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## **BANKING SERVICES RENDERED BY SBI AND HDFC BANK: A STUDY IN SILCHAR TOWN, ASSAM**

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### **ABSTRACT**

*Banking services are vital for the development of the banking industry in the country. Smooth completion of economic transactions largely depends on available banking services rendered by the banks. It is one of the significant segments of the financial system of the country. It may be considered as an important wheel for the fastest growing of the economy. Therefore, a study on the services rendered by the banks in the country is important for necessary improvement and inclusions. The present study has made an attempt to discuss the banking services rendered by public sector bank and private sector bank based on the primary data collected from State Bank of India (SBI) and HDFC Banks in Silchar town. The study found that there is a significant difference between public sector and private sector bank in rendering internet banking and mobile banking services and it may be concluded that HDFC Bank is advanced in comparison to SBI in Silchar town. It may also be concluded that SBI and HDFC Bank have almost similar reasons for rendering such services.*

**KEY WORDS:** Mobile banking services, internet banking services, SBI and HDFC bank.

### **INTRODUCTION**

The banking system occupies an important place in the Indian economy. It plays a vital role in the economic development of the country and forms the core of the financial market. Bank deals with many customers every day and renders various types of services.

In the year 1720, Bank of Bombay was formed which was a joint stock variety bank. After 50 years, in 1770, another bank of this variety was formed in Calcutta but unfortunately it was closed in 1832. Later, in the year, 1806 the first "Presidency bank" named as Bank of Bengal was established and following this two more 'Presidency bank were established in Bombay and Madras which renders

banking services such as deposits, advances, pledge policy of loan, treasury bills, rates of interest on fixed deposits etc. Whereas, other banks established during the pre-independence period also render such services. In the year 1921, an 'Imperial Bank of India' was established which was later renamed as 'State Bank of India' in 1955. Reserve Bank of India was established in 1935 and since then RBI is controlling and regulating the banking industry in India. After the financial reforms introduced in 1991, there is a revolutionary change in the banking industry in the form of entry of the private sector banks. Moreover, banking services in India had got a paradigm shift to modern banking services such as merchant banking, bancassurance, factoring,

forfeiting, underwriting, portfolio management etc. The growth of the banking industry largely depends upon the available services rendered in the banking system. Therefore, a study on the services rendered by the banks in the country is important for necessary improvement and inclusions. The present study has made an attempt to discuss the banking services rendered by public sector bank and private sector bank based on the primary data collected from State Bank of India (SBI) and HDFC Banks in Silchar town.

## REVIEW OF LITERATURE

Banking services are very essential in settlement of economic transactions in a country. Success of banking industry largely depends on the availability of the varied services rendered by the banks. Therefore, it is essential to know the banking services rendered by the banks in the country. A brief review of some of the relevant literature is as under:

Nair R. G., (1993) has recommended that the ancillary banking services are needed and hence necessary to popularize in the rural areas of Kerala. Richard, K. (2001) found that by using advanced technology, customer services can be improved in relation to speed for effective communication. It is suggested that the bank may use advanced information technology to disseminate quality customer services. Agarwal. P., (2002) found that in comparison to the old private bank, newly established private sector banks are in a better position in providing banking facilities to their customers and hence increases the level of customer satisfaction. Bhaskara. B. G, Narasimha Rao. T. V., and Viswanath. N.S (2004) established that there are either slight or no variety of services to the customer by public sector banks and private sector banks in Karnataka. Eapen Varghese (2005) found no significant difference between public sector banks and private sector banks in terms of banking services rendered in Kerala. Sharma A. K. and Arya P. B. (2009) concluded that the range of banking services does matter for the success of banking. On the other hand, it is also concluded that the growing use of mobile phone and internet has made a revolutionary change in banking services.

From the above reviews it is apparent that few studies have been conducted on banking services rendered in different parts of the country. It is observed from the findings that services are important for successful banking, there is a significant difference in rendering the banking services between public sector banks and private sector banks. Moreover, the review also indicates that private banks are advanced in rendering services as compared to the public sector banks. However, no such work has been initiated in Assam and more particularly in Silchar town being as a commercial hub in Barak Valley. This creates a gap, to fill it, this study has been initiated to assess the banking services

and the reasons for rendering by the public sector banks and the private sector banks in Silchar town.

## OBJECTIVES OF THE STUDY

The first objective of this paper is to discuss the banking services rendered by State Bank of India (SBI) and HDFC Banks in Silchar town, Assam

The second objective is to explore the reasons for providing such services by the banks under study.

## HYPOTHESIS OF THE STUDY

There is no significant difference between the State Bank of India and HDFC Bank with respect to customer services rendered.

## RESEARCH METHODOLOGY

The present study has been carried out in Silchar town of Cachar district in the state of Assam. The focus of this study is made on two selected services rendered by the banks in Silchar town. Selected services are Internet banking Services and Mobile Banking Services. There are eight (8) branches of SBI and two (2) branches of HDFC bank in Silchar town. For the study, four branches have been considering taking two branches, each from State bank of India and HDFC bank by using the personal judgment method. Due care has been taken in selecting the branches in terms of their size and age so that data collected from the branches found a similar base.

To attain the objectives of the study, data has been collected using a structured questionnaire. This questionnaire is prepared and has been responded by the branch managers of SBI and HDFC bank in Silchar town. The main intention of this questionnaire is to inquire about the services provided by the banks under study by using a Bipolar scale (e.g. Yes/No type). Scores are computed for each bank by giving one (1) for each service rendered and for the reasons too. Total score along with the percentage is calculated for the services rendered by each bank separately. Moreover, this questionnaire is also intended to explore the reasons to provide such services by the banks in Silchar town.

Collected data has been tabulated and required statistics are computed i.e. percentage and total score. To test, the normalcy of data Two-Sample Shapiro-Wilk test has been used. The Mann Whitney U test is used for testing the significant difference of the services rendered by SBI and HDFC Bank in Silchar town. Computation of statistics and testing of the hypothesis is made in MS-Excel and SPSS V-21 (Statistical Package for Social Science)

## DATA ANALYSIS AND INTERPRETATION

Data analysis and interpretation of this paper have been made in three sections. First, the section deals with the banking services rendered by banks under study in Silchar town. The second section deals with exploring the reasons for rendering such services. And, the third section deals with the testing of difference between the banks in providing the select banking services under study.

Collected data in relation to the internet banking and mobile banking services rendered by SBI and HDFC Bank in Silchar town has been tabulated and discussed below.

**Table No: 1**  
**BANKING SERVICES RENDERED BY THE BANKS**

Code No.	Internet Banking Services (IBS)	Score		Percentage	
		SBI	HDFC Bank	SBI	HDFC Bank
IBS-1	Internet banking services all the time and in all the days.	2	2	100	100
IBS-2	Online shopping through internet banking.	2	2	100	100
IBS-3	Fund transfer to other customers in the same branch.	2	2	100	100
IBS-4	Fund transfer to the customers of other branches.	2	2	100	100
IBS-5	Periodical transfer/payment of money on standing instruction.	2	2	100	100
IBS-6	Payment/ settlement of tax due to the government.	2	2	100	100
IBS-7	Investment of fund through Internet Banking.	2	2	100	100
IBS-8	Cheque book requisition order by customers.	2	2	100	100
IBS-9	Issue demand draft on request of your customers.	1	2	50	100
IBS-10	Online booking of utility services through internet banking	2	2	100	100
	<b>TOTAL SCORE and PERCENTAGE</b>	<b>19</b>	<b>20</b>	<b>49</b>	<b>51</b>
	<b>Mobile Banking Services (MBS)</b>				
MBS-1	Fund transfer through mobile banking.	1	2	50	100
MBS-2	Payment service by scanning the QR code through mobile banking.	1	2	50	100
MBS-3	Provide 24hours service every day.	2	2	100	100
MBS-4	Fund transfer to other customers of the same branch.	2	2	100	100
MBS-5	Fund transfer to the customers of other branches.	2	2	100	100
MBS-6	Access to information by the customer for loans.	2	2	100	100
MBS-7	Automatic Voice Response System.	1	2	50	100
MBS-8	Executes OPT system for payments to ensure security.	2	2	100	100
MBS-9	Payment for utility service through mobile banking	2	2	100	100
	<b>TOTAL SCORE and PERCENTAGE</b>	<b>15</b>	<b>18</b>	<b>45</b>	<b>55</b>

Source: - Filed Study

It is observed from the Table No.1 that all the branches of HDFC banks under study has provided the internet banking services as well as mobile banking services. On the other hand, all the branches of SBI in Silchar town are rendering services i.e. IBS-1, IBS -2, IBS -3, IBS -4, IBS -5, IBS -6, IBS -7, IBS -8, IBS -10, MBS -3, MBS -4, MBS -5, MBS -6, MBS -8 and MBS -9. But, only half of the bank branches of SBI under study are rendering services i.e. IBS-9 MBS-1, MBS-2, and MBS-7.

It also observed from the table that internet banking services rendered by SBI and HDFC banks in Silchar town seems to be slightly different from

each other with a recorded total score of 19 for SBI and 20 for HDFC bank and in percentage 49% for SBI against 51% for HDFC bank.

Moreover, the total score for mobile banking services rendered by SBI and HDFC bank has been recorded at 15 and 18 respectively, and in percentage, it is 45% for SBI against 55% for HDFC bank. Therefore, it may be interpreted that HDFC banks are quite progressive in comparison to State Bank of India in the direction of providing internet banking and mobile banking services in Silchar town.

In relation to the reasons for rendering the select banking services under study, collected information is summarized, tabulated and discussed below:

**Table No: 2**  
**REASONS TO PROVIDED BANKING SERVICES**

Code No.	Reasons for providing Internet Banking Services	Numbers of the branches provided.		Percentage	
		SBI	HDFC Bank	SBI	HDFC Bank
RIBS-1	A step toward green banking.	2	2	100	100
RIBS-2	Quick and continuous access to banking services by customers.	2	2	100	100
RIBS-3	For customers comfortability and timesaving.	2	2	100	100
RIBS-4	It reduces operational costs to the bank.	2	2	100	100
RIBS-5	To provide services in non-banking hours/holidays	2	2	100	100
RIBS-6	Other reasons (if any)				
	<b>Reasons for providing Mobile Banking Services</b>				
RMBS-1	The convenience of the customers.	2	2	100	100
RMBS-2	For faster banking services.	2	2	100	100
RMBS-3	Improve customers self-services.	2	2	100	100
RMBS-4	To earn non-interest income.	2	1	100	50
RMBS-5	Other reasons (if any)				

Source: - Filed Study

It is observed from the table-2 that both SBI and HDFC Bank has the similar reasons to provide internet banking and the reasons are mainly as a step toward green banking, for quick and continuous access to banking services by customers, for customers comfortability and timesaving, to reduces operational costs of bank and to provide services in non-banking hours/holidays.

Similarly, both the banks under study has agreed to the reasons for rendering the mobile banking services in Silchar town and the reasons are convenience of the customers, for faster banking services, to improve customers self-services and to

earn non-interest income. However, half of the branches of HDFC bank did not agree with the reason for providing mobile banking services to earn non-interest income.

**The result of Hypothesis Testing:** - Two-Sample Shapiro- Wilk test has been used to test the null hypothesis that the sample comes from a normal distribution. Data relating to the select banking services rendered do not follow a normal distribution, at the 5 % level of significance for both SBI and HDFC Bank.

### The result of the Mann Whitney U test

Ranks				
	Banks	N	Mean Rank	Sum of Ranks
Internet banking and mobile banking services	SBI	19	17.50	332.50
	HDFC Bank	19	21.50	408.50
	Total	38		

	Internet banking and mobile banking services
Mann-Whitney U	142.500
Wilcoxon W	332.500
Z	-2.086
Asymp. Sig. (2-tailed)	.037
a. Grouping Variable: Banks	
b. Not corrected for ties.	
<i>Source: Field Study</i>	

The result of the test indicates that there is a significant difference between State Bank of India and HDFC bank with respect to customer services rendered with Z value -2.086 and p-value  $0.037 < 0.05$ . It is also observed from the table that mean ranks for services under study is higher for an HDFC bank than SBI in Silchar town.

#### CONCLUSION

From the above discussion, it is apparent that there is a significant difference between public sector and private sector bank in rendering internet banking and mobile banking services and it may be concluded that HDFC Bank is advanced in comparison to SBI in Silchar town. It may also conclude that SBI and HDFC Bank have almost similar reasons for rendering such services in Silchar town.

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