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A Study on Effectiveness of Services Rendered by IDBI Bank

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ABSTRACT: The banking sector plays a crucial role in economic development, with customer satisfaction serving as a vital indicator of service quality. This study evaluates the effectiveness of services rendered by IDBI Bank, focusing on customer expectations and perceptions in areas such as digital banking, employee behavior, responsiveness, and grievance redressal. Primary data was collected from 120 customers of IDBI Bank using structured questionnaires, while secondary data was gathered from official reports and industry journals. Statistical tools including percentage analysis, Chi-square test, and correlation were used. The results indicate that although IDBI Bank performs well in responsiveness and digital service infrastructure, gaps remain in areas such as personalized attention and communication. The study offers practical suggestions to improve service quality and enhance customer satisfaction.

KEYWORDS: Service effectiveness, Customer satisfaction, IDBI Bank, Banking services, SERVQUAL; Service quality, Digital banking, Chi-square, Correlation

I. INTRODUCTION

The Indian service sector has emerged as a critical driver of economic growth, contributing over 57% to the country's Gross Domestic Product (GDP). Among its many constituents, the banking industry holds a central position in facilitating financial inclusion, supporting economic activities, and mobilizing capital. As the financial ecosystem continues to evolve with technological innovation, regulatory reforms, and rising consumer expectations, the effectiveness of banking services has become a key area of competitive advantage.

In this context, customer satisfaction plays a pivotal role in assessing the overall performance and reputation of banks. Financial institutions, particularly in the public sector, are increasingly required to align their operations with customer-centric models to remain relevant and competitive. IDBI Bank, a prominent public sector bank in India, has been at the forefront of providing a wide range of services including retail banking, digital banking, corporate banking, and financial advisory solutions.

This study investigates the effectiveness of services rendered by IDBI Bank, with specific focus on customer perceptions and service quality dimensions. The evaluation is grounded in the SERVQUAL framework proposed by Parasuraman, Zeithaml, and Berry, which identifies five core components of service quality: reliability, assurance, tangibles, empathy, and responsiveness. These dimensions collectively capture both functional and emotional aspects of customer experiences, offering a comprehensive lens through which service effectiveness can be assessed.

The objective of this research is not only to measure current service performance but also to identify gaps between customer expectations and perceptions. The insights derived aim to support IDBI Bank's continuous improvement initiatives and provide strategic inputs for enhancing customer satisfaction and loyalty in an increasingly digital and service-driven banking landscape.

II. REVIEW OF LITERATURE

- Parasuraman et al. (1988) introduced SERVQUAL to measure service quality through five dimensions.
- Gupta & Dev (2012) emphasized that ATM access and prompt services affect satisfaction.
- Ravi & Naik (2019) noted improvement potential in IDBI's digital infrastructure.
- Hadid et al. (2020) found digital banking quality affects satisfaction in Malaysian banks.
- Zhou et al. (2021) stressed mobile banking stability and security as key in China.

These studies collectively show that reliability, empathy, and digital experience are significant in shaping perceptions of banking service quality.

III. RESEARCH METHODOLOGY

The research methodology outlines the systematic approach adopted to investigate the effectiveness of services rendered by IDBI Bank, particularly from the perspective of customer satisfaction. The methodology was carefully designed to ensure the validity, reliability, and applicability of the study findings.

RESEARCH DESIGN

This study employs a descriptive and exploratory research design. Descriptive research is used to describe the current status of service effectiveness as perceived by customers, while exploratory research is used to identify key issues and service gaps that may not be immediately observable. Together, these approaches facilitate both a structured assessment and an open-ended exploration of customer experiences with IDBI Bank.

SAMPLING TECHNIQUE

The sampling technique used in this study is convenience sampling, a non-probability sampling method. This method was selected due to its practicality and ease of access to respondents. The sample consisted of customers who were readily available and willing to participate during the study period. While this technique may limit generalizability, it is suitable for pilot and customer-perception-based studies in specific settings.

SAMPLE SIZE AND POPULATION

The total population comprises customers of the IDBI Bank Nandanam Branch in Chennai. From this population, a sample of 120 respondents was selected for the study. This sample size was considered sufficient to draw meaningful insights, given the scope and constraints of the research.

DATA COLLECTION METHODS

Both primary and secondary data were collected to ensure a robust and comprehensive analysis.

- **Primary Data:** The primary data was gathered using a structured questionnaire designed to capture customer perceptions, expectations, and satisfaction levels across various dimensions of service quality. The questionnaire included both closed-ended and Likert-scale-based questions covering aspects such as employee behavior, timeliness, service reliability, and overall satisfaction.
- **Secondary Data:** Secondary data was sourced from IDBI Bank's annual reports, Reserve Bank of India publications, industry journals, and reputable banking websites. These sources provided contextual and comparative data relevant to the research.

STATISTICAL TOOLS USED

To analyze and interpret the collected data, the following statistical tools and techniques were employed:

- **Percentage Analysis:** Used to summarize and present the demographic and response distribution of customers in terms of frequencies and proportions.
- **Chi-Square Test:** Applied to determine the association or independence between categorical variables, such as gender and satisfaction levels regarding service performance.
- **Correlation Analysis:** Pearson's correlation coefficient was calculated to examine the strength and direction of the relationship between variables like income and satisfaction with banking services.

These tools enabled a systematic and quantitative assessment of service effectiveness and facilitated hypothesis testing relevant to the study objectives.

DATA ANALYSIS AND INTERPRETATION

The data collected from 120 respondents at the IDBI Bank Nandanam Branch was subjected to statistical analysis using percentage analysis, chi-square test, and correlation analysis. This section presents key demographic information, customer perceptions, and inferential statistics with interpretations.

DEMOGRAPHIC PROFILE OF RESPONDENTS

Demographic Variable	Category	Frequency	Percentage (%)
Gender	Male	77	64.2
	Female	43	35.8
Age Group	21–30	27	22.5
	31–40	55	45.8
	41–50	27	22.5
	Above 50	11	9.2
Educational Qualification	Postgraduate	28	23.3
	Undergraduate	72	60.0
	Diploma	11	9.2
	Others	9	7.5

Interpretation: The majority of respondents were male (64.2%) and belonged to the age group 31–40 years (45.8%). Most respondents (60%) were undergraduates.

KEY PERCEPTION INDICATORS

Service Indicator	Response	% of Respondents
Employee response in satisfactory time	Yes	65.0%
Highly satisfied with bank’s ability to fulfill promises	Yes	25.8%
Bank adheres to its service commitments	Yes	75.8%
Services often surpass customer expectations	Yes	80.8%

Interpretation: A majority of customers affirm that IDBI Bank delivers responsive and satisfactory service. Notably, 80.8% believe that the bank’s services surpass their expectations, indicating strong customer loyalty and satisfaction.

CHI-SQUARE TEST ANALYSIS

Hypothesis:

- **H₀:** There is no significant relationship between gender and satisfaction with service resolution.
- **H₁:** There is a significant relationship between gender and satisfaction with service resolution.

Gender	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied
Male	19.89	23.70	21.10	8.98	3.20
Female	11.10	13.20	11.80	5.01	1.79

- **Chi-Square Value (χ^2) = 5.33**
- **Degrees of Freedom = 4**
- **P-value = 0.255**
- **α (Significance level) = 0.05**

Interpretation: Since the p-value (0.255) is greater than the alpha value (0.05), the null hypothesis is accepted. There is no statistically significant relationship between gender and satisfaction levels regarding issue resolution.

CORRELATION ANALYSIS

Hypothesis:

- **H₀:** There is no correlation between income level and satisfaction.
- **H₁:** There is a significant correlation between income and satisfaction.

Respondent	Income (₹ in '000)	Satisfaction Score (1-5)
1	50	3
2	40	2
3	60	4
4	80	5
5	30	2

- Pearson's Correlation Coefficient (r) = 0.72

Interpretation: The correlation coefficient of 0.72 indicates a strong positive relationship between customer income and satisfaction. This suggests that higher-income customers tend to report higher satisfaction with the bank's services.

IV. FINDINGS

This section summarizes the major observations and insights derived from the data analysis. The findings provide a comprehensive understanding of customer perceptions regarding the effectiveness of services rendered by IDBI Bank, Nandanam Branch.

POSITIVE CUSTOMER PERCEPTIONS

A significant portion of the respondents expressed satisfaction with the digital services offered by the bank. Customers appreciated the accessibility, speed, and reliability of online banking platforms, mobile apps, and ATM services. In addition, the responsiveness of staff in terms of handling queries and addressing service needs—was rated favorably. Nearly 65% of respondents acknowledged that employees respond within a satisfactory time frame, which reflects positively on front-line service efficiency.

AREAS REQUIRING IMPROVEMENT

Despite the positive response in some service dimensions, certain areas were flagged for enhancement. In particular, service delivery consistency emerged as a concern. Only 30% of respondents reported that services were delivered correctly on the first attempt, while 46.7% stated that this happened only "sometimes." This suggests process inefficiencies that may lead to customer dissatisfaction if left unaddressed.

Moreover, issue resolution was identified as a weak point. Although 63.3% of respondents expected quick and efficient resolution, the data revealed that a portion of these expectations remained unmet. Delays or lack of resolution could potentially harm the bank's service image.

SERVICE RELIABILITY AND ENVIRONMENT

Service reliability, referring to the bank's ability to deliver on its promises, received strong support from the respondents. About 75.8% confirmed that IDBI Bank adheres to its stated service commitments. Additionally, environmental comfort, including the cleanliness and ambiance of the bank's physical facilities, was also well-rated. Nearly 77.5% of customers found the environment clean and welcoming, indicating that physical tangibles continue to be an important factor in overall satisfaction.

GAP BETWEEN EXPECTATIONS AND DELIVERY

A noteworthy finding was the discrepancy between advertised services and actual delivery. About 22.5% of respondents reported inconsistency between what was promised in advertisements and what was experienced. This indicates a need for better alignment between marketing communication and real-time service execution.

EXPECTATIONS ON PROFESSIONALISM AND PERSONALIZATION

Customers expressed a clear preference for professional behavior from staff, timely service, and personalized attention. Approximately 60% of respondents agreed or strongly agreed that these attributes significantly influence their satisfaction. While these expectations are generally met, the data suggest there is room to further strengthen human interaction and empathy in customer engagements.

VI. SUGGESTIONS

Based on the findings and interpretation of customer feedback at IDBI Bank, several actionable recommendations are proposed to enhance service effectiveness and improve overall customer satisfaction. These suggestions aim to address both operational inefficiencies and strategic service gaps identified through this study.

REGULAR STAFF TRAINING FOR PROFESSIONALISM AND RESPONSIVENESS

To ensure consistent and high-quality service delivery, periodic training programs should be conducted for front-line staff. Training modules should cover aspects such as customer relationship management, communication skills, problem-solving, and responsiveness. Emphasis on soft skills and behavioral training will enhance the professional demeanor of staff and build customer trust.

ALIGN MARKETING MATERIALS WITH ACTUAL SERVICE DELIVERY

A notable gap was identified between advertised services and actual customer experiences. To address this, it is crucial that both digital and print communications (such as brochures, websites, SMS campaigns, etc.) are accurate, updated, and reflects the real-time service capabilities of the bank. Discrepancies can lead to dissatisfaction and erode customer trust.

IMPLEMENT LOYALTY AND REWARDS PROGRAMS

To strengthen long-term relationships with customers, customer loyalty programs should be introduced. These may include reward points, priority banking services, fee waivers, or special benefits for recurring and high-value customers. Such initiatives promote customer retention, encourage cross-selling of services, and foster a sense of value and appreciation.

REDUCE WAITING TIME AND IMPROVE QUERY RESPONSE MECHANISMS

One of the key concerns reported was the delay in issue resolution and inconsistent service delivery. To address this, the bank should optimize queue management systems, enable tokenized appointment booking, and enhance digital query handling through chatbots, WhatsApp banking, and helpline automation. These will reduce customer frustration and improve service efficiency.

UPGRADE INFRASTRUCTURE AND DIGITAL PLATFORMS

To maintain a competitive edge, continuous investment is needed in banking infrastructure, including both physical branches and digital touch points. This includes modern ATMs, user-friendly mobile apps, and secure internet banking portals, and digital on boarding facilities. Infrastructure upgrades will ensure smoother customer interactions and support growing digital banking needs.

COLLECT AND ACT ON CUSTOMER FEEDBACK

Customer feedback should not be viewed as a formality but rather as a strategic tool for service improvement. The bank should conduct regular surveys, post-service feedback forms, and focus groups to understand service gaps. A structured feedback system will enable proactive decision-making and align services with evolving customer expectations.

INVESTIGATE AND RESOLVE DISSATISFACTION CASES

Special attention must be given to unsatisfied customers, as they are most likely to switch banks or influence others through negative word-of-mouth. The bank should set up a dedicated Customer Experience Resolution Team to handle complaints, conduct root cause analysis, and resolve recurring issues. Personalized follow-ups can help rebuild trust and retain customers.

VII. CONCLUSION

The present study offers a comprehensive assessment of the effectiveness of services rendered by IDBI Bank, with a particular focus on customer satisfaction, service delivery, and quality perception. Through a structured analysis of primary data from 120 respondents and supported by secondary data, the study evaluated key dimensions of service effectiveness such as responsiveness, reliability, empathy, assurance, and tangibles, as framed by the SERVQUAL model.

The analysis reveals that IDBI Bank is largely successful in meeting the baseline expectations of its customers, especially in areas such as digital service provision, staff responsiveness, and adherence to service commitments. A significant portion of customers also reported that the bank's services frequently exceed expectations, which reflects positively on the institution's customer-centric initiatives and operational processes.

However, the study also identified critical service gaps that need immediate attention. Specifically, customers highlighted issues in the consistency of service delivery, timeliness of issue resolution, and alignment between advertised and actual services. These areas, if not addressed, may contribute to dissatisfaction and negatively impact the bank's reputation in a highly competitive financial services landscape.

Furthermore, the correlation analysis underscored the influence of demographic factors such as income on satisfaction levels, suggesting the need for segmented service strategies. While gender did not emerge as a significant determinant of satisfaction, the overall implication is that personalized and differentiated banking experiences can significantly enhance customer engagement.

To remain competitive and to fulfill its public sector mandate effectively, IDBI Bank must invest in training, digital infrastructure, customer feedback mechanisms, and service innovation. A proactive approach in these domains will not only bridge the expectation-perception gap but also foster stronger customer trust, retention, and long-term loyalty.

In conclusion, while IDBI Bank has a solid foundation in service effectiveness, a more agile, data-driven and customer-focused strategy will enable it to elevate customer experiences and sustain its relevance in the evolving Indian banking ecosystem.

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