Summary & Conclusions
CHAPTER VI

SUMMARY AND CONCLUSIONS

This chapter presents the summary of all the findings. Based on these findings of the analysis and results, recommendations and policy options are listed. A separate section on the indications of future research is also presented at the end of this Chapter.

Problem focus

With a long period of existence and service, banks in India and around the world have been changing their perception about the customers. From a stage of treating customers as mere account holders the banks have realized the importance of the customers for their [banks'] survival. With this changed perception, these banks have been introducing new products and services to cater to the requirements of customers at all levels. Among these banks, the private sector banks and the foreign banks are late entrants; the public sector banks have been in existence of well over 35 years. In the light of this, how far these banks have satisfied the Indian customers is a question to be probed. Customer satisfaction is a prima facie cause for survival and growth of banks. Hence, how far these different banks have satisfied the customers and through that what level of success they have achieved in customer retention have to be reviewed at periodical interval. This is not only from the view of changing expectations of the customers but also to evaluate the effectiveness of the initiatives of the banks. Hence, this study has the following overall objective and specific objectives.
Overall Objective

This study aims at exploring the kind of relationship marketing strategies banks are pursuing in today’s highly competitive environment and what is the effect of these strategies on service quality as perceived by the banks customers.

Specific Objectives of the study

- To identify the factors influencing customer relationship marketing strategies adopted by the banks
- To determine the levels of customer satisfaction relating to the quality of service rendered by the banks
- To examine the extent of customer retention in banks and to determine the factors affecting the same.
- To compare the differences in the customer relationship marketing efforts and the outcome of such efforts, among the selected banks and to suggest policy-options for improving such efforts.

The study is completely based on the primary data collected from the customers and bank executives. These data were subjected to different types of analysis and the results are presented in the following sequence:

1. Customer satisfaction index – by using the customer response to the service rendered by the bankers and also the personnel relationship between the bankers and the customers, the satisfaction index was computed and inter-bank and inter-sectoral comparison was made and the overall satisfaction index
was also computed to determine the status among the selected banks.

2. Transaction time for different types of accounts of the customers was analyzed to determine the average transaction time and based on that to suggest methods to improve the performance.

3. CRM strategies being followed by the selected banks in the three sectors were also analyzed to identify their relevance to make suggestions for improvement in customer relationship.

4. The data compiled from the bank executives were also analyzed to determine the opinion and outcome of initiatives taken by the banks in extending various products and services to the customers.

5. The suggestions given by the customer respondents and the bank executives were also listed and discussed to indicate the scope for improving the relationship with the customers.

**SUMMARY**

1. **CUSTOMER SATISFACTION INDEX - PRIVATE SECTOR BANKS**

   a) **Service based Satisfaction Index**

   About 32 per cent of the customers were not at all satisfied with the bank. The satisfaction divide among the customers of ICICI bank clearly indicates that nearly 82 per cent of the customers belong to the dissatisfied group and only a small percentage of about 18 per cent were satisfied group. As regards the HDFC bank, the scenario does not appear to be different, as
more than 86 per cent of the customers belong to dissatisfied category and only about 14 per cent come under the satisfied category based on the services rendered. More or less the same picture emerged in the case of Yes bank also. It had 86 per cent of the customers belonging to dissatisfied category while only about 14 per cent rated the services are satisfactory.

The inter-bank comparison indicated that on an average nearly 85 per cent of the consumers of all these private sector banks were dissatisfied with the services rendered by these banks. The ICICI is found to be marginally better with 82.53 percentages of customers reporting dissatisfaction with the services rendered, as compared to HDFC bank with 86.18 per cent of customers and Yes bank with 86.02 per cent of the customers. The dissatisfaction level in the selected private sector banks on the basis of services rendered worked out to be nearly 85 per cent and the satisfaction level was around 15 per cent.

b) Personnel Relation based Satisfaction Index

ICICI had only about 15 per cent of the responses consider the personnel relation as satisfied category while a major 85 per cent of the customers rated the personnel relation as dissatisfied. Among these, more than 26 per cent belonged to not at all satisfied category, which is an indicator of personnel relation prevalent in this bank.

As regards the HDFC bank, the scenario is not much different as more than 89 per cent of the customers reported dissatisfaction about the personnel relation in the bank. Hardly less than 11 per cent stated that they are satisfied with the personnel relation experienced in this bank.
Yes bank is found a shade better with about 15.5 per cent of the customers coming under the satisfied category and about 84.5 per cent constituting dissatisfied category.

**Inter Bank Comparison**

Among the selected private sector banks, the extent of dissatisfaction that the respondents indicated was very high. In all the banks the level of dissatisfaction worked out to be more than 84 per cent. This implies a small percentage (16 per cent) of the respondents fell in to the satisfied category. Among the private sector banks, more than 89 per cent of the customers of HDFC were dissatisfied with the personnel relation while it was around 85 per cent in the case of ICICI and Yes bank also had a high dissatisfaction level as reflected by more than 85.5 per cent of the respondents.

On the whole, the personnel relation based satisfaction index for the selected private sector banks revealed more than 86 per cent of dissatisfied customer group compared to less than 14 per cent of satisfied group. The dissatisfaction level was highest in HDFC bank [87.73], followed by Yes bank [85.29] and ICICI bank [83.69]. This implied that in spite of being private sector banks, these banks have not been rendering services in tune with the customer’s expectations or maintained a healthy personnel relation with the customer. All these banks had the benefit of learning from the experience of other old and reputed banks, but they have not really lived up to the expectations of the customer. HDFC particularly was the pioneer housing finance institution and entered into banking in the late 1990’s and even with nearly 25 years as a housing finance institution, they could not register a higher-level satisfaction index with the customer.
2. Customer Satisfaction Index - Nationalized Banks
   a) Service based Satisfaction Index

   In the case of IOB, the level of satisfaction is limited to just about 18 per cent of the customers, while the dissatisfied customers constituted nearly 82 per cent. PNB almost reflected the same picture with about 16 per cent in the satisfied category and about 84 per cent belonging to the dissatisfied category. As regards the Corporation Bank, the satisfaction level was about 15 per cent while the dissatisfaction amounted to about 85 per cent.

Inter-Bank Comparison

   Among the selected nationalized banks, levels of satisfaction almost remained the same in all of them. However, IOB customers were found to be more satisfied than the customers of the other two banks. On the dissatisfaction level, Corporation Bank ranked high with very high levels of dissatisfied customers on services rendered.

   The average customer satisfaction index in the case of nationalized banks belonging to the satisfied category amounted to 16.3 per cent and nearly 83.7 per cent of the customers accounted for the dissatisfied group. This clearly indicates that there is enormous scope for the nationalized banks to improve upon their service delivery. With very high public contact business, unless the focus is on the customer friendly service delivery process, the nationalized banks may soon face a customer-deficient status.

   b) Personnel Relation based Satisfaction Index

   At IOB, more than 16 per cent of the customers were satisfied with the personnel relation and a sizeable proportion [about 84 per cent] of the
customers were dissatisfied with the personnel relation. The situation was worse in PNB with just about 11 per cent of the satisfied customers against a huge size [of about 89 per cent] dissatisfied with the personnel relation. Corporation bank presented a shade better picture compared to PNB, with about 13 per cent of the customers being satisfied with the personnel relation and nearly 88 per cent dissatisfied.

**Inter-Bank Comparison**

The inter-bank comparison of customer satisfaction index based on the personnel relation indicates a very discouraging scene. None of the three selected nationalized banks had more than 16 per cent of the satisfied customers. The large percentage of dissatisfied customers with these banks only underline the necessity to initiate all actions to improve the personnel relationship with customers in the banks. With such a heavy competitive and complex banking scenario, unless these banks address these issues on a priority basis, the customers would reject these banks.

A very disturbing scenario emerges when we study the average satisfaction index of the satisfied and dissatisfied category of customers in the selected nationalized banks. While service delivery process could be strengthened with more reliance on automation and machine-friendly process, there is no substitute for the personnel relations maintained with the customers. Especially in such a vast country with a huge potential to be tapped from the business point of view, if the nationalized banks remain oblivious of the situation, their very existence will become threatened.
C] **Overall Satisfaction Index**

Analysis revealed that IOB with slightly more than 17 per cent of the customers in the satisfaction category and about 83 per cent in the dissatisfied category seemed to be better than the other two nationalized banks. PNB and Corporation Bank had a huge 86 per cent falling under dissatisfied category. This only shows that the nationalized banks have reached a stage when their services or personnel relation have neither been customer friendly nor effective.

3. **Customer Satisfaction Index - Foreign Banks**

a) **Service based Satisfaction Index**

In Citibank, it is found that more than 90 per cent of the respondents were dissatisfied with the services rendered by the bank. Among these respondents, nearly 33 per cent were not at all satisfied with the services rendered by the bank. A small group of about 10 per cent respondents were satisfied with the services of the bank.

In the case of HSBC, the dissatisfied category of respondents constituted about 78 percent, of which a small group of about 6 per cent were not at all satisfied with the services rendered by the bank. Nearly about 22 per cent of the respondents were satisfied with the bank’s services.

As regards Standard Chartered bank, the satisfied category of customers were about 14 per cent, while the dissatisfied group amounted to about 86 per cent. Among the dissatisfied group, about 29 per cent were not at all satisfied.
In the case of ABN Amro bank, the dissatisfied group formed about 86 per cent and only about 14 per cent of the respondents were satisfied with the services rendered by this bank.

**Inter-Bank Comparison**

On the basis of the satisfaction level based on the services rendered among the foreign banks selected, it could be noted that HSBC with 22 per cent of the respondents belonging to the satisfied customers emerged as the best. This is followed by both Standard Chartered and ABN Amro banks with nearly 14 per cent of the customers satisfied with the services rendered. Citi bank is found to be the last in terms of customer satisfaction with only about 10 per cent of the customers being satisfied with the services rendered by this bank. Though Citi bank is one of the earliest foreign banks to enter into India and achieved a rapid progress in terms of business expansion, yet it is found to have relatively fewer customers being satisfied with the services rendered by the bank. HSBC could be rated as a better among the four foreign banks selected for the study on the basis of the responses from the customers.

b) **Personnel Relation based Satisfaction Index**

Citi bank had just about 6.5 per cent of satisfied customers, while nearly 93.5 per cent were dissatisfied with its personnel relationship. The satisfied customer group was around 15 per cent in HSBC bank, while the rest [85 percent] belonged to the dissatisfied group. Standard Chartered presented a better picture with about 15 per cent of the respondents stating that they were satisfied with the personnel relation with the bank about 85 were dissatisfied. As regards ABN Amro bank, the percentage of satisfied customer was just about 3 per cent, while 97 per cent were dissatisfied lot.
Inter-Bank Comparison

The ABN Amro bank with as high as 97 per cent of the customers dissatisfied with its personnel relation of the bank presented a really shocking finding, though Citibank with about 93 per cent of the customers belonging to the same group implies that all is not well with foreign banks. Standard Chartered bank is found with lowest dissatisfied customers and HSBC was next to it with about 85 per cent of the customers in that category. It could also be noted from the table given above that the average dissatisfied customers with all these banks put together was about 88 per cent and ABN Amro and Citibank had a higher percentage of dissatisfied customers. On the one hand this scenario indicates that the foreign banks go by their commercial and business motive, on the other hand, the Indian customers are not yet out of their traditional outlook towards expectations from the banks.

C] Overall Satisfaction Index

Except HSBC, all the other banks had more than 91 per cent of the dissatisfied customers with them. Among the satisfied customer community, it is found that nearly 15 per cent of the customers of the HSBC bank reported their satisfaction about the bank. In this context Standard Chartered had nearly 94 per cent of the dissatisfied customers closely followed by both Citibank and ABN Amro with nearly 91 per cent of customers. The above facts necessitate that the foreign banks have to keep reviewing their approach to Indian customers, lest they should lose their customer base.

Inter-sectoral comparison of banks on the basis of customer satisfaction index
The satisfaction level in the banks belonging to all the three sectors was around 14 per cent and the dissatisfaction level was as high as 86 per cent. From this it is clear that irrespective of the sector to which a bank belongs, the customers are more dissatisfied than satisfied with the services rendered as well as personnel relation that these banks maintained with the customers.

2. TRANSACTION TIME OF DIFFERENT ACCOUNTS IN BANKS

The time spent by each customer depends on the various attributes like waiting time in the queue, the number of service channels, the different business time slots, and the efficiency of the personnel. Hence it has been decided to test on the average time spent for various transactions. Assuming the randomness, replications and the local control the randomized block design has been carried out. The calculated F value (=18.2425) with (6,20) degrees of freedom is more than the table value (=2.9961) the null hypothesis is rejected. Hence it is concluded that the average spent for different transactions are not equal. Also from the ranking of banks on the basis of the average time it was found that the customers spend more time for processing Saving Bank account transactions irrespective of the different bank categories.

Regarding the reasons for opting for a foreign bank, as the calculated $\chi^2$ value was greater than the table value the null hypothesis [There is no significant difference between the various reasons that influence for opting for a foreign bank] was rejected. Therefore it was concluded that there is significant difference between the various reasons that influence for opting for a foreign bank.
The multinomial equation for analyzing the various reasons that influence for opting for a national bank is as follows. It was concluded that the peer group and the personal selling strategies of the national bank play a vital role in influencing a customer to choose Nationalized bank.

The Chi Square test indicated that the calculated $\chi^2$ value was greater than the table value and so the null hypothesis is rejected. Therefore it was concluded that there is significant difference between the various reasons that influence for opting for a private bank.

The multinomial equation for analyzing the various reasons that influence for opting for a private bank it was concluded that the personal selling strategies and the peer group pressures have a significant role in influencing a customer to choose Private Banks.

From the equations constructed, it was concluded that the peer group influences are very dominant in the choice of a customer for all the bank categories. Also it was noted that the personal selling strategies play a vital role in influencing a customer to choose Private Banks and Nationalized banks.

3. CRM STRATEGIES

Totally 6 CRM strategies were identified using 65 factors which constituted the strategies. The study of strategies followed by the select banks of different category revealed a more or less similar strategy choice. In the case of Private sector banks, they have adopted Strategy 1 [S1] and S 5. As regards the public sector banks, their choice of strategy was S3, S5 and S6. The foreign banks are unanimously adopting S1, S2 and S4. In this way it could be noted that the strategy mix of each category of banks differ. Another
interesting finding is that \( S_1 \) was the obvious choice of both private sector banks and the foreign banks, while \( S_2 \) was the choice of only foreign banks. \( S_3 \) got acceptance only with the public sector banks, while \( S_4 \) was adopted by the foreign banks as well as one of the public sector banks [Corporation bank]. \( S_5 \) was the choice of both Private sector and public sector banks and \( S_6 \) is the chosen option of the public sector banks alone.

4. ANALYSIS OF THE RESPONSES OF THE BANK EXECUTIVES

A number of parameters analyzed with the data compiled from the bank executives revealed the following findings.

It was concluded based on Chi-square results that the mode of initiating Customer Relationships across the different bank sectors has significant difference. Further, the responses in answering to phone inquiries, as far as the nationalized banks are concerned, are not up to the customer expectations.

Based on the ranking of bank services related reasons in the foreign banks the computerized services and speed of operations are the top rankings of first and second place, while location is given the least importance. This is apparently true as the emphasis of foreign banks is on their efficiency and pace of handling transactions and their branches are very few in number in India.

The executives of nationalized banks have also chosen similar responses and have also expressed similar opinions.
Another important part of the study was to understand the choice of bank categories made by customers and the significant reasons that prompted them to do so, on the basis of bank products and personnel related factors as well. Based on Chi square test it was concluded that the frequency of the bank organizing customer meetings across the different banks and sectors has no significant difference. Further it also revealed that response of the customers to customer meetings organized by the bank across the different bank sectors has significant difference.

Another important observation made from the study was related to the awareness of the bank executives about the customer complaint handling mechanism that was in operation in their respective banks. It was found that among all categories there is wide spread awareness of the same. The results of the chi square test lead to the conclusion that the Classification of Complaints across the different bank sectors has significant difference. Further it was also found that the Days taken by the banks to settle customer complaints across the different bank sectors have significant difference.

Computerized branches provide better services across the different bank sectors have no significant difference. Another significant finding was that the higher banking charges ensure better services across the different bank sectors has no significant difference. Regarding the clarity of communication with the customers, it was found that it did not differ significantly across banks. Similarly the difficulty in interacting with the bank staff by the customers also did not differ significantly among the banks. The personal care extended by the different banks among the customers also did not differ significantly. But the understanding of customers expectations across the different bank sectors significantly differed among the banks.
POLICY PRESCRIPTIONS FOR THE BANKS

Banks must go back to basics and deal with the core value proposition experiences to their employees and customers as opposed to dealing with relationship based activities. Without a clear experience, no loyalty program can succeed. Among the areas that require attention are.

Clarity leads to conviction – Banking Companies must set clear definitions of the role of the customers and move beyond abstract slogans.

Bank - Executives as Role Models – It is time to practice what the banks preach. Customers are watching actions and mannerisms of bank executives. As bank employees play an important role in determining customer worth, great care should be taken while they interact with the clients.

True Mutual Dialogue – Bank employees take their cues from actions of the higher ups. Build a true dialogue system between the customers and bank staff so that the process creates better rapport.

Focus leads to commitment - Taking any customer at any price leads to employee’s perception of lack of loyalty. So great care should be taken to assess the customer’s worth and financial standing before relating to them.

Tools and Authority – Bank administrative staff and employees relate to tools and authority as a way to develop customer commitment. Without it, they interact with the customer less significantly and with lesser commitment.
Be Selective – Banks must select carefully which customers fit their value and experience and would appreciate it. Lack of segmentation and selection will lead to dilution of value and low service levels.

Differentiate – Make clear how the bank’s products make the impact, and it will lead to greater employee loyalty.

Invest in people more than in technology – Employees watch this indicator and it directly related to employee’s loyalty and commitment.

Technology alone can never transform the relationship the bank has with its customers. A change management program that breaks through organizational boundaries and cuts across financial divisions must accompany the CRM efforts of the banker.

Both technology and people issues must be considered simultaneously and involved together in making the organization truly customer centric.

It is important to have a customer centric vision to for the bank and to create a customer strategy before building a CRM system.

The banker should avoid confusion in dealing with different customer segments or bank account categorizes.

The banking executive should develop the ability to listen and respond to customer needs and requests when dealing with them in person.

The banker should use every communication with the customer as an opportunity to sell the various financial products offered by the bank.
Special care should be exercised in dealing with high net-worth customers or major account holders through a transparent or face-to-face communication whenever needed.

The financial institution should "Strive to Build a Single View of the Customer" as first step in building any efficient strategy in reaching customer-centricity.

The banker should initiate effort in identifying the capabilities of his bank that create a favorable customer experience and then align their efforts to a common goal of both the banker and customer.

The banker should provide an electronic quotation service via a customer-friendly portal round the clock.

The banking intermediaries should track progress of the customer applications for loan processing through its various stages of approval online.

All branches of the bank must be able to access information at the same time so that it enhances the customers convenience in dealing with any branch of his/her choice.

Every banker should ensure that customers are not kept "On Hold" while staff struggle through paper work. Attending the customer must be prioritized in order to avoid loss of customer confidence and to facilitate customer retention.
SUGGESTIONS FOR FUTURE RESEARCH

While conducting this research, some interesting areas for further research were identified. It has been observed that there is scope for exploring the financial services sector for studying the following issues:

- Use of CRM Strategy and Technology to navigate changing tides in the Indian Banking Industry.
- Probing the impact of outsourcing multiple areas of CRM activities offers a wide opportunity given the growing size of banking operations in India.
- Banking Consolidation in the South East Asian context is another interesting area that needs to be studied.
- The best practices in client attraction, retention, and CRM deployment of Financial Service Firms is one more area with lot of scope for research.
- The relationship between Banking -organizational culture and other "preconditions" for the adoption of CRM systems is a study which can help to interface the cultural aspects of banking environment in adopting CRM initiatives.

It is the humble and fervent hope of this researcher that the summary and conclusions provided in this chapter are precise and clear, as they are based on the core element of this research endeavor - that is a rigorous and impassioned analysis of the data collected. It is also sincerely hoped that the suggestions for Future Research would be useful and bare substantial fruit.