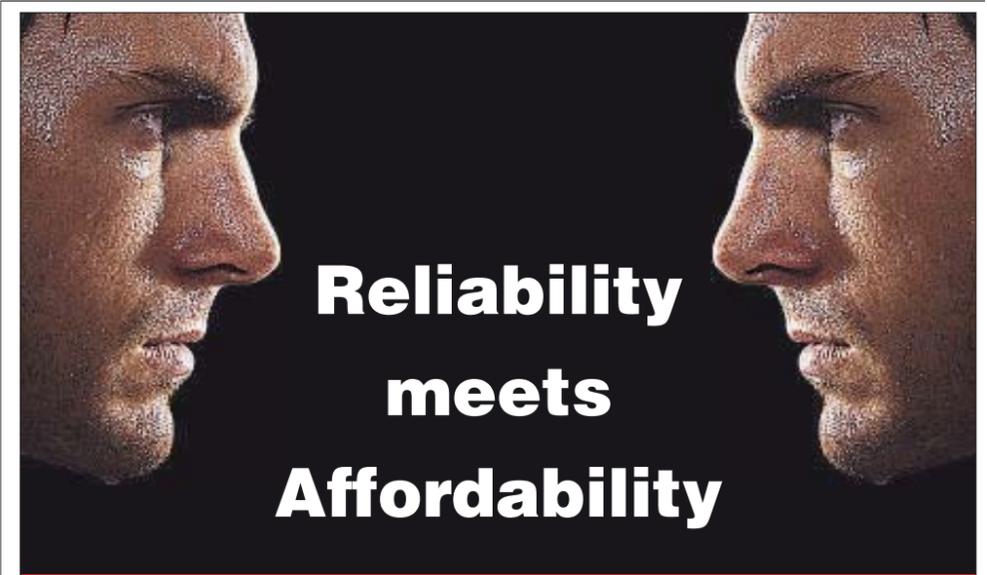
The dimensions and attributes used within each are — Account Opening (with three attributes :

ease of account opening, transparency in declaring applicable fees and charges and time taken for the account opening process), Bank Staff (with five attributes: staff availability, friendly and courteous staff, knowledge of bank's products & services, fast and efficient service, recognition of you as valued customer), Branch Facilities (with three attributes: clean & well-cared facilities, seating availability in the waiting area, branch banking hours), Turnaround Time (with two attributes: time taken

during a typical branch visit, queue at counters and waiting period), and Account related services (with two attributes: receipt of account statements/passbook updating and fee and charges of the bank).

Overall satisfaction ratings were derived by differently weighting the satisfaction scores at each dimension. All scores are taken at a scale of 1000.

The study team was led by Vishal Ramchandani (vishal@marspvt.net)



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# user's choice

HT- MARS CREDIT CARD SATISFACTION SURVEY



# Consumers go credit card crazy

**SWIPE RULES** Be it offering discounts or giving freebies, banks are going all out to woo customers with plastic money

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Even as the credit card industry in India went through a rough patch in the last four years, with their base shrinking, customers, who were in the habit of using plastic money, were becoming more and more choosy about their issuer keeping in mind the ease of usage and services rendered to them. According to an HT-MaRS survey, American Express topped the list of multinational credit card issuers followed by Citibank, HSBC and Standard Chartered. Among Indian banks, the HDFC bank's credit cards got the top nod, followed by ICICI bank. Of a total score of 1000, Amex secured the highest points at 796, while the HDFC bank card got a score of 762.

In a market characterised by intense competition, while trying to steer away the risk factors that had led to a default rate touching double-digit figures, credit card majors are trying to woo genuine customers who use plastic money as a matter of convenience and habit. But to retain customers and expand their base carefully, banks and credit card issuers are trying to make all efforts to satisfy them by offering various freebies and discounts.

As per the Credit Information Bureau (India) Limited (CIBIL), that tracks the credit history and credit worthiness of customers, over 80% of consumers today have a good credit history. "All banks are very particular about checking the credit records of customers and their spending pattern and they assess CIBIL's scores before sanctioning loans in every case," Arun Thukral, managing director, CIBIL said.

The survey, carried out in 12 cities, comprised of a total of 2916 credit card holders who rated their experiences on a variety of parameters, including benefits and services, rewards and redemption, and billing.

"We believe that we not only offer customers more convenience, but also more control and choice on a global platform. We continue to research opportunities on the digital platform that we believe will change the way

## AVOIDING THE DEBT TRAP

Frequent spending through credit card may land a customer in debt trap if she/he does not exercise financial discipline. Here are a few mantras which will save a customer from falling foul of credit card agencies

**1** 'Transactors' are the individuals who pay the full amount before the billing cycle ends while 'revolvers' pay only the partial amount and roll over the balance on credit card bill for next billing cycle. Be a transactor rather than a revolver.

**2** If you are planning to spend larger amounts, opt for a personal loan rather than paying through credit card because of high interest rate differential

**3** Individuals have habit of keeping 10-15 credit card of different banks which experts feel is not good. They suggest an individual should have only 2 credit cards

**4** Time your purchase in such a way that you get maximum credit period to pay the due amount

**5** In case of multiple credit cards, charging different rate of interest on rollover, a customer should start repaying the card with the highest interest

payments are made in India," Anand Selvakesari, head, consumer banking at Citi India said.

An average credit card holder in India made annual purchases of about ₹45,000 until March 2011 on her credit card as against an annual ₹33,335 in the financial year 2009-10, a growth rate of over 25%, the annual payment card industry survey 2011 prepared by Atos Worldline indicated. Credit card spends increased at points of sale by 22% year-on-year, from ₹61,824 crore in 2010 to ₹75,516 crore in 2011, as per industry data.



PHOTO: IMAGES BAZAAR

## TOP 5 DOMESTIC BANK CREDIT CARDS

Customers rated credit cards across 14 attributes, including time taken to redeem rewards points

**01**  
762

HDFC BANK

**02**  
753

ICICI BANK

**03**  
744

BANK OF BARODA

**04**  
737

KOTAK MAHINDRA

**05**  
736

AXIS BANK

Total satisfaction Score

## TOP 4 MULTINATIONAL BANK CARDS

The list of foreign banks offering credit cards in India may be small, but they provide excellent services.

**01**  
796

AMERICAN EXPRESS

**02**  
767

CITIBANK

**03**  
753

HSBC

**04**  
715

STANDARD CHARTERED

Total satisfaction Score

Overall satisfaction scores for multinational bank credit cards is higher than those for cards from Indian banks.

Generally, I don't practice rollover of credit and hence I do not have any problem.

CHANDNI MORAY  
teacher, Kolkata

They spoil you. A credit card holder has to be financially very disciplined as well as in repayment.

VIVEK ARYA  
businessman, Ranchi

## METHODOLOGY

The study was carried out in twelve major towns of India — Delhi, Lucknow, Jaipur, Chandigarh, Kolkata, Ranchi, Mumbai, Ahmedabad, Indore, Chennai, Bangalore and Hyderabad. A total of 2916 credit card holders constituted the sample sizes across these 12 towns

Customer satisfaction on credit cards was measured using 4 dimensions and 14 attributes. The dimensions and attributes used within each are Billing (with four attributes — Late Payment and other charges, Grace period given in case of payment delays, Timely receipt of Bills and Error free statements), Benefits and services (with two attributes — Extent

of benefits and services, Updates received on benefits and services from the bank), Rewards and redemption (with five attributes — Reward points, Kind of Reward redemption Schemes, Extent of time given to redeem benefits on reward schemes, Redemption process and Time taken for receipt of gifts after they are ordered), call center interaction (with three attributes — Ease of contacting the call center, Complexity of phone menu options, Politeness and overall efficiency of the call center executives).

The study team was led by Vishal Ramchandani (vishal@marspvt.net).

## A big push to take banks to the rural poor



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Financial inclusion has been one of the major programmes of the UPA government. The finance ministry has given a clear diktat to its banks — expand branch network in rural areas. The Indian Banks' Association (IBA) is already working out a strategy to facilitate branchless banking in villages. Remote villages with a population of just 2000 could get micro-automatic teller machines (ATM) for banking transactions.

As the government prepares to roll out the direct cash transfer scheme, public sector banks have been asked to focus on expansion of branch network to bring all rural households under the banking net without which the centre's efforts would have limited results.

This push by the government has been necessitated due to the poor banking penetration in the country. According to finance ministry data, the country has 24,66,92,667 households in total, of which only 58.7% are covered

## OUTSIDE THE BANKING NET

Of over 24.6 crore households in India, only 58.7% are covered under the banking net.

In Tamil Nadu, Gujarat, Madhya Pradesh, Andhra Pradesh and Jharkhand, more than 40% the households still do not have a bank account

Manipur, Assam, Bihar, Madhya Pradesh, Orissa, West Bengal and Meghalaya, it gets worse. More than 50% of the households are outside the banking net.

under the banking net.

The statistics are worrying, especially in Tamil Nadu, Gujarat, Madhya Pradesh, Andhra Pradesh and Jharkhand, where more than 40% the households still do not have a bank account.

In the eastern and north eastern states such as Manipur, Assam, Bihar, Madhya Pradesh, Orissa, West Bengal and Meghalaya, it gets worse. More

than 50% of the households are outside the banking net.

Policy decisions have been made to improve these numbers. According to the draft guidelines on new banking licenses put up by the RBI, all new banks would have to open at least 25% of their branches in unbanked rural centres. This move alone with benefit millions of Indians.

In the current fiscal, about 70 lakh new no frill accounts have been added to cover the unbanked population. The government has directed banks to cover at least one household by 2014. Besides, the government has also directed regional rural banks to expand the financial inclusion programme.

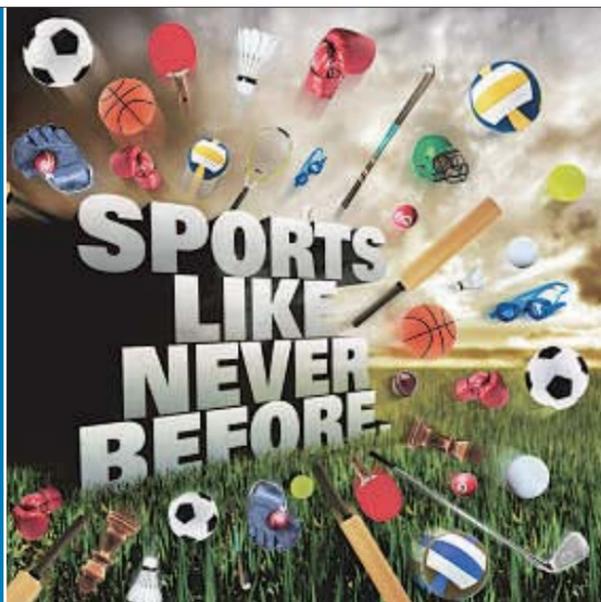
"We have been focusing on expanding our rural branch network and we are on track with our targets," TM Bhasin, chairman and managing director, Indian Bank, told Hindustan Times.

Speaking recently at a Ficci event, Prime Minister Manmohan Singh said that to ensure that growth is shared by every Indian, it was crucial to carry out and expand the scope of financial inclusion.

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