PART IV: RESEARCH METHODOLOGY

Scope of the study

Over the years, Indian banks have expanded to cover a large geographic & functional area to meet the developmental needs. They have been managing a world of information about customers - their profiles, location, etc. They have a close relationship with their customers and a good knowledge of their needs, requirements and cash positions. Achieving customer focus requires leveraging existing customer information to gain a deeper insight into the relationship a customer has with the institution, and improving customer service-related processes so that the services are quick, error free and convenient for the customers. Customer-centricity also implies increasing investment in technology. Throughout much of the last decade, banks world-over have re-engineered their organizations to improve efficiency and move customers to lower cost, automated channels, such as ATMs and online banking. The banks need to ensure through their services that the customers come back to them.

The exploratory study in this thesis work researches the quality of customer information database that exists within the banks in India as the key element in strategic CRM. Although, various studies have been conducted in explaining the technology offerings and investments by banks around the world, none explains it in a comprehensive manner. In the present work an attempt has been made to identify the customer touch points and hence identify the role of IT in customer relationship management solutions across various categories of Banks in India. Stratified (cluster) sampling method has been used

while collecting responses from the customers of the 4 sectors of the banks to provide a fair representation across the 4 different sectors and to work with within sector and between sector variability. For the bank representative questionnaires, Judgemental sampling has been used, taking account of the smaller universe of banks as well as accounting for the heterogeneity of the nature of the banks surveyed. During the data collection process, due to the constraints posed by various respondents in terms of their willingness to cooperate, the final sample represents an output closer to a Convenient based sampling procedure. All efforts were made to have a representation from all 4 sectors of the banks. Considering the number of banks across Public, Private, Cooperative and Multinational banks in India, 32 banks have been chosen for the scope of this study from the 4 different categories.

4.1 Objectives of the Proposed Study

The following are the major objectives of the study regarding the role of Information Technology in building efficient Customer Relationship Management programmes in selected Banks in India:

1. Determining the role of Technology to improve the repertoire of knowledge regarding customer preferences.

2. Determining the role of Technology to enhance customer satisfaction and hence drive effective retention initiatives.

3. Determining the role of Technology in increasing the effectiveness of per customer acquisition efforts.

4. Determining the role of Technology in improving the employee job satisfaction in a CRM function.

CRM has the potential to change a customer's relationship with a company and increase revenues in the bargain. The generally accepted purpose of Customer Relationship Management (CRM) is to enable organizations to better serve its customers through the introduction of reliable processes and procedures for interacting with those customers. A successful CRM strategy is usually implemented through a software package designed to support these processes. Major areas of CRM focus on service automated processes, personal information gathering and processing, and self-service. It attempts to integrate and automate the various customer serving processes within a company. Every customer contact is an opportunity to increase the value of an organization's customer asset, building loyalty, retention, increased sales and profitability.

CRM technology can track customer interests, needs, and buying habits as they progress through their life cycles, and tailor the marketing effort accordingly. Hence, customers get exactly what they want as they change. When any of the technology driven improvements in customer service contributes to long-term customer satisfaction, they can ensure repeat purchases, improve customer relationships, increase customer loyalty, decrease customer turnover, decrease marketing costs (associated with customer acquisition and customer "training"), increase sales revenue, and thereby increase profit margins.

4.2 Conceptual framework

In the conceptual framework, the competitive CRM performance has been considered form both internal and external perspectives. Competitive CRM performance-customer focus represents external perspectives and competitive CRM performance-organizational focus represents internal perspectives.

4.2.1 Research design

In order to address the objectives of the study, the following research questions have been addressed:

1. What are the current approaches to collecting customer information?

2. What is the level of success in collecting reliable customer information?

3. Is the level of success related to the type of instruments and technology used to collect the information?

4. What is the impact of the customer information in enhancing Marketing effectiveness?

5. What specific methods are instituted to track customer satisfaction?

6. What are the drivers of customer satisfaction?

7. How does the organization calibrate its processes to drive customer satisfaction?

8. What is the role of automation and technology in calibrating these relevant processes?

9. How does the organization drive new customer acquisition?

10. Identify the role of technology to drive or improve the effectiveness of customer acquisition.

11. Does the organization perceive the need for more technological support to facilitate its CRM activities?

12. What is the attitude of Marketing functionaries towards technology integration in CRM activities?

13. Is there an optimal organization structure that is a precursor to support effective technological integration in effective CRM initiatives?

14. How is employee satisfaction related to optimal technology integration in CRM activities?

15. What are the organization level motivators for effective deployment of technology in CRM initiatives?

Please refer to the Methodology plan in Appendix 16.

4.2.2 Data Sources

The researcher has studied a collection of the diverse talents required to effectively examine, plan, test and implement the business, human resources and technical aspects of successful CRM engagements in banks.

The prime source of information, logically, were customers of the banks. They are major targets of Banks' CRM efforts. The next source were the Business Unit Heads or the Heads of Bank branches. They and their employees interact with the customers on a day to basis. They are well placed to measure the attitudes of the customers

towards the existing and promotional products and services of the bank. They are strategically placed at the interface of the bank and its customers. They possess valuable information about the factors that motivate customer retention and acquisition.

The CRM managers were the next potential source of information. They devise the promotional strategies, which are intended to generate customer loyalty and acquisitions in banks. They are the ones who design tactical plans for the implementation of the marketing strategies. Their perception about the factors that motivate customer retention and acquisition can provide valuable clues as to whether their budget allocations and efforts are in-line with the expectations of the customers or not.

Last but not the least were the IT managers who strategically control the implementation of the CRM applications. They control and manage the back office applications, the front office roll outs, the centralized data management, the networks and so much more. They are keepers of information that assist in understanding technology based CRM initiatives by banks.

4.2.3 Data types

The functions of the data with regard to its ultimate interpretation and analysis in the research study were 1. Opinions, 2. Intentions and 3. Motives. The opinions and attitudes of the customers, Business Unit Head, CRM Manager and the IT Manager gave us a clue to the intentions and motives of the customer in respect to their

banking behavior. Their opinions allowed us to evaluate the factors that significantly drive customer choices and hence be able to suggest better retention and acquisition efforts.

4.2.4 Communication approach

The questionnaire method was adopted for data collection. The primary data was collected across following categories of banks:

1. Data from a bank operating in the local area only, e.g. a Cooperative Bank which is Ahmedabad/ Baroda based, e.g. Kalupur Bank.

2. Data from a Private sector bank operating at the National level only, e.g. such as IDBI/ ICICI Bank.

3. Data from a Public sector bank operating at the National level only, e.g. any nationalized bank such as the State Bank of India / Bank of Baroda.

4. Data from a bank operating at the International level, e.g. a MNC Bank like Citibank/ Standard Chartered/ HSBC/ Foreign Operations of Nationalized Banks

1. <u>Primary data:</u> This had been collected using Structured ./ Unstructured Questionnaire and In-depth Interview.

2. <u>Secondary data:</u> This had been collected using Literature Survey of Banks, Magazines and Journals and websites.

A set of respondents were chosen from each bank that included at least representation from 2-3 of the following sets of personnel:

1. Decision Makers of a Business (Banking) Unit.

2. Functional Head of CRM Initiatives.

3. CRM Implementation executives.

4. Technology implementation and Maintenance Personnel.

5. Customer Group.

4.2.5 Data collection

Based on the Methodology the data collection procedure was divided into Primary and Secondary Data Collection.

Primary data collection

Four sets of questionnaires had been designed for Head of a Business Unit, CRM Initiatives Manager, Head of a Technology Unit and The Bank Customer respectively. The questionnaires had been divided into close ended questions or structured interview depending on the kind of information that is required to be collected. Based on review of literature, the original questionnaires had been prepared. For adapting and refining the measures in the study context, these measures were pre-tested by a mix of 7 academicians and managers (Appendix 9 - 15). They checked the scale indicators for face validity and provided comments that were used to revise the scales Appendix 8. The revised and final question sets had been used to gather relevant information from various categories of Banks in India specifically:

a) Public Sector Banks

b) Private Sector Banks

c) Multinational Banks and

d) Cooperative Banks

The first set was in the form of a closed ended questionnaire which had been provided to the Business heads of the branch locations of various banks (Appendix 2) and their views had been collected for each of the questions.

The second set was in the form of a closed ended questionnaire along with a few closed ended interview questions which have been provided to the Customer Relationship Management Initiatives Managers of the branch locations of various banks (Appendix 3) and their views had been collected for each of the questions. The answers provided by them on interview questions had been noted separately. Decisions regarding Customer Relationship Management Initiatives of a Bank are part of Strategic Level Decision Making and hence are made at the Head office. The CRM Initiatives Manager at the branch office coordinates with the Bank Head office CRM officials for implementing and managing CRM related policies, procedures and applications.

The third set was in the form of a closed ended interview which had been prepared for the persons who head the Technology unit within the branch locations of various banks (Appendix 4) and their views had been collected for each of the questions. Technology based decisions are also made at the Head Office of the Bank. The branch Technology Head coordinates technology based activities with the Head office of the Bank and implements technology based applications keeping in mind the size of the customer base, infrastructure requirements and local resource availability of the branch.

The fourth set was a closed ended questionnaire (Appendix 1) for the customers of various banks. Their views had been collected regarding preferences and frequency of usage for various products and services offered by the banks. Few interview questions had been used to gather customers' suggestions about preferred changes in the banks.

4.3 Samples Surveyed

4.3.1 Sample size determination

Stratified (cluster) sampling method had been used while collecting responses from the customers of the 4 sectors of the banks to provide a fair representation across the 4 different sectors and to work with within sector and between sector variability. Keeping in mind the population of the customers (a customer can have accounts in more than one bank), approximately 75000, in 2 major cities, 750 customers had been interviewed across the 4 categories of the banks and their responses had been collected. The customer responses have been primarily from Ahmedabad and Vadodara, and a few from Bangalore, Delhi and Kolkata, to capture an optimal mix of responses across India.

For the bank representative questionnaires, Judgemental sampling had been used, taking account of the smaller universe of banks as well as accounting for the heterogeneity of the nature of the banks surveyed. During the data collection process, due to the constraints posed by various respondents in term so their willingness to cooperate, the final sample represents an output closer to a Convenient based sampling procedure. All efforts were made to have a representation from all 4 sectors of the banks. Considering the number of banks across Public, Private, Cooperative and Multinational banks in India, 32 banks had been chosen for the scope of this study from the 4 different

categories. A total of 44 responses had been collected from both the Business Heads and the CRM managers of the banks amounting to 88 responses. Under a specific category of bank, the effort was to collect responses from different banks rather than responses from separate branches of the same bank. Keeping in mind the population of both the Business Heads and the CRM Managers (approximately 10,000), a sample size of 88 had been considered appropriate.

4.3.2 Banks surveyed

Public sector banks

Amongst the Public sector banks, the following had been surveyed:

1. State Bank of India

State Bank of India is the India's largest bank. Tracing its roots back some 200 years to the British East India Company (and initially established as the Bank of Calcutta in 1806), the bank operates more than 14,000 branches within India, where it also owns majority stakes in seven associate banks. State Bank of India has more than 50 offices in nearly 35 other countries, including multiple locations in the US, Canada, and Nigeria. The Reserve Bank of India owns about 60% of State Bank of India. SBI has been forced to revamp its operations since competition was introduced into the country's commercial banking system. As part of that effort, SBI has been rolling out its own network of automated teller machines, as well as developing anytime-anywhere banking services through Internet and other technologies. (http://www.answers.com/topic/state-bank-of-india as of 29th August, 2008)

2. Union Bank of India

Union Bank of India was inaugurated by Mahatama Gandhi and the Bank commenced its

operations in 1920. The Bank is a Public Sector Unit with 60.85% Share Capital held by

the Government of India. The rest 39.15 % of Share Capital is presently held by

Institutions, Individuals and Others. Over the years Union Bank of India has earned the

reputation of being a techno-savvy Bank and is one of the front runners amongst public

sector bank in the field of technology. It is one of the pioneer public sector banks, which

launched Core Banking Solution in 2002. As of September 2005, more than 670

branches/extension counters of Bank are networked under Core Banking Solution. The

Bank has launched multiple Electronic Delivery Channels and has installed nearly 423

networked ATMs. (http://www.iloveindia.com/finance/bank/nationalised-banks/union-

bank-of-india.html as of 29th August, 2008)

3. Indian Overseas Bank

Indian Overseas Bank was established in 1937 with the aim to specialize in foreign

exchange and overseas banking business in India. It started with simultaneously three

branches in Chennai, India; Rangoon, Burma (Now Myanmar) and Penang. On the

Independence Day, Indian Overseas Bank had expanded to 38 branches within the

country and 7 branches abroad. Before nationalization in 1969, the bank had ventured

into consumer credit, had begun computerization of their branch in 1964. In 1969, IOB

had 195 branches in India. In 1997, the bank launched its official website and introduced

online Bill Payment Services for MTNL Bills to its New Delhi branch customers in 1999.

Indian Overseas Bank currently provides specialized banking services to its retail

customers that include Any Branch Banking (ABB), ATM Banking, IOB STARS (Indian Overseas Bank - Speedy Transfer And Realization Service) and the most popular and latest one is the 8% Saving (Taxable) Bond Scheme. (http://www.indiahousing.com/banks-in-india/indian-overseas-bank.html as of 29th August, 2008)

4. Corporation Bank

Corporation Bank of India was established in 1906. In the pre-independence days, it aimed at providing financial assistance to people looking for growth in their respective sectors. It mainly indulged in local banking and financial services. A special CorpNet Service or Corporation Bank Internet Banking service includes corp-e-check. This is an Internet Banking service combined with Electronic Funds Transfer Service (EFTS). Besides centres of the bank in India, Corporation Bank has multiple branches in major cities like Bangalore, Chennai, Mumbai, Hyderabad, New Delhi, Gurgaon, Goa, Pune, Noida, Kolkata and Thane. It has expanded its reach to global markets and has set up subsequent branches and offices in USA. (http://www.indiahousing.com/banks-in-india/corporation-bank.html as of 29th August, 2008)

5. Bank of Baroda: Letter for request of information was requested by the Bank Head Office (Appendix 14).

It started in 1908 from a small building in Baroda to its new hi-rise and hi-tech Baroda Corporate Centre in Mumbai. It's mission has been to be a top ranking National Bank of

International Standards committed to augmenting stake holders' value through concern, care and competence. It's network of branches spans geographical and cultural boundaries and rural-urban divides. It's customers come from a wide spectrum of industries and backgrounds. (http://www.bankofbaroda.com/aboutus.asp as of 29th August, 2008)

6. Allahabad Bank

Allahabad Bank was established in 1865, and is one of the oldest banks in India. Previously the head-quarter of Allahabad Bank was in Allahabad, which was later transferred to Kolkata. The Government of India, in 1969, nationalized 13 other commercial banks along with Allahabad Bank. Allahabad Bank has nearly 1900 branches all over the country. (http://business.mapsofindia.com/banks-in-india/allahabad-bank.html as of 29th August, 2008)

7. Punjab National Bank

On 12th April 1895, the bank opened for business, a day before the great Punjabi festival of Baishakhi. Punjab National Bank is serving over 3.5 crore customers through 4540 Offices including 421 extension counters. The bank has been focussing on expanding its operations outside India and has identified some of the emerging economies which offer large business potential. Bank has set up representative offices at Almaty: Kazakhistan, Shanghai: China and in London. Besides, Bank has opened a full fledged Branch in Kabul, Afghanistan. Keeping in tune with changing times and to provide its customers more efficient and speedy service, the Bank has taken major initiative in the field of

computerization. All the Branches of the Bank have been computerized. The Bank has also launched aggressively the concept of "Any Time, Any Where Banking" through the introduction of Centralized Banking Solution (CBS) and over 2409 offices have already been brought under its ambit. (http://www.pnbindia.com/english_web/lala_lajpat_rai.htm as of 29th August, 2008)

8. Dena Bank

Dena Bank, in July 1969 along with 13 other major banks was nationalized and is now a Public Sector Bank. Dena Bank was founded on 26th May, 1938 by the family of Devkaran Nanjee under the name Devkaran Nanjee Banking Company Ltd. It became a Public Ltd. Company in December 1939 and later the name was changed to Dena Bank Ltd. It has received the World Bank loan for technological upgradation and training. It has introduced Credit card in rural India known as "DENA KRISHI SAKH PATRA" (DKSP). It has also introduced Customer rating system for rating the Bank Services. (http://www.denabank.com/index.jsp as of 29th August, 2008)

9. Vijaya Bank

Vijaya Bank, was founded on 23rd October 1931 by late Shri A.B.Shetty and other enterprising farmers in Mangalore, Karnataka. The objective of the founders was essentially to promote banking habit, thrift and enterpreneurship among the farming community of Dakshina Kannada district in Karnataka State. The bank became a scheduled bank in 1958. Vijaya Bank steadily grew into a large All India bank, with nine smaller banks merging with it during the 1963-68. The bank was nationalised on 15th

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April 1980. The bank has built a network of 1053 branches,47 Extention Counters and 296 ATMs as at 13.06.2008, that span all 28 states and 4 union territories in the country. Each branch provides effective and efficient services and significantly contributes to the growth of the individual, and the nation. (http://www.vijayabank.com/ as of 29th August, 2008)

10. Oriental Bank of Commerce

Established in Lahore on 19th February 1943, Oriental Bank of Commerce made a modest beginning under its Founding Father, Late Rai Bahadur Lala Sohan Lal, the first Chairman of the Bank. Within four years of coming into existence, the Bank had to face the holocaust of partition. Branches in the newly formed Pakistan had to be closed down and the Registered Office had to be shifted from Lahore to Amritsar. Late lala Karam Chand Thapar, the then Chairman of the Bank, in a unique gesture honoured the commitments made to the depositors from Pakistan and paid every rupee to its departing customers. The foundation of customer service thus laid has ever since remained Oriental Bank's prime philosophy and has been nurtured well as a legacy by all its successors, year after year. (https://www.obcindia.co.in/indexxyz.asp as of 29th August, 2008)

11. Indian Bank

Established on 15th August 1907 as part of the Swadeshi movement and owned by the Government of India. Serving the nation with a team of over 22000 dedicated staff. 1561 branches spread all over India. Overseas branches in Singapore and Colombo including a

Foreign Currency Banking Unit at Colombo. 240 Overseas Correspondent banks in 70

countries. (http://www.indianbank.in/profile.htm as of 29th August, 2008).

12. Canara Bank

Canara Bank was founded by Shri Ammembal Subba Rao Pai, a great visionary and

philanthropist, in July 1906, at a small port in Mangalore, Karnataka. The Bank has

undergone various phases in its growth path over hundred years of its existence. The

growth of Canara Bank was phenomenal, especially after nationalization in the year 1969,

attaining the status of a national level player in terms of geographical reach and clientele

segments. Eighties was characterized by business diversification for the Bank. In June

2006, the Bank completed a century of operation in the Indian banking industry. It has

launched Inter-City ATM Network, it is the first bank to issue credit card to farmers and

provide Agricultural Consultancy Services.

(http://www.canarabank.com/English/Scripts/Profile.aspx as of 29th August, 2008)

Private sector banks

Amongst the Private sector banks, the following have been surveyed:

1. UTI Bank (Axis Bank)

Axis Bank was the first of the new private banks to have begun operations in 1994, after

the Government of India allowed new private banks to be established. The Bank's

Registered Office is at Ahmedabad and its Central Office is located at Mumbai. Presently,

the Bank has a very wide network of more than 701 branch offices and Extension

Counters. The Bank has a network of over 2854 ATMs providing 24 hrs a day banking convenience to its customers. This is one of the largest ATM networks in the country. The Bank has strengths in both retail and corporate banking and is committed to adopting the best industry practices internationally in order to achieve excellence. (http://www.axisbank.com/aboutus/aboutaxisbank/About-Axis-Bank.asp as of 29th August, 2008)

2. HDFC Bank

The Housing Development Finance Corporation Limited (HDFC) was amongst the first to receive an 'in principle' approval from the Reserve Bank of India (RBI) to set up a bank in the private sector, as part of the RBI's liberalization of the Indian Banking Industry in 1994. The bank was incorporated in August 1994 in the name of 'HDFC Bank Limited', with its registered office in Mumbai, India. HDFC Bank commenced operations as a Scheduled Commercial Bank in January 1995. HDFC Bank was incorporated in August 1994, and, currently has an nationwide network of 1229 Branches and 2526 ATM's in 444 Indian towns and cities. HDFC Bank operates in a highly automated environment in terms of information technology and communication systems. All the bank's branches have online connectivity, which enables the bank to offer speedy funds transfer facilities to its customers. Multi-branch access is also provided to retail customers through the branch network and Automated Teller Machines (ATMs). The Bank has made substantial efforts and investments in acquiring the best technology available internationally, to build the infrastructure for a world class bank. The Bank's business is supported by scalable and robust systems which ensure that their clients

always get the finest services we offer. (http://www.hdfcbank.com/aboutus/default.htm, http://www.hdfcbank.com/aboutus/general/default.htm as of 29th August, 2008)

3. ICICI Bank

ICICI was formed in 1955 at the initiative of the World Bank, the Government of India and representatives of Indian industry. The principal objective was to create a development financial institution for providing medium-term and long-term project financing to Indian businesses. In the 1990s, ICICI transformed its business from a development financial institution offering only project finance to a diversified financial services group offering a wide variety of products and services, both directly and through a number of subsidiaries and affiliates like ICICI Bank. The Bank has a network of about 1,308 branches and 3,950 ATMs in India and presence in 18 countries. ICICI Bank offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its specialised subsidiaries and affiliates in the areas of investment banking, life and non-life insurance, venture capital and asset management. The Bank currently has subsidiaries in the United Kingdom, Russia and Canada, branches in Unites States, Singapore, Bahrain, Hong Kong, Sri Lanka, Qatar and Dubai International Finance Centre and representative offices in United Arab Emirates, China, South Africa, Bangladesh, Thailand, Malaysia and Indonesia. (http://www.icicibank.com/pfsuser/aboutus/overview/overview.htm as of 29th August, 2008)

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4. Centurion Bank of India

Centurion Bank of Punjab was formed by the merger of Centurion Bank and Bank of Punjab, both of which had strong retail franchises in their respective markets. Centurion Bank had a well-managed and growing retail assets business, including leadership positions in two-wheeler loans and commercial vehicle loans, and a strong capital base. Bank of Punjab brought with it a strong retail deposit customer base in North India in addition to a sizable SME and agricultural portfolio. Centurion Bank of Punjab had a nationwide reach through its network of 393 branches, 452 ATMs 180 Locations. Centurion Bank is merged with HDFC Bank on 23 May 2008 , this merger is approved by RBI. (http://www.centurionbop.co.in/site/aboutus.html, http://business.mapsofindia.com/banks-in-india/centurion-bank-ltd.html as of 29th August, 2008)

5. IDBI Bank

IDBI was set up under an Act of Parliament as a wholly-owned subsidiary of Reserve Bank of India in July 1964. In February 1976, the ownership of IDBI was transferred to Government of India. In January 1992, IDBI accessed domestic retail debt market for the first time with innovative Deep Discount Bonds and registered path-breaking success. In September 1994, in response to RBI's policy of opening up domestic banking sector to private participation, IDBI in association with SIDBI set up IDBI Bank Ltd. Today, IDBI Bank has a network of 161 branches, 369 ATMs, and 8 Extension Counters spread over 95 cities. (http://www.iloveindia.com/finance/bank/private-banks/idbi-bank.html as of 29th August, 2008)

6. Development Credit Bank

Development Credit Bank (DCB) is one of the emerging private sector banks in India and

provides to its customers, access to over 18,000 ATMs and 80 state-of-the-art branches

spread over ten states and two union territories. It has a network of 80 state-of-the-art

branches and extension counters spread across the states of Maharashtra, Gujarat, Andhra

Pradesh, Karnataka, New Delhi, Rajasthan, Goa, Tamil Nadu, Haryana, West Bengal,

Union Territories of Daman & Diu and Dadra & Nagar Haveli. (http://www.dcbl.com/ as

of 29th August, 2008)

7. Yes Bank

YES BANK, India's new age private sector Bank, is an outcome of the professional

commitment of its Founder, Rana Kapoor and his highly competent top management

team, to establish a high quality, customer centric, service driven, private Indian Bank

catering to "Emerging India". YES BANK has adopted international best practices, the

highest standards of service quality and operational excellence, and offers comprehensive

banking and financial solutions to all its valued customers. A key strength and

differentiating feature of YES BANK is its knowledge driven approach to banking and an

unprecedented customer experience for its retail banking and wealth management clients.

Today, YES BANK is present across all major cities in India and offers a comprehensive

range of banking products and financial services which include corporate and

institutional banking, financial markets, investment banking, business and transactional

banking, retail and private banking business lines across the country. (http://yesbank.in/

as of 29th August, 2008)

8. Kotak Mahindra Bank

The Kotak Mahindra Group was born in 1985 as Kotak Capital Management Finance Limited. This company was promoted by Uday Kotak, Sidney A. A. Pinto and Kotak & Company. Industrialists Harish Mahindra and Anand Mahindra took a stake in 1986, and that's when the company changed its name to Kotak Mahindra Finance Limited. The group employs around 20,000 people in its various businesses and has a distribution network of branches, franchisees, representative offices and satellite offices across 370 cities and towns in India and offices in New York, London, San Francisco, Dubai, Mauritius and Singapore. The Group services around 4.4 million customer accounts.

(http://www.kotak.com/Kotak_GroupSite/aboutus/our_story.htm,http://www.kotak.com/ Kotak_GroupSite/aboutus/default.htm as of 29th August, 2008)

9. Federal Bank

Federal Bank is one of the leading private sector banks in India. Federal Bank has a banking history of around 70 years and its head office located at Alwaye near Kochi, Kerala. Federal bank has a wide network of more than 450 offices covering almost all major cities in the country with a major share in the state of Kerala, with more than 300 branches. At present Federal Bank has network of over 200 plus ATMs all over India and is being expanded. Federal Bank has the largest number of ATMs in Kerala covering almost every town. The Federal Bank's ATM card also includes International Visa Debit Card enabling the bank's customers to use the card at any of the over 8,40,000 networked

ATMs round the world and pay for shopping at over 12 million retail establishments.

(http://kerala.unnizgames.com/banks/federal-bank.htm as of 29th August, 2008)

Multinational banks

Amongst the Multinational banks, the following have been surveyed:

1. Standard Chartered

The Standard Chartered Group was formed in 1969 through a merger of two banks: The Standard Bank of British South Africa founded in 1863 and the Chartered Bank of India, Australia and China, founded in 1853. The Chartered Bank opened its first overseas branch in India, at Kolkata, on 12 April 1858. Eight years later the Kolkata agent described the Bank's credit locally as splendid and its business as flourishing, particularly the substantial turnover in rice bills with the leading Arab firms. When The Chartered Bank first established itself in India, Kolkata was the most important commercial city, and was the centre of the jute and indigo trades. With the growth of the cotton trade and the opening of the Suez Canal in 1869, Bombay took over from Kolkata as India's main trade centre. Today the Bank's branches and sub-branches in India are directed and administered from Mumbai (Bombay) with Kolkata remaining an important trading and banking centre. In the new millennium it acquired Grindlays Bank from the ANZ Group and the Chase Consumer Banking operations in Hong Kong in 2000.
(http://www.standardchartered.com/about-us/history/en/index.html,
http://www.standardchartered.co.in/about-us/en/about-us.html as of 29th August, 2008)

2. HSBC

Headquartered in London, HSBC's international network comprises around 9,500 offices in 85 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. HSBC's origins in India date back to 1853, when the Mercantile Bank of India was established in Mumbai. The Bank has since, steadily grown in reach and service offerings, keeping pace with the evolving banking and financial needs of its customers. Through the 1990s, HSBC has vigorously developed its role as one of the leading banking and financial services organizations in the world. In India, the Bank offers a comprehensive suite of world-class products and services to its corporate and commercial banking clients as also to a fast growing personal banking customer base. The acquisition in 1959 by The Hongkong and Shanghai Banking Corporation Limited of the Mercantile Bank was a decisive factor in laying the foundation for today's HSBC Group. Founded in 1865 to serve the needs of the merchants of the China coast and finance the growing trade between China, Europe and the United States, HSBC has been an international bank from its earliest days. After the Mercantile Bank was acquired by The Hongkong and Shanghai Banking Corporation, the Flora Fountain building in Mumbai became and remains to this day, the Head Office of the HSBC Group in India. HSBC in India is proud to have retained the Group's pioneering streak by being an active partner in the development of the Indian banking industry - even giving India its first ATM way back in 1987. (http://www.hsbc.co.in/1/2/miscellaneous/about-hsbc, http://www.hsbc.com/1/2/about-hsbc as of 29th August, 2008)

3. Citi Bank

Citi is today's pre-eminent financial services company, with some 200 million customer accounts in more than 100 countries. It's history dates back to the founding of Citibank in 1812, Bank Handlowy in 1870, Smith Barney in 1873, Banamex in 1884, and Salomon Brothers in 1910. The formation of Citigroup in 1998 created a new model of financial services organization to serve its clients' financial needs. As the company continues to grow and evolve, it's increasingly evident that such a large, complex grouping of businesses can indeed succeed. With 275,000 employees working in more than 100 countries and territories, Citigroup's globality and diversity contribute to its continued success. (http://www.citigroup.com/citigroup/about/index.htm, http://www.citigroup.com/citigroup/corporate/history/citigroup.htm as of 29th August, 2008)

4. ABN Amro

Its international network comprises 3,568 branches and offices in over 320 cities and 76 countries and territories, with over 100,000 highly qualified staff. Through a diverse range of product offerings including personal loans, credit cards, savings accounts, financial planning, investment and insurance services, ABN AMRO meets the everyday financial needs of over a million Personal Banking clients in India. (http://www.abnamro.co.in/India/About-Us/index.htm as of 29th August, 2008)

Cooperative banks

Amongst the local Cooperative banks, the following have been surveyed:

1. Kalupur Bank

The phenomenal growth of the urban co-operative banks in Gujarat as well as in Maharashtra has been witnessed particularly after the nationalization of major commercial banks in the year 1969. Immediately after nationalization, small traders and small scale industrial units in big cities and some urban places experienced difficulties in obtaining timely and adequate credit facilities. They felt the need of having a bank which could cater to their needs. With this objective in mind the Ahmedabad Grain Merchants' Association promoted this bank. The Kalupur Bank was registered on 9.10.1970 and started functioning from 5.12.1970. The Bank has a network of 33 branches of which 3 are functioning in neighbouring urban towns viz. Bavla, Bareja and Sanand in Ahmedabad district. The Bank has opened branches in Anand, Vadodara, Khambhat and Surat. The Kalbadevi - Mumbai branch is the first branch opened out of the Gujarat state. (http://www.kalupurbank.com/history.htm as of 29th August, 2008)

2. Nutan Nagrik Sahakari Bank

Nutan Nagarik Sahakari Bank Limited was established in Ahmedabad on 4th October, 1971. It started functioning in very small rented premises of about 15 X 16 feet. It got Banking License No. on 30th October, 1986. It has got "Scheduled Bank" status from RBI on 29th January, 2000. The Bank has started diversified activities like, Demat since 2001, Franking of Non-judicial Stamps of Gujarat State Govt. since 2005, RTGS &

NEFT facility and Core Banking solution services.

(http://www.nutanbank.com/history.htm as of 29th August, 2008)

3. Pragati Sahakari Bank

4. The Ahmedabad District Cooperative Bank

5. Ahmedabad Mahila Nagrik Sahakari Bank Limited

With the approval of the Reserve Bank of India, Mahila Utkarsh Nagarik Sahakari Bank Ltd., Ahmedabad has been merged with Co-operative Bank of Rajkot Ltd., with effect from April 2, 2007. Accordingly, The Co-operative Bank of Rajkot Ltd., Rajkot has taken over all banking operations of Mahila Utkarsh Nagarik Sahakari Bank Ltd., Ahmedabad (together with its five branches situated at Naranpura, Maninagar, KK Nagar Ghatlodia, Ellisbridge and Gurukul Memnagar), with effect from April 2, 2007. The Licences issued to Mahila Utkarsh Nagarik Sahakari Bank Ltd., Ahmedabad and its five branches by the Reserve Bank of India under Section 22/23 of the Banking Regulating Act, 1949 (AACS) for conducting banking business in India have been cancelled and the same licences have been reissued as branch licenses for The Co-operative Bank of Rajkot Ltd., Rajkot. (http://www.publicnotice.in/show_notice_details.php?id=2292 as of 29th August, 2008)

6. Ahmedabad People's Cooperative Bank

7. Progressive Merchantile Cooperative Bank

There is a great deal of variety within each of the above categories of Banks in terms of their strategies regarding Customer Relationship Management tools and techniques and their success rates. There is also a great variety in the customer preference across each of the categories of Banks.

⇒ A total of 32 banks have been visited and

1. 44 surveys have been collected for the "Head of Business Unit" questionnaire.

2. 44 surveys have been collected for "CRM Initiatives Manager" questionnaire.

3. 6 surveys have been collected for "Head of a Technology Unit" questionnaire.

⇒ A total of 750 surveys across various banks have been collected for the "Bank Customer" questionnaire.
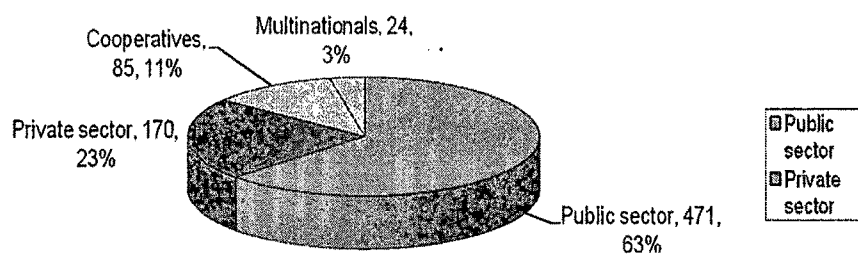
4.3.3 The respondents for the 3 Questionnaires

SECTORWISE NUMBER OF RESPONDENTS

Bank Customer Questionnaire

Public sector	471
Private sector	170
Cooperatives	85
Multinationals	24

Table 4.1 – Frequency count for responses per sector for bank customer

Chart 4.1 - Sectorwise number of respondents - BANK
CUSTOMER

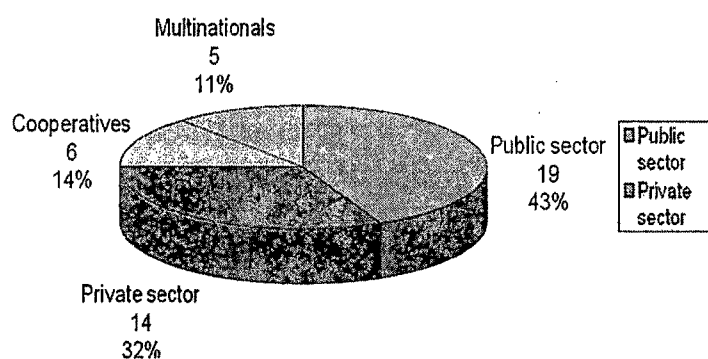## Head of Business Unit Questionnaire

Public sector	19
Private sector	14
Cooperatives	6
Multinationals	5

Table 4.2 — Frequency count for responses per sector for Head of Business Unit

Chart 4.2 - Sectorwise number of respondents -`HEAD OF
BUSINESS UNIT

Multinationals
5
11%

Cooperatives
6
14%

Public sector
19
43%

Private sector
14
32%

□ Public
sector
□ Private
sector

CRM manager Questionnaire

Public sector	21
Private sector	16
Cooperatives	4
Multinationals	3

Table 4.3 – Frequency count for responses per sector for CRM manager

Chart 4.3 - Sectorwise number of respondents - CRM MANAGER
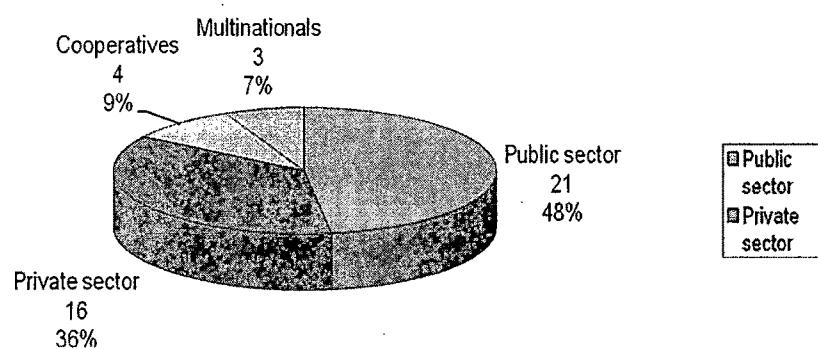
The frequency count and hence the Pie charts have been created for the questionnaire for

Customers, Business Heads and the CRM Managers of the banks. The responses gathered

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from each of the questionnaires have been grouped as per the 4 categories of the banks and have been presented using the Pie charts. Refer to table 4.1 and charts 4.1 to 4.3. The sample size being very small for the Technology Head questionnaire, the responses have been captured for descriptive analysis.

The findings from the table and charts indicate the distribution of the responses collected across the 4 categories of the banks. Charts show that the public sector banks have the maximum responses followed by the Private sector and then the Cooperatives and the Multinationals. For the "bank customer" questionnaire, it has been assumed that the respondent may have accounts in more than 1 bank and hence the respondents were told to provide data for the bank that they consider to be their primary bank. Primary bank could mean either or all of the following:

1. The customer conducts frequent transactions at the bank

2. The customer uses most of the products and services of the bank

3. The customer has a salary account at the bank

During the data collection it has been observed that:

1. Bank customers prefer to have an account in the public sector banks as their primary account. The interview questions on the customer questionnaire have revealed that customers prefer to have a primary account in a multinational bank mostly because they work in a multinational firm and have a salary account with a multinational bank.

2. It has been easier to reach and gather responses from Public sector bank employees, who have shown their eagerness and willingness to share permissible information compared to the other categories. The cooperative banks have also

been very enthusiastic about sharing information, however, their number has been low because technology based service offerings is not yet a priority in majority of the cooperative banks and hence did not have enough information to share for this study.

4.4 Data editing

The data was edited by the researcher herself. All the respondents were scrutinized in terms of the following aspects.

1. *Fictitious interviews:* As the questionnaires were administered to the respondents on a one on one basis, after carefully discussing the purpose of their responses and the responsibility they share in identifying the correct output, chances of fictitious interviews were minimal.

2. *Inadequate answers:* For some of the questions in the questionnaire, the respondents did not respond to specific queries, either by omission or by choice. They were reapproached and requested for correcting/ incorporating the response. In case where this was not feasible, the response was accepted without the specific answer.

3. *Inconsistencies:* The apparent inconsistencies were pointed out to the respondents and they were requested to rectify them. In case where this was not feasible, the responses were accepted without taking into consideration these conflicting entries.

4. *Irrelevant answers:* For questions that seeked a singlular response, the respondents in some cases replied in multiple. They were reapproached and requested to rectify the response forms.

Thus after suitable editing, the responses were taken as valid and fed to the computer for tabulation and analysis.

4.5 Data computerization, interpretation and analysis

Data was coded for each of the responses in the respective questionnaires and fed to the computer in Microsoft Excel Worksheets so that it could be analyzed using statistical tools provided by the softwares EXCEL and SAS. Frequency count, Chi-square tests, Analysis of Variance, Factor Analysis and Linear Regression were used for analysis (Pati Debashis, 2002).

Chi-square test of independence in the contingency table: At times, research is undertaken to determine whether some observed pattern of frequencies conforms to an "expected" pattern and also to test the association between two variables, thus making the test applicable for analyzing cross-tabulations. When one is working with non-metric data, the chi-square contingency table technique can be used to determine whether or not there is association, statistically, between the data or sets of data and some other data or standard with which they are compared.

For the open ended questions used for in-depth interview, the responses were grouped for each of the questions and fed into the computer and hence qualitatively analyzed for further interpretations.
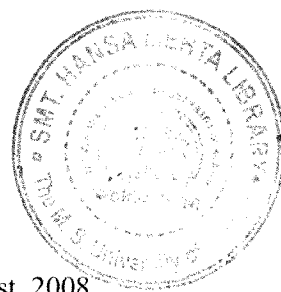
4.6 Secondary data collection

Secondary data was collected using Literature Survey of Banks; Books, Magazines and Journals as well as information available on the Internet relating to Banking Industry in India and around the world, Customer Relationship Management and Types of

Information Technology based Applications and their Role in providing success in the financial service industry.

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