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Retail Banking Services in Gorakhpur District: Performance of Allahabad Bank Vis-À-Vis HDFC Bank: An Empirical Study

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Abstract

Retail Banking, also known as consumer banking is the provision of services by a bank to individual consumers, rather than to companies, corporations or other banks services offered include savings and transactional accounts, mortgages, personal loans, debit cards and cards. Today retail banking is being considered as one of the most innovative financial services provided by the various commercial Public sector Banks (PSBs) Private sector and Foreign banks. This paper attempts to highlights the feedback of borrowers/executive of banks regarding popularity and suitability of retail banking products their satisfaction, problem faced by them in getting the loan sanctioned from the bank, co-operation extended by bank's officials/employees, and for this a sample of 250 respondents has been taken on the basis of convenience sampling. Out of 250 respondents, 50 are bank officials (25 from Allahabad Bank and 25 from HDFC) and rest 200 respondents are borrowers of retail advances of Allahabad Bank & HDFC Bank both. Among 200 borrowers selected as sample 100 are form Allahabad Bank and balancing 100 are among the borrowers who have taken retail advances from HDFC in Gorakhpur.

Keywords: Performance, Mortgages, Borrower, Lender,

Opinion of the Executive and Borrowers of Allahabad Bank

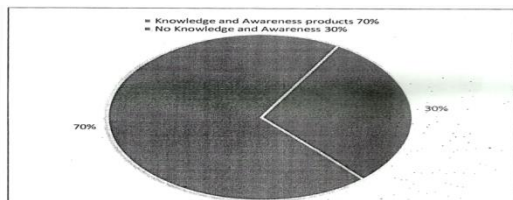
The survey reveals that all respondent bank officials of Allahabad bank are of the opinion that almost all borrowers of retail advances of the bank are fully satisfied with products offered by bank and co-operations extended by bank employees/officials particularly in respect of the disbursement of loan. Apart from this, all the sample respondents selected among borrowers of retail advances of Allahabad Bank in Gorakhpur were interviewed with the help of well structured questionnaire. Their opinion regarding retail advances disbursed by Allahabad Bank are presented below.

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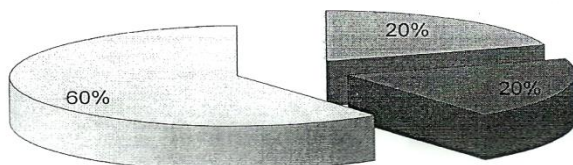
1. **Knowledge and Awareness of Customers for various retail products:-** The Survey reveals that 70 percent of sample respondents are fully acquainted with retail banking facilities of Allahabad Bank but 30 percent have expressed their non awareness about the retail banking services offered by bank in Gorakhpur.



2. **How have they come to know about the retail products?**

The respondents when asked that how they have come to know about the various products and services offered by Banks. 60% answered that they have come to know about the various loan products through newspapers, magazines, advertisements and 20% of them through friends who have already taken the loan and remaining 20% through hoardings and T.V. advertisements.

- Knowledge through hoarding and T.V. Ads. 20%
- Knowledge through friends 20%
- Knowledge from News paper etc. 60%



3. **Income wise clients who have taken loans from Allahabad Bank.**

When asked the respondents that which income group showed the most interest in availing the loan services. The inferences drawn from the responses of respondents were that generally the middle- income level people i.e., income level between Rs. 15,000 and Rs. 20,000 are the most prospective respondent who have shown their keen interest for loan. However higher income level people take loans for saving income tax.

Income level	Income level wise percentage of client taken loan.	
	Allahabad Bank	HDFC Bank
Rs. 50000-150000	15	14
Rs.150000-250000	41	42

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Rs. 250000-350000	32	30
Rs. 35000-and above	12	14
Total	100	100

Source: Questionnaire

3) When asked what are the respondent’s preference ban wise:

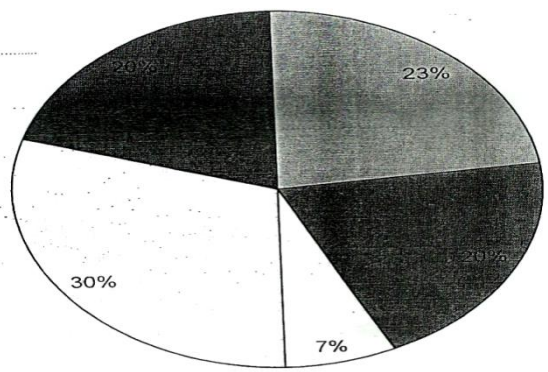
The inference drawn regarding this fact is as under:

Banks	Percentage (%)
SBI	23
Allahabad Bank	20
PNB	7
HDFC	30
ICICI	20
Total	100

Source: Questionnaire

On the basis of above responses, it can be inferred that the highest number of respondent (30) have shown there preference in favour of HDFC followed by SBI (23), Allahabad Bank (20), ICICI (20) and PNB (7). HDFC has become first preference of customer because of Customer friendly procedure relating to disbursement of advances in Gorakhpur.

- Bank wise preference by customers 23% SBI
- Bank wise preference by customers 20% Allahabad Bank
- Bank wise preference by customers 7% PNB
- Bank wise preference by customers 30% HDFC
- Bank wise preference by customers 20% ICICI

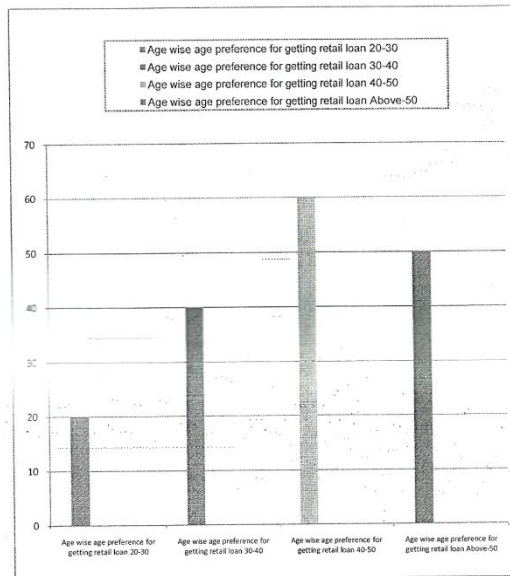


4. What age group people do show In Interest to take retail loans: When analysis was made as to what age group people actually show interest in availing retail loans?

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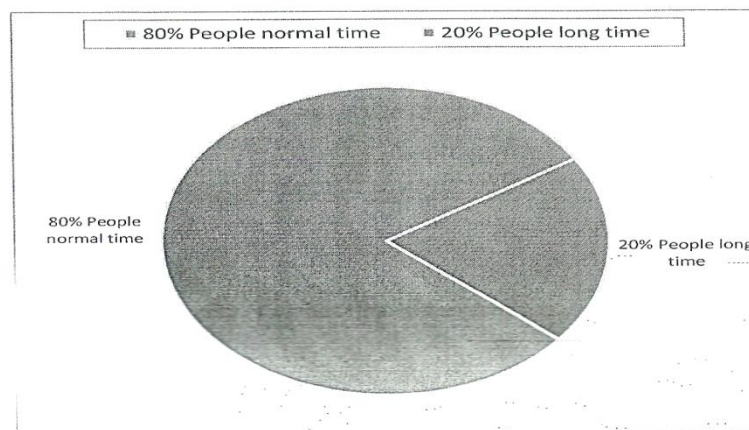
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The inferences drawn were that generally the age group between 30-40 and 40-50 years as the most prospective customer who shows interest in the retail in the loan.



5. What respondents were asked about the time taken by officials in sanctioning and disbursing the advances to the customers in the district.

80 percent expressed within the prescribed normal time and 20 percent were of this opinion that Bank officials took time more than prescribed time in processing this application in the district.

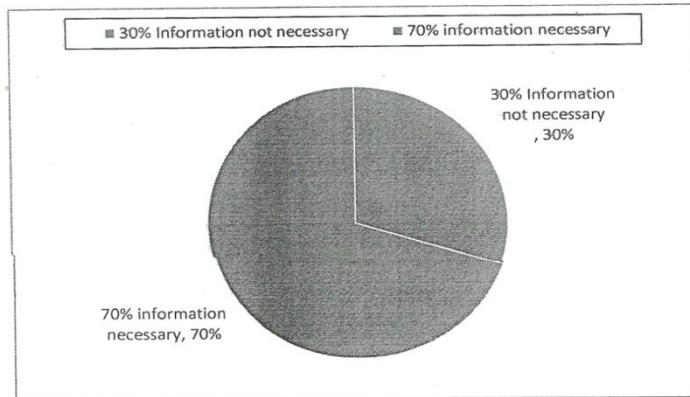


6. Do you feel that information sought by Allahabad Bank necessary? We asked, did you feel that information sought by Allahabad Bank was necessary? About 70%

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opened that information was necessary and rest 30% respondents expressed that information sought by bonus were not necessary.

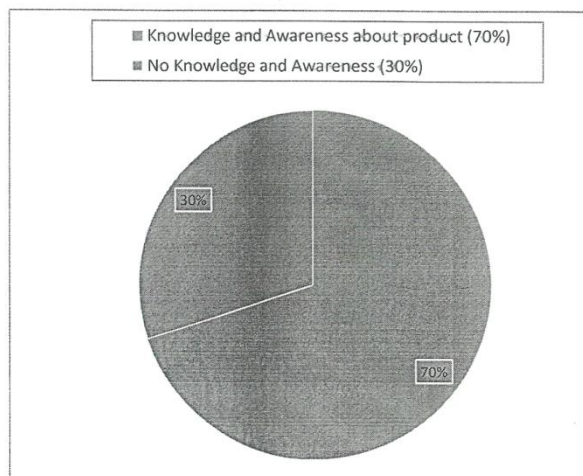


Opinion of the Executive and Borrowers of HDFC Bank

All 25 respondent bank official expressed about their full satisfaction with the policies and procedure of the disbursement of retail advances by bank in the district. Apart from the view expressed by the bank executive an attempt has been made to collect the information about customer’s satisfaction with the financial offerings of the bank and also with the co-operation extended by bank official to them in getting their loan applications processed in time. Their responses to different questions are analysed different questions are analysed here with.

1. Knowledge and Awareness of customer for retail products and Services:

About 70 percent of the customers have knowledge and awareness about the various home loan products and services offered by bank and only 30 percent of the customers are such who are unaware with the retail offering of the HDFC bank in the district.

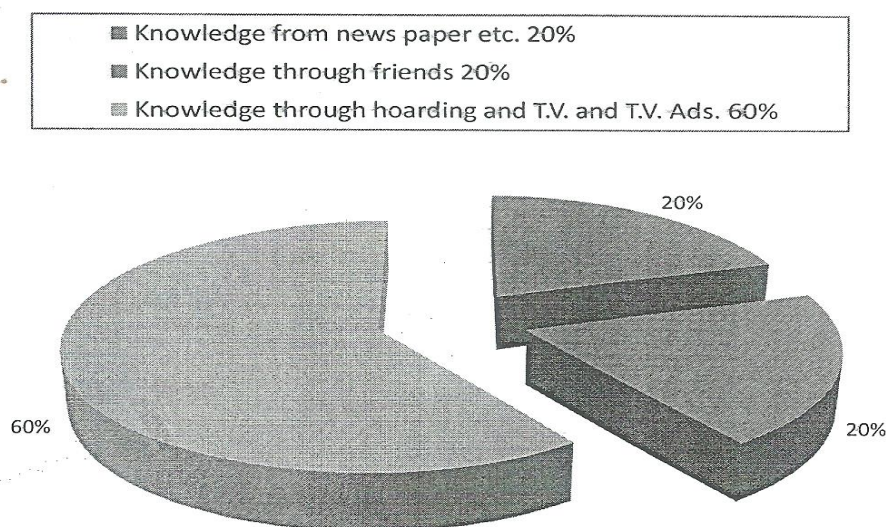


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2. How have they come to know about the retail finance product?

The respondents when asked that how they came to know about the various loan products and services offered by banks. 60% answered that they came to know about various loan product through newspapers, magazines advertisement and 20% of them through friends who have already taken the loan, and the rest 20% through hoarding and T.V. advertisements.



3. Classification of borrowers on the basis of their income level:

The borrowers who have taken the retail advances from HDFC Bank are classified on the basis of their income level. The survey reveals the following picture.

Income Level	No. of borrowers
Rs. 50000-150000	15
Rs. 150000-250000	41
Rs. 250000-350000	32
Rs. 350000 and above	12
Total	100

It is observed that the highest the number of respondents showed their interest in the retail offerings of HDFC Bank falls into the income group of Rs. 150000-250000 followed by the

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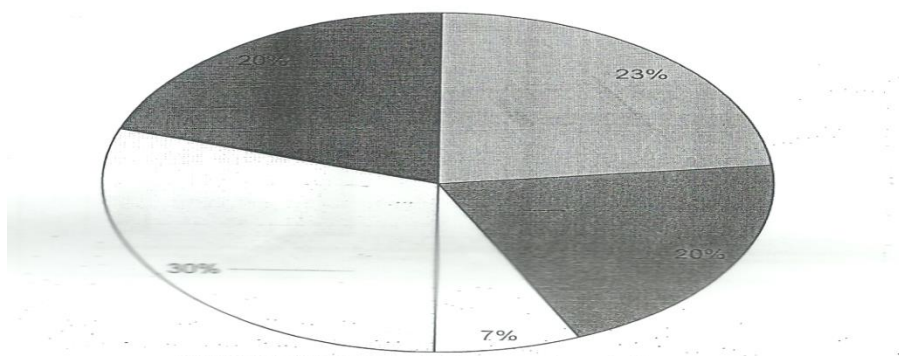
income group of Rs. 250000-350000. It can be concluded that the potential income segment for the retail advances of HDFC bank is Rs. 150000 to 350000 in the district. Thus, bank may direct its promotional efforts in the income segment in the district.

4. **Classification of respondents on the basis of their preferred Bank:** The respondents expressed the name of banks for which they have preference in their mind for taking retail advance in the district.

Banks	Percentage (%)
SBI	23
Allahabad	20
PNB	7
HDFC	30
ICICI	20
Total	100

Survey reveals that the largest number showed their preference in the favour of HDFC bank in the district followed by SBI, Allahabad Bank, ICICI and PNB. It can be inferred here that private sector banks still continues to be the preference of potential customer of retail advances in the district.

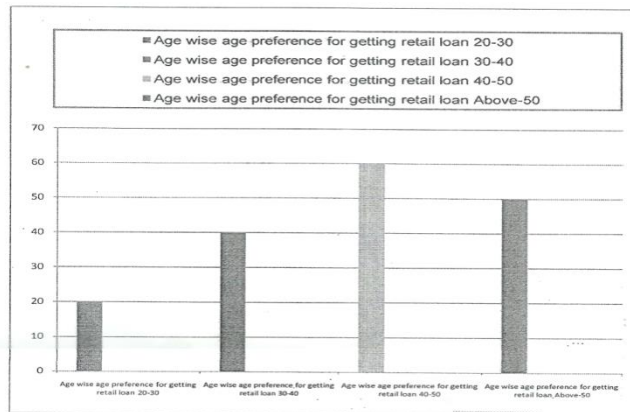
Bank wise preference by customers 23% SBI
 Bank wise preference by customers 20% Allahabad Bank
 Bank wise preference by customers 7% PNB
 Bank wise preference by customers 30% HDFC
 Bank wise preference by customers 20% ICICI



5. **Classification of respondents on the basis of their age-group-** Classification of respondent borrowers of HDFC on the basis of their age-group is presented by the following chart.

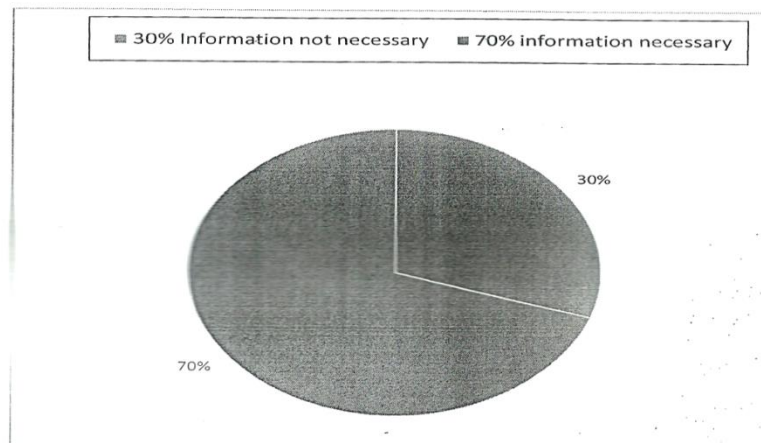
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It is clear from the above chart that the largest number of retail advance taken fall in the age group of 40-50 years followed by borrowers of the age- group of more than 50 years. Thus it is inferred that the persons of above 40 years showed more interest as compared to the persons of below 40 years.

- An enquiry about the time taken by bank official is processing the loan applications of borrowers of HDFC indicated that 80 percent of loan application is processed in stipulated time but in case of 20 percent applicants bank official took more time than standard time. It can be pointed. Our that both Allahabad Bank and HDFC officials sanction the retail advances in standard time in Gorakhpur district. It is contrary to common belief that banks generally delay in the sanction and disbursement of loans. The data regarding it is displayed by the following chart.

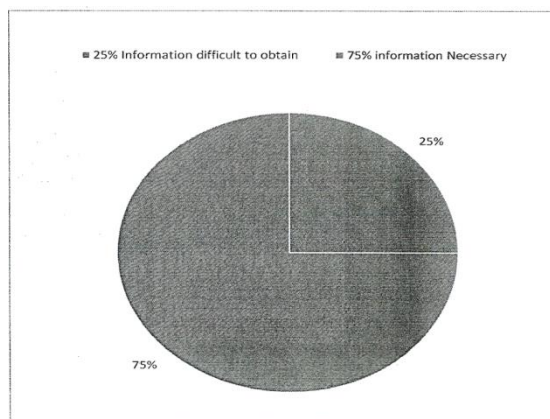


- Do you feel that information sought by HDFC necessary?** In the opinion of seventy five respondents, information sought by bank was necessary but thirty percent gave their negative opinion in this regard. They opine that it is very difficult to obtain the required information from loan seekers as they are always

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reluctant in revealing their information to bank officials or anyone. It can be observed by following charts.



DISCREPANCIES IN RETAIL ADVANCES SYSTEM

The following discrepancies were observed in the functioning of banks retailing to sanction and disbursement of retail advances in Gorakhpur.

- 1) At present Allahabad Bank & HDFC Bank does not have any formal and scientific system of investment planning? In year 2001-02 for the first time efforts were made by HDFC to fix state region-wise targets of sanction, disbursements, and recovery of Retail Advances.
- 2) The RBI has shown apathy towards the planning of investment by Central or State-Level housing development banks. Similarly, the RBI has not suggested or insisted on adopting any uniform and scientific method of investment planning.
- 3) The annual targets fixed by them are primarily based on the performance of the previous year. The investment planning of Allahabad & HDFC is not based on adequate market survey/information.
- 4) The sporadic exercise of annual planning of fixing the targets for investments is made at the Head office level of the banks. The field offices are not fully involved in the present system of investment planning of the banks. Without involving the field staff in the planning process the local needs of housing finance cannot be given due wastage and planning in this regard will fall to be realistic.

CONCLUSION: There is a need of constant innovation in retail banking. This requires product development and differentiation, innovation and business process reengineering marketing, prudent pricing, customization, technological up gradation, home electronic, mobile banking furthermore, in all these customer interest is of paramount important so it vital for

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bank to improve their customer services. Finally we say that retail banking is one of the most tremendous areas now days to be looked after by the banking industry as it contributor 7% to our GDP and 14% to employment.

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