

Consumer Complaint Analytics as a Tool for Service Quality Assessment: A Comparative Study of HDFC Bank and ICICI Bank

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Abstract

Customer complaint analytics has emerged as a critical tool for evaluating service quality in the banking sector, particularly in the context of increasing digitalization. This study aims to assess service quality using complaint data as an objective indicator. A comparative analysis is conducted between HDFC Bank and ICICI Bank using secondary data from the Reserve Bank of India over the period 2018–19 to 2024–25. The study adopts a descriptive and comparative research design using trend analysis, category-wise classification, and graphical interpretation. The findings reveal a consistent increase in customer complaints over time, driven by expanding digital banking usage and increased customer awareness. ICICI Bank reports relatively higher complaint volumes compared to HDFC Bank, while both banks maintain high complaint resolution efficiency. The study highlights a shift toward digital and credit-related complaints, reflecting evolving service challenges. It establishes complaint analytics as a reliable tool for service quality assessment and provides insights for improving customer experience and operational efficiency.

Keywords: Customer Complaints, Service Quality, Banking Sector, Complaint Analytics, Digital Banking, RBI

Introduction

The Indian banking sector has undergone a significant transformation over the past decade, driven by rapid digitalization, regulatory reforms, and increased competition among financial institutions. The proliferation of digital banking platforms, mobile applications, and real-time payment systems has enhanced accessibility and convenience for customers, but has simultaneously introduced new challenges related to service delivery and customer experience. As banking services become increasingly technology-driven, the nature and frequency of customer grievances have also evolved.

Service quality has emerged as a critical determinant of customer satisfaction, retention, and overall brand trust in the banking industry. Traditionally, service quality has been assessed using customer perception-based models such as SERVQUAL, which rely on primary data collected through surveys. However, such approaches often suffer from subjectivity and limited scalability. In contrast, customer complaints represent an objective and continuously available source of data that reflects actual service failures experienced by users. Complaint analytics, therefore, offers a data-driven alternative for evaluating service quality in a more practical and real-time manner.

In India, the Reserve Bank of India (RBI) plays a pivotal role in monitoring customer grievances through its Integrated Ombudsman Scheme. The RBI regularly publishes detailed reports on complaints received against banks, categorized by type, nature, and resolution status. These reports provide a reliable and standardized dataset that can be utilized for comparative analysis across banks and time periods.

Among private sector banks, HDFC Bank and ICICI Bank represent two of the largest and most influential institutions in India. Both banks have aggressively expanded their digital banking capabilities and customer base, making them ideal candidates for evaluating service quality through complaint trends. Despite their strong market presence, both institutions have been subject to varying levels of customer grievances, making a comparative analysis both relevant and insightful.

This study seeks to explore the potential of complaint analytics as a tool for assessing service quality by analyzing and comparing customer complaints lodged against HDFC Bank and ICICI Bank over a defined period. By leveraging secondary data from RBI reports and bank disclosures, the study aims to provide actionable insights into service gaps, customer pain points, and operational inefficiencies within the banking sector.

Rationale / Choice of the Study

The assessment of service quality in the banking sector has traditionally relied on customer perception surveys and financial performance indicators. While these approaches provide useful insights, they often fail to capture the actual operational inefficiencies and real-time service failures experienced by customers. In recent years, there has been a growing need for more objective, data-driven methods to evaluate service quality, particularly in an increasingly digital banking environment.

Customer complaints represent a critical yet underutilized source of information for understanding service gaps. Unlike perception-based measures, complaints arise from actual dissatisfaction, making them a more reliable indicator of service shortcomings. Furthermore, complaint data is continuously generated, standardized, and publicly available through regulatory bodies, allowing for systematic and comparative analysis.

The Reserve Bank of India, through its grievance redressal framework, provides comprehensive data on banking complaints across institutions. This creates an opportunity to use complaint analytics not only as a monitoring tool but also as a market research instrument to assess and compare service quality across banks.

The selection of HDFC Bank and ICICI Bank is based on their prominence in the Indian private banking sector, extensive customer base, and strong digital presence. Both banks operate at a comparable scale and cater to diverse customer segments, making them suitable for a meaningful comparative study. Additionally, the availability of consistent complaint data for these banks enhances the feasibility and reliability of the analysis.

This study is therefore undertaken to bridge the gap between traditional service quality assessment methods and emerging data-driven approaches by leveraging complaint analytics. It aims to demonstrate how secondary data, particularly regulatory complaint records, can be effectively used to derive actionable insights into customer experience and service performance.

Literature Review

The concept of service quality in the banking sector has been widely examined in academic literature, with a strong emphasis on customer satisfaction, service delivery, and operational efficiency. Over time, the focus has evolved from perception-based models to more data-driven approaches.

Service Quality in Banking

One of the most widely accepted frameworks for measuring service quality is the SERVQUAL model developed by Parasuraman, Zeithaml, and Berry (1988). The model identifies five key dimensions—reliability, responsiveness, assurance, empathy, and tangibility—that influence customer perceptions of service quality. Studies using SERVQUAL have consistently shown that higher service quality leads to improved customer satisfaction and loyalty. However, these models rely heavily on primary survey data, which may introduce subjectivity and limit scalability.

Customer Complaints as Indicators of Service Quality

Customer complaints have been recognized as a critical source of information for identifying service failures. According to Fornell and Wernerfelt (1987), effective complaint management plays a crucial role in retaining customers and improving organizational performance. Similarly, Johnston (2001) emphasized that complaints provide direct insights into operational inefficiencies and can be used as a strategic tool for enhancing service

delivery. Unlike perception-based measures, complaint data reflects actual customer dissatisfaction, making it a more objective indicator of service quality.

Digital Banking and Emerging Service Challenges

The rapid growth of digital banking has significantly altered the nature of customer interactions and service delivery. Studies have highlighted that while digital platforms improve efficiency and accessibility, they also introduce new challenges such as transaction failures and system errors (Jun & Cai, 2001; Laukkanen, 2016). These issues have contributed to an increase in digitally driven complaints, emphasizing the need for continuous monitoring of service quality.

Comparative Studies in the Banking Sector

While several studies have examined financial performance and customer satisfaction in banking, relatively fewer studies have focused specifically on complaint-based analytics for comparative service quality assessment, particularly using regulatory data sources in the Indian context.

Use of Secondary Data in Market Research

Secondary data has been widely used in market research for trend analysis and performance evaluation (Saunders et al., 2019), providing a reliable basis for comparative studies.

Objectives of the Study

The present study aims to analyze and evaluate service quality in the Indian private banking sector through the lens of customer complaint analytics. By utilizing secondary data from regulatory sources, the study focuses on identifying patterns, differences, and operational insights derived from customer grievances.

The specific objectives of the study are as follows:

1. To analyze the trend of customer complaints reported against HDFC Bank and ICICI Bank over the selected time period.
2. To categorize and examine the nature of complaints (such as digital transactions, ATM issues, credit/debit cards, loans, etc.) and identify the major areas of customer dissatisfaction.
3. To compare the complaint intensity between the two banks using relevant indicators such as total complaints and proportionate distribution across categories.
4. To evaluate complaint resolution efficiency, based on available data related to disposal rates and grievance handling mechanisms.
5. To assess service quality indirectly by interpreting complaint patterns as indicators of operational performance and customer experience.
6. To provide actionable insights and recommendations for improving service quality and customer satisfaction in the banking sector.

Scope and Time Period of the Study

The time period of the study spans from 2018–19 to 2024–25, enabling a comprehensive analysis of trends in customer complaints over an extended duration. This period has been selected to capture long-term changes in

banking service delivery, particularly in the context of increasing digital adoption and evolving customer expectations.

Research Gap

Despite the extensive body of literature on service quality in the banking sector, several gaps remain in the existing research framework. Most prior studies have predominantly relied on customer perception-based models, such as SERVQUAL, or have focused on financial performance indicators to evaluate bank efficiency. While these approaches provide valuable insights, they often fail to capture real-time operational inefficiencies and actual service failures experienced by customers.

Additionally, a significant portion of the literature is based on primary survey data, which may be limited by sample size, respondent bias, and lack of scalability. Such studies, although useful, do not fully leverage the potential of continuously available secondary data sources that can offer a more objective and comprehensive perspective.

Another key limitation in existing research is the lack of emphasis on customer complaint data as a core analytical variable. Although complaints are a direct manifestation of service dissatisfaction, their use as a systematic tool for assessing service quality remains relatively underexplored. Furthermore, there is a scarcity of studies that utilize data published by regulatory authorities such as the Reserve Bank of India (RBI), which provides standardized and reliable information on banking grievances.

Moreover, comparative studies in the banking sector have largely focused on financial metrics, with limited attention given to customer-centric performance indicators, particularly in the context of grievance redressal. There is a noticeable gap in research that conducts a comparative analysis of major private sector banks using complaint analytics as a proxy for service quality.

Identified Research Gap

Based on the above observations, the present study seeks to address the following gap:

“The lack of comparative, data-driven research utilizing regulatory complaint data to assess service quality in the Indian private banking sector.”

Data Sources and Methodology

The study is based on secondary data obtained from the Reserve Bank of India (RBI) reports and annual reports of HDFC Bank and ICICI Bank. The data covers the period from 2018–19 to 2024–25.

A descriptive and comparative research design is adopted. The analysis includes trend analysis, category-wise classification, and comparative evaluation of complaint data. Basic statistical tools such as percentages and graphical representations are used to interpret the data.

Research Design

The study adopts a descriptive and comparative research design. It is descriptive in nature as it focuses on analyzing and interpreting existing data related to customer complaints, and comparative as it evaluates and contrasts the performance of two banks based on selected parameters.

Analytical Framework

To assess service quality using complaint data, the study employs the following analytical approaches:

1. Trend Analysis

- Examination of year-wise changes in the number of complaints
- Identification of growth patterns and fluctuations over time

2. Category-wise Analysis

- Classification of complaints based on type (e.g., digital transactions, ATM issues, cards, loans, etc.)
- Identification of major areas of customer dissatisfaction

3. Comparative Analysis

- Bank-wise comparison of complaint volumes and distribution
- Identification of relative performance differences

4. Ratio Analysis

- Computation of complaint-related indicators such as:
 - Complaints per unit
 - Proportion of complaint categories

5. Graphical Representation

- Use of charts and graphs to visually interpret trends and comparisons

Tools and Techniques

The analysis is conducted using basic statistical and analytical tools, including:

- Tabular analysis
- Percentage and ratio calculations
- Graphical visualization (bar charts, line graphs, pie charts)

These tools are selected to ensure clarity, simplicity, and effectiveness in presenting insights derived from the data.

Scope of Methodological Approach

The methodology is designed to provide a structured and data-driven evaluation of service quality through complaint analytics. It emphasizes interpretative analysis rather than causal inference, aligning with the exploratory nature of the study.

Data Analysis and Interpretation

Trend of Customer Complaints in the Banking Sector

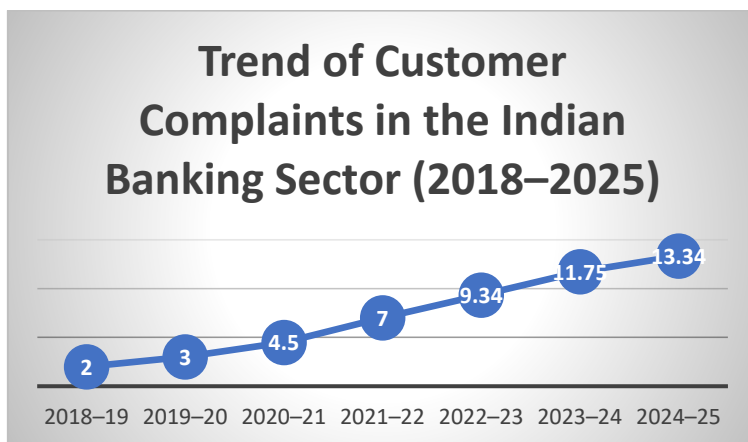


Figure 1: Trend of Customer Complaints (2018–2025)

The above figure illustrates a consistent increase in customer complaints in the Indian banking sector over the study period from 2018–19 to 2024–25. Complaint volumes have grown steadily, reflecting increased customer engagement with banking services and higher awareness of grievance redressal mechanisms.

The rising trend also indicates growing reliance on digital banking platforms, which has introduced new service challenges related to transaction failures, system errors, and service delivery gaps.

Category-wise Distribution of Complaints

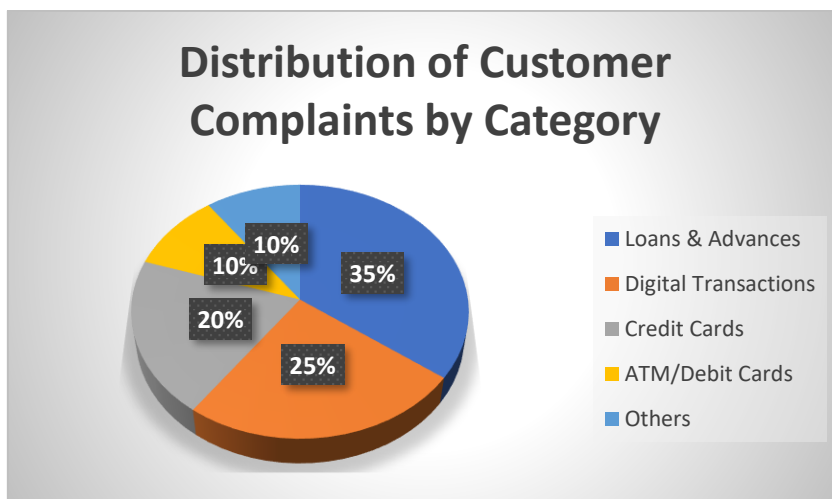


Figure 3: Distribution of Complaints by Category

The figure highlights that complaints related to loans and advances constitute the largest share, followed by digital transactions and credit card-related issues. This indicates that financial products involving higher complexity and risk tend to generate more customer grievances.

The increasing share of digital complaints reflects the growing dependence on online banking services and the associated technological challenges. This shift emphasizes the need for banks to strengthen their digital infrastructure and customer support systems.

Shift from Physical to Digital Complaints

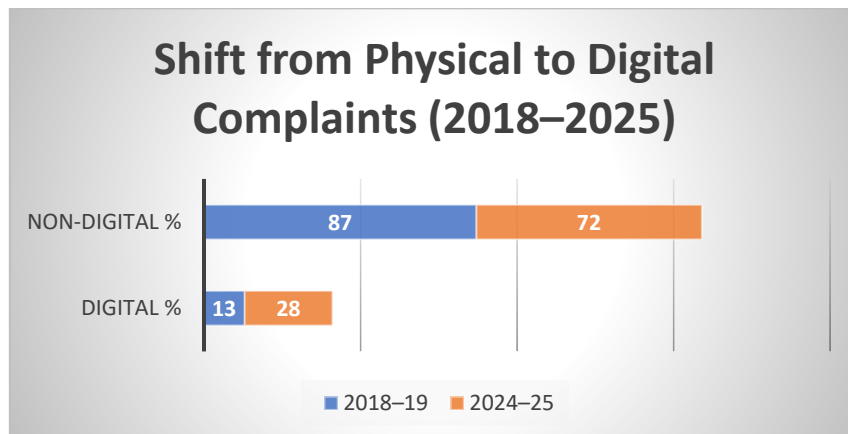


Figure 4: Digital vs Non-Digital Complaints Trend

The data shows a significant increase in the proportion of digital complaints over time, rising from approximately 13% in 2018–19 to nearly 28% in 2024–25. This highlights the increasing dependence on digital banking channels and the corresponding rise in technology-driven service issues.

Complaint Resolution Efficiency

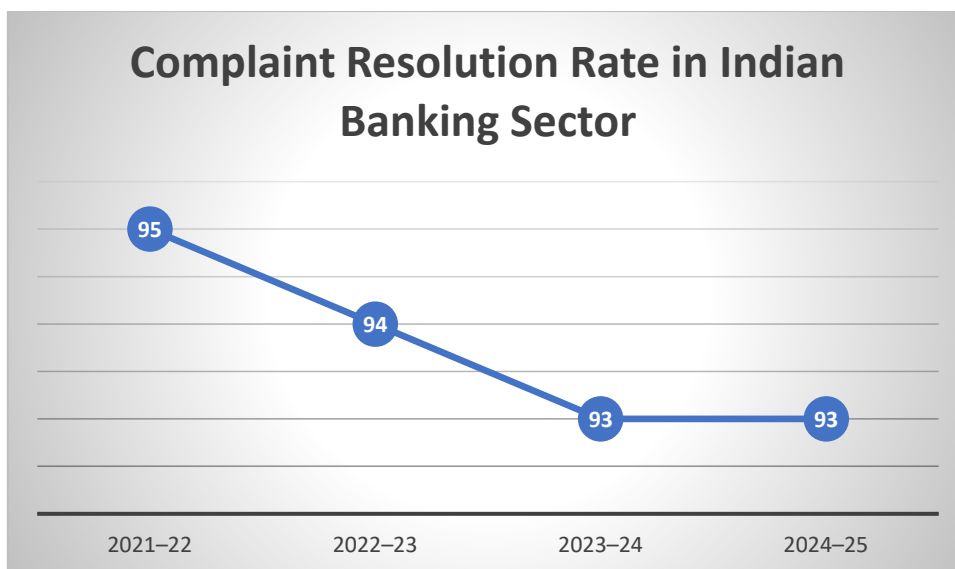


Figure 5: Complaint Resolution Rate (2021–2025)

The complaint resolution rate remains consistently high, averaging around 93–95% over recent years. However, a slight decline indicates increasing complexity in complaint handling and the need for more efficient grievance redressal systems.

Key Findings

Consistent Growth in Customer Complaints

Customer complaints have shown a steady upward trend over the study period, indicating increased usage of banking services and improved awareness of grievance mechanisms.

Higher Complaint Volume in ICICI Bank

ICICI Bank reports a relatively higher number of complaints compared to HDFC Bank, suggesting differences in operational scale and customer interaction.

Shift Toward Digital Complaints

There is a clear increase in complaints related to digital transactions and mobile banking, reflecting the growing reliance on digital platforms.

Dominance of Credit-Related Complaints

Complaints related to loans, credit cards, and advances form a significant portion of total grievances, indicating complexity in financial products.

High but Slightly Declining Resolution Efficiency

While resolution rates remain high, a marginal decline suggests increasing complexity in customer issues.

Complaint Analytics as a Service Quality Tool

Complaint data provides valuable insights into customer dissatisfaction and operational inefficiencies, making it an effective tool for performance evaluation.

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Comparative Performance of Banks

- ICICI Bank reported a higher number of complaints compared to HDFC Bank
- The difference can be attributed to:
 - Higher transaction volume
 - Broader retail exposure

Suggests relatively higher service pressure on ICICI Bank

Shift in Nature of Complaints

- Transition from Physical service issues → digital service issues
- Increase in:
 - Mobile banking complaints
 - Transaction failures

Indicates changing dimensions of service quality in the digital era

Dominance of Credit-Related Complaints

- Loans, credit cards, and advances form a major share of complaints
- Possible reasons:
 - Complexity of financial products
 - Lack of transparency

Highlights need for better communication and process clarity

Complaint Resolution Efficiency

- Resolution rates remain consistently high.
- However, a slight decline is observed.

Suggests increasing complexity in handling customer grievances

Complaint Analytics as a Service Quality Indicator

- Complaint data provides Real-time insights
- Objective performance evaluation
- Can be used for Strategic decision-making & Service improvement

Conclusion

The present study aimed to evaluate service quality in the Indian private banking sector through the analysis of customer complaint data. By utilizing secondary data from the Reserve Bank of India (RBI), the study provided a comparative assessment of HDFC Bank and ICICI Bank over the period from 2018–19 to 2024–25.

The findings indicate a continuous and significant increase in customer complaints over the study period. This upward trend reflects the expansion of banking services, increased customer interaction, and greater awareness of grievance redressal mechanisms. At the same time, the growing reliance on digital banking platforms has introduced new service challenges, particularly in areas such as transaction processing, mobile banking, and credit-related services.

The comparative analysis reveals that ICICI Bank has recorded a relatively higher volume of complaints compared to HDFC Bank, suggesting differences in operational scale, customer engagement, and service exposure. However, both banks demonstrate consistently high levels of complaint resolution, indicating the presence of structured grievance redressal systems. The slight decline in resolution efficiency over recent years points toward increasing complexity in handling customer issues.

The study further establishes that customer complaints serve as a valuable and objective indicator of service quality. Unlike traditional perception-based measures, complaint analytics provides real-time insights into actual service failures and customer pain points. This highlights the growing importance of leveraging data-driven approaches for evaluating performance and improving service delivery in the banking sector.

In conclusion, the study emphasizes that systematic analysis of complaint data can help financial institutions identify service gaps, enhance customer satisfaction, and strengthen long-term customer relationships. It also underscores the relevance of regulatory data as a reliable source for market research and performance assessment

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