
PART VI: SYNTHESIS, SUGGESTIONS AND CONCLUSIONS

Banks are looking at newer ways to make a customer's banking experience more convenient, efficient, and effective. They are using new technology tools and techniques to identify customer needs and are offering tailor-made products to match them. Centralized operations and process automation using core banking applications and IP-based networks improve efficiency and productivity levels tremendously. Core banking applications help a bank to shift from 'branch banking' to 'bank banking.' This basically means that a customer will be treated as a bank's customer than just the customer of a particular branch which was the case earlier. Also, IP-based networks lets a bank offer multiple services over the same network, resulting in costs savings.

CRM solutions, if implemented and integrated correctly, can help significantly in improving customer satisfaction levels. Data warehousing can help in providing better transaction experiences for customers over different transaction channels. This is made possible because data warehousing helps bring all the transactions coming from different channels under a common roof. Data mining helps banks analyze and measure customer transaction patterns and behavior. This can help a lot in improving service levels and finding new business opportunities (Grover, 2007).

The role of IT has become so integrated and pervasive with banking that it is impossible to think of banking processes without an effective IT system in place. Today, the failure of IT infrastructure could render a bank dysfunctional.

Banks are primarily focused on three areas: meet customer's service expectations, cut costs, and manage competition.

Automation is the key thing that banks need to have in place. This industry is very quickly adopting newer technologies to keep pace with growing competition & growing customer base. It involves a combination of centralized networks, operations, and a core banking application. Automation enables banks to offer 24x7x365 service using lesser manpower. But to be really competitive, banks need to think beyond just basic automation. (Nayar Rangesh and Chada Gunit, 2003).

6.1 Synthesis

A variety of technologies commonly known as customer relationship management (CRM) applications are available industry wide from a number of vendors. These CRM tools help organizations save time by enabling them to better monitor critical sales data, existing and potential accounts, individual contacts who work at each customer company, and other important information such as account sales history. Easy-to-use reporting tools in these applications also allow them to run reports that will help them spot and analyze trends and forecast sales cycles to boost sales.

6.1.1 The research

Banks that have been surveyed stand in 4 distinct categories. They are the Public sector banks, the private sector banks, the Cooperative banks and the Multinational banks. The study presents an explanation of consumer response to different Technology based Customer Relationship Management application initiatives within a taxonomy of banks in

India. Questionnaires and in depth interviews have collected responses from bank representatives as well as customers about effects of these initiatives. A comparative study has been conducted to identify the preferences of customers using Online methods of banking like E-mail for customer service, ATMs, Internet, E-commerce versus traditional face-to-face contact method. Also, the advantages/disadvantages of core banking have been studied. Various contact points of Banks with the customers have been identified and their effects have been studied as per customer satisfaction, complaints and expectations. 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. It has studied the customer preferences for various service offerings by banks and hence tried to establish a framework for customer choices governed by their technical inclinations and risk aversity. The study also identified the success of the banking industry in India in terms of attaining productivity as well as customer satisfaction and hence establishes a bottom-line framework that identifies the proper mix of variables that identify wise investments into sophisticated technology based CRM application for different categories of Banks in India.

6.1.2 Advantages of using technology based CRM applications in general

- They help save time. With CRM tools, fishing for data in separate computer systems can be things of the past. Banks can now use tools—including the Internet—to help streamline business processes and communicate with customers. The more time banks can save by streamlining activities, the more likely they are

to generate new creative ideas, reach out to new customers and keep current clients happy.

- They allow focusing on customers. CRM applications help banks better understand their customers, including their banking history. Determining common characteristics of most profitable customers enables them to focus on boosting relationships with these clients and identify where to center efforts on securing similar leads. This data can provide strategic direction to help them develop marketing campaigns and sales strategies while increasing the impact of their marketing messages. In addition, detailed information will allow them to interact on a more personal level with customers in order to deepen those key relationships. Personalized communication will help them boost sales and delight customers regularly.

6.2 Findings and suggestions

It has been observed that it is 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, the number of responses in the total sample size has been low because technology based service offerings are not yet a priority in majority of the cooperative banks and hence they did not have enough information to share for this study.

It has also been observed that bank customers usually prefer to have an account in the public sector banks as their primary account. The interview questions have revealed that,

customers having a primary account in a multinational bank is mostly because, they work in a multinational firm and have a salary account with a multinational bank.

We also observe from the findings that customers have accounts in public sector banks not because they are forced to have one because of their salary getting deposited into that bank, but because they equally value the service offerings and ease of transaction. Secondary study has suggested that for public sector banks the customer profile is lower middle class and the number of customers are much larger compared to other banks. This can be a possible explanation. For private sector banks, we observe that the bend is towards “service offerings” which would imply that good products and services is of great significance for the customers. For the cooperative banks, “frequent transactions” is the preferred choice. This can be explained because customers prefer to have an account with a bank closer to home and withdraw money in small amounts. For multinational banks, “salary account” turns out to be the major reason. This could be because the sample size for this study is very small. Nevertheless, the researcher decided to capture the findings.

We further observe from the eight choices provided to the customers, that the “location” of the bank that is proximity to home or office and good customer service are the most important reasons for customers to continue to keep an account at the banks. The technology based service offerings are additional services which are good to have but are not critical in customer’s decision making for continuing to have an account at a bank.

The study shows that customers value both technology and non technology based services. In general, across all banks, a good customer service experience is of great

importance in creating loyalty towards a bank. It is also seen that the customers of public sector banks do not have enough information about various service offering by banks, and hence when it comes to switching over to technology based service offerings from the face to face banking, there is a lack of confidence amongst the customers. The private sector bank customers prefer to use ATMs. Internet has not caught on as much. The Cooperative bank customers are inclined towards face to face banking and value the increase of banking hours as significant. For customers of multinational banks, they prefer to conduct a successful transaction at the first attempt from anywhere in the world and hence value the efficient functionality of core banking.

It has also been found that Marketing department has the primary responsibility for driving CRM. The private sector banks have considered IT and non IT based CRM as part of their strategic thinking and have created the awareness about its significance amongst their employees. E-commerce is also an existing priority within these banks. For the public sector banks, although the senior management has realized the significance of CRM initiatives, they are still struggling to create the awareness within their employees. Part of the reason can be attributed towards the large number of branches and the employee base that exists for this sector of the bank. The cooperative banks realize the significance of CRM, but have not yet felt the need to think seriously about IT based CRM being part of strategic decision making. The multinational banks do realize the significance of CRM but do not claim as having been able to successfully communicate its significance to their employees. This could be possibly because of the global decision making where sensitivity towards cultural difference account towards slower deployment of changes.

We infer from the findings that the organizational level motivators for effective deployment of technology in CRM initiatives, at banks in India, can be divided into 2 parts:

6.2.1 Level of IT knowledge and professionalism in the employees of the banks

6.2.1.1 Findings

The study has led to the following findings:

I. Preference for service offerings as told by the bank representative

For public sector banks, in spite of their efforts of providing a large number of technology based service offerings to their customers, “Face to Face” interaction with the bank representatives is preferred by majority of the customers, closely followed by “Customer service by phone”. The reasons could be because, given the varied large customer base, the learning curve for technology based service offerings is slow, especially in areas where people are not literate. This can also be attributed towards the lack in efforts by the banks towards creating awareness amongst their customers for the new service offerings and hence the reluctance in using the new services. For the private sector banks, ATM usage has scored the highest, indicating that there is a preference amongst the customers for using technology based service offering compared to “Face to Face” interaction. For cooperative banks, “Face to Face” scores the highest because most of these banks are local banks and customers prefer to walk to the banks instead of using other services. Internet usage has scored points mainly because of the Kalapur bank efforts. For multinational banks, “Face to Face” interaction has scored high. The reason can be explained as follows. Most multinational banks in India have fewer number of

branches compared to the public and private sector banks, and have customers maintaining and conducting salary based transactions. Global organizations prefer to have their employee salaried deposited in Multinational banks. Hence, customers prefer to visit the bank personally for resolving queries or doing transactions. It can be observed from the findings that the technology based offerings have also scored well indicating that there is a group of customers who also use these service offerings by the banks.

II. *Customer service experience as told by the customer*

- Customers prefer to contact banks “Face to Face” inspite of various technology based methods provided to them.
- The promptness in public sector banks is somewhat less compared to the other sectors where the representative almost immediately attends to customer queries.
- Customers do not seem very satisfied with the level of knowledge and competence of the interfacing bank representatives in public, private and cooperative banks. Hence there is a need for more trained staff at the banks. The professionalism of the staff is not upto the satisfaction of the customers of public, private and cooperative banks and hence requires improvement.
- The turnaround time for resolution of queries has not been satisfactory for customers extending to maximum of 5 days in some cases. The unstructured interviews reveal that there is scope for more improvement in this area.

III. The employee customer interface

It can be clearly observed that there is a growing frustration across all sectors of the banks amongst the customers about interfacing with bank employees who are not able to efficiently use the new technology based applications at the banks. This results in longer time for resolution of customer queries and problems leading to loss of loyal customers. This is more evident in public sector banks compared to the other categories of banks. We also observe that although there are not many technology based service offering by the cooperative sector banks, there is a desire to move towards technology based CRM.

IV. The road ahead

As the banks plan-on implementing and hence offering more technology based CRM solutions, it is also seen that better trained employees providing faster friendly service will be required. The cooperative sector banks have a mixed reaction. The unstructured interviews confirm that most cooperative banks do not feel the need for implementing technology based solutions but believe in improving the face to face customer service. There are others who have delved into the technology offerings. The expected rise in loyal customers is 21-50% for all sectors of the banks. Hence banks have to get their employees trained in being able to efficiently handle the new changes emerging at the banks as a result of the technology based CRM applications. Only then will they be able to reap the benefits of the investments made in maintaining and acquiring technology based service offerings.

6.2.1.2 Suggestions

There are indications from the qualitative and quantitative part of this research as well as secondary sources that banks may evaluate the benefits of implementing the following in order to improve the level of IT knowledge and professionalism amongst their employees and hence improve customer satisfaction:

- a. The employees of all sectors of the banks should be trained to efficiently use the new technology based service offering by the banks.
- b. The employees should be educated with the domain knowledge about the applications and their area of work to be able to manage queries from customers, both during face to face and phone banking interactions.
- c. More young competent staff should be hired by the public sector banks.
- d. Staff of public sector banks should be professional and courteous in behavior.
- e. Staff of public sector banks should have language fluency.
- f. Staff at all the counters at the banks should be trained to be able to assist in addressing the common requests by the customers.
- g. Employees of public, private and cooperative sector banks should privately discuss personal details at the counters.
- h. Employees of all sectors of the banks should make the system more transparent to customers, especially when calculating the interest in the savings bank account.

- i. The Help Desk service at all public sector banks should be managed more skillfully.
- j. Employees of all sectors of banks should be able to move to an alternate backup standalone system during temporary failure of core banking or Local Area Network rather than keeping customers waiting until the system gets restored.
- k. Employees of all banks should treat senior and disabled citizens with special care, create preferred service counters for attending to them.
- l. Employees of all banks should be trained to stop making odd hour marketing calls to customers.
- m. More staff should be deployed at the public and private sector banks to handle the rush during the end of the month.
- n. Employees of all banks should be able to provide investment advice to customers.
- o. There should be uniform for all staff members at the bank branches.

6.2.2 Improvement in IT and non-IT based service offerings by the banks

6.2.2.1 Findings

The study has led to the following findings:

I. Relationship between investment and performance

We observe that there is a strong relationship between the total IT investment made by the banks (in maintaining as well as acquiring IT based CRM applications by the banks) compared to performance (total gain and loss of loyal customers). Hence, we can

conclude that the banks have to carefully map their IT investments based on their loyal customer movement forecasts.

II. Maintaining and acquiring technology based CRM applications

- (a) We observe that there is a strong relationship between the amount being spent in maintaining the existing IT setup by banks and the expected amount required to be spent in the future for continuing to maintain the existing setup. Hence bank business unit heads are of the opinion that expenditure will be higher in maintaining what already exists compared to acquiring new technology.
- (b) We further observe that contrary to banks acquiring technology bases solutions, there is a high degree of polarization when it comes to maintenance. Banks that currently do not invest in any maintenance of existing IT systems will not invest in the next five years because they do not realize the value of maintaining the technology and its cost implications.
- (c) Similarly, banks that are currently investing in maintaining the existing IT setup realize the significance of technology and will continue to invest in the future as cost of maintaining an existing technology and upgrading it with additional parts/softwares is less expensive compared to buying new products. Also this takes care of the learning inertia of the employees and customers because they just need to get acquainted with the changes being made to the existing system rather than learn something from scratch.
- (d) Results also indicate that if there has been no acquisition of IT based CRM systems so far, there will probably be no acquisition in the next 5 years.

6.2.2.2 Suggestions

There are indications from the qualitative and quantitative part of this research as well as secondary sources that banks may evaluate the benefits of implementing the following in order to improve the IT and non-IT based service offerings and hence improve customer satisfaction:

(a) Judgmental IT based CRM solution investment by banks should be made by carefully calculating their forecasted performance in the short and long term future.

(b) There should be a budget set aside for maintaining existing IT setup and also work on means and ways for upgrading the existing setup rather than moving to newer technology and platforms. The advantages in doing so would be to reduce the cost of maintaining legacy systems and also reduce the investment in training employees on new technology use. This will result in better performance by the employees leading to more satisfied customers and hence performance improvement.

(c) Technology and non technology improvement suggestions:

- Install more ATMs at convenient/ commercial locations.
- Install check drop boxes at ATM locations.
- Provision of payment of utility bills through ATM.
- ATM machines should provide the option of Rs 100 versus Rs 500 notes.

- The internet account should reflect dynamic changes on the internet (Personal banking section). The transaction information should be updated on weekends.
- E-commerce: EFT should be added to facilitate interbank transfers.
- Credit cards should be password protected.
- Introduction of virtual card for safe online shopping.
- More facilities on the internet like coordination with other banks, shopping and encash facility.
- Hidden cameras should be kept at the bank branches.
- There should be documents available for customers to understand all the features of ATM and internet banking.
- Increased hours of working, preferably open on Sundays for short duration of time.
- The number of bank branches should be increased, public sector banks should have branches in villages and remote locations.
- Call center service should be 24/7.
- Efficient home banking services.
- Availability of more lockers at the branches.
- Parking facility at the branches.
- Faster issuance of checkbooks.
- Checks less than Rs 10,000 should be encashed by the teller.
- Reduce interest rates on loans and increase on fixed deposits.
- Reduce service charges for retired people.

- The branches should be spacious, airconditioned with proper waiting area and drinking water facility for the customers.
- There should be organized marketing efforts by the banks.
- More human security should be deployed at the bank branches.
- Another key aspect to consider is the need for a centralized database. With multi-branches, the databases should be updated instantaneously, irrespective of the branch.
- Security or identity management should be managed using an efficient information security framework that will allow banks to reduce threats and improve compliance.

6.3 Conclusion

A prominent issue facing banks is in accurate analysis of financial data to identify business opportunities - whether cross-sell and up-sell opportunities. Indian banks that have global aspirations or footprint will need to shift to advanced approaches to remain competitive in the global market. Advanced approaches require good quality data and technology to analyze it, and skills to use the data. Banks need to put in place, the necessary IT infrastructure to support this. Only then can risk management be improved.

Compliance pressures on banks are likely to increase in the future. Banks require technology solutions that are integrated and are capable of addressing the compliance issue across the enterprise. The bank data warehouse offers immense decision-making capabilities. It provides a single platform wherein all lending activities are grouped together to help the bank understand the customer profile closely for each product. It

would also help the credit manager in optimizing the risk-reward ratio. Besides it would help the business with low risk high reward ratio. The solution, on the one hand, would help provide marketing inputs on product positioning and customer characteristics, while on the other it would help in gauging the quality of bank's appraisal mechanism by providing the behaviour of customers on the bank's books as well as the credit quality of the lending portfolio.

Results of the study indicate a differential response from the customers and the study tries to prove and justify the reasons for the differential response. It has been observed that customers perceive risk of data leakage while using the Internet and doing credit and debit card transactions compared to communication by e-mail or using ATMs. It has also been observed that the benefits of core banking are yet to be seen by both the customers and the banks in Public sector banks as compared to Private sector banks. Young energetic staff trained for using the latest technologies in the bank need to be hired to cater to the needs of the customers who are actually willing to use the new service offerings by the banks. There is however a good percentage of customers who still prefer to use the traditional means of availing services from the Banks. This study will be useful for practitioners (upper management level in the financial sector) to identify and plan timely cost effective transitions and implementations of Customer focused initiatives. It will also be beneficial for researchers to study and suggest proper mix of strategies and applications within the banking sector for various target customer groups.

However, it must be emphasized that this is not a quick-fix solution. It is a long process that calls for total connectivity of all branches, offices and channels across the bank network. Most importantly, it calls for the right attitude. Decreasing costs will, in the

future, lead to technological parity among major players. Then, the differentiating factor would be how you derive the maximum value from available technology so that it would serve both, the bank and the customer in a better manner.

In summary, the general caveats to CRM practitioners in service industries could be summarized as:

- Maintaining and investing in technology by measuring forecasted performance.
- Training employees in a continuous manner.
- Strategically promoting significance of CRM in-house and thus creating a culture of providing primary importance to the customer.
- Understanding the customer preferences for the technology and non technology based service offerings by maintaining an efficient customer database and hence finetuning or enhancing the offerings.

Directions for future research

The study has been conducted across the 4 sectors of the banks: Public, Private, Cooperative and Multinational and an attempt has been made to identify a mix of variables that establish the efficient use of Information Technology for CRM. Directions for future research can be as follows:

1. Conduct a similar study for global banks by collecting data from various respondents around the world and hence try to map the similarities and differences in strategic decision making in investing into IT based service offerings by banks based on the local culture, educational background, technology knowledge and other behavioural patterns of the local customers.

2. Conduct similar study in Executive education, especially understand the IT based service offerings by the organizations for conducting virtual sessions using webinars and distant learning. Hence, try and understand the investments by the organizations in IT setup and maintenance. Finally be able to propose a framework for wise investments in IT and Infrastructure for such global organizations in India.
3. Conduct a study in the IT industry in India to propose the mindset shift from being the problem solvers to trusted advisors.
4. Understand the significance of IT in Medical Science.
5. Conduct similar study in the Airline Industry and other service industries.

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