Chapter 7

SUMMARY OF FINDINGS, CONCLUSION AND SUGGESTIONS

Economic development of a country deeply depends on its banking system. Again, the technology and digitalization has broadened the scope of banking the world over. Like other economies of the world, banking system of India is widespread and developed. In India, CRM, a prominent factor influencing customer relations, now helps in maintaining sturdy relationships with the customers and encouraging them to spread positive news about the business of banking. Furthermore, CRM best practices enable the banking industry to create competitive advantage by communicating, understanding, delivering and developing existing customers and acquiring new customers. Adoption of best practices initiates differentiation between how much to invest to keep existing customers and how much to spend on attracting new customers. Today banks are giving more importance to valued relations with customers than thinking of increasing their market share. Listening to customers’ complaints and grievances plays a major role. CRM practices help resolve complaints in a way that provides solutions for business and customers.

Customer loyalty, an important aspect of CRM, is considered as a key to profitability, as the cost to acquire a new customer is higher than to keep a current one. Hence, considering the significance of CRM, in all the banking companies in India, irrespective of the sectors, CRM best practices are being used extensively to retain and develop new customers as well as to win the confidence of lost customers. It is in this backdrop that the study titled “Customer Relationship Management Best Practices and Customer Loyalty: A Study of Retail Banking Sector in Kerala” has been conducted.

The study has been conducted with the following objectives:

1. To identify and assess the best practices in CRM implementation in the Kerala retail banking sector.
2. To study the extent of implementation of CRM best practices in the Kerala retail banking sector.

3. To study the association between implementation of CRM best practices and loyalty of customers in the Kerala retail banking sector.

All the public and private sector banks in Kerala constitute the universe for the study. In the first stage, the State of Kerala was divided into three zones- south, central and north and accordingly Thiruvananthapuram (representing the south), Thrissur (representing the central) and Kozhikode (representing the north) were selected. In the second stage, SBT from the public sector and Federal Bank from the private sector were selected from each of the three sample districts, based on the volume of business and number of branches. In the third stage, for selecting the sample branch, 15 bank branches each of SBT and Federal Bank from the three zones were selected. Thus, a total of 90 branches (45 SBT branches and 45 Federal Bank branches) constitute the sample branches. In the fourth stage, the sample customers and officers were selected. Five customers each from 45 branches of SBT and 45 branches of Federal Bank were selected purposively. Thus, a total of 450 were the sample customers (225 customers each from SBT and Federal Bank). The branch managers of the 90 sample branches were the sample officers for the study. For data analysis, statistical tools like average, percentage, standard deviation, mean score, coefficient of variation, factor analysis, Chi square- test of Independence, Z test, one way ANOVA and Confirmatory Factor Analysis were also used.

Both primary and secondary data were used for the study. The primary data were collected from the sample customers and officers by using structured interview schedules. The secondary data were collected from books, periodicals, Reports of SBT, Federal Bank, Reserve Bank of India, Government of India, Government of Kerala and the Internet. The study limits
itself to a 15 year period starting from 2002. The year 2002 was a starting point of third generation strategic CRM approach in banks.

7. Major Findings of the Study
The major findings of the study on the basis of analysis of the data are summarized below:

7.1.1 CRM Best Practices in Retail Banking Sector in Kerala
1. The customers of the public and private sector banks in Kerala have adjudged practices, viz. (i) good manners in dealing with customers over telephone, (ii) ensuring enough cash balance in ATMs for satisfying customers, (iii) adopting new marketing techniques for satisfying customers, (iv) ensuring front office to be neat/tidy and adopting good manners in dealing with customers, (v) providing net banking facilities with necessary security measures, (vi) computerized services to ensure fast services to customers, (vii) ensuring quality in all its services, (viii) keeping good relationship with customers, and (xi) implementing marketing techniques to delight customers as the excellent CRM practices (In all the practices the mean percentage score is above 75)

2. The Officers of the public and private sector banks in Kerala deemed practices, viz. (i) providing customized services, (ii) adopting new marketing techniques for satisfying customers, (iii) computerization of all services to ensure fast services to customers, (iv) conducting customer exit interviews to know the reason for shifting to another bank, (v) updating the brochures and other materials to ensure accuracy in services, and (vi) ensuring quality in all its services as the excellent CRM practices (In all the practices the mean percentage score is above 75)

3. The regression coefficients applied on the extracted 18 constructs of best CRM practices found that CRM practices in the retail banking sector in Kerala have an impact on augmenting customer relationship (In all the constructs the regression coefficient has a value of more than 0.4)
4. The customers of both the public and private sector banks in Kerala have come out with the opinion that CRM practices in the retail banking sector in Kerala are good.

5. The officers of both the public and private sector banks in Kerala came out with the view that CRM best practices in the retail banking sector in Kerala are low.

6. The opinion of customers regarding CRM practices of retail banking sector in Kerala are independent of the region.

7. The study found a significant relationship between CRM best practices and personal profile of the customers, viz. age in south Kerala, gender in north Kerala, qualification in south Kerala and length of association with bank in central and north Kerala. But no relationship is found between CRM best practices and personal profile of the customers, viz. banks, marital status, occupation and annual income.

8. The study found a significant relationship between CRM best practices and personal profile of the officers, viz. bank in south region, age in south as well as north region, and gender in central region. But no relationship is found between CRM best practices and personal profile of the officers, viz. qualification, number of years of service, number of years of service in particular branch and length of association with bank.

7.1.2 Implementation of CRM Best Practices in Retail Banking Sector in Kerala

1. The customers of the public and private sector banks in Kerala are aware of CRM practices. The region-wise analysis also does not find any significant variation.

2. The customers of the public and private sector banks in Kerala are satisfied with the CRM practices. The region-wise analysis also does not find any difference.
3. According to customers of the public and private sector banks in Kerala, the CRM practices in the banking sector in Kerala have an impact on its implementation.

4. The customers of the public and private sector banks in Kerala have opined that that implementation of CRM practices in the retail banking sector in Kerala is good.

5. According to officers of the public and private sector banks in Kerala, CRM practices in the retail banking sector in Kerala have an impact on its implementation.

6. The Officers of the public and private sector banks in Kerala have observed that that implementation of CRM practices in the retail banking sector in Kerala is average.

7. The study found a significant relationship between implementation of CRM best practices and personal profile of the customers, viz. age in south Kerala, qualification in south Kerala, occupation in central Kerala, length of association with bank in central and north Kerala. But no relationship is found between implementation of CRM best practices and personal profile of the customers, viz. bank, gender, marital status and annual income.

8. The study found a significant variation in the opinion of officers’ bank in south region and age in north region with regard to the implementation of CRM best practices. But no variation has been found with regard to gender, qualification, number of years of service, number of years of service in a particular branch and length of association with bank.

7.1.3 Association between CRM Best Practices and Customer Loyalty in Retail Banking Sector in Kerala

1. Quality of service, faith in banks service, and good customer relations are the prime reasons (in the order of relative importance) attributed by the customers of the public and private sector banks in Kerala to recommending the bank to others.
2. There is a good association between CRM best practices and customer loyalty in the retail banking sector in Kerala (The Correlation value is 0.783).

3. The study found a significant relationship between CRM best practices and customer loyalty to personal profile of the customers, viz. age in south Kerala, occupation in central Kerala, qualification in south Kerala and length of association with bank in central Kerala. But no relationship is found between CRM best practices and customer loyalty to personal profile of the customers, viz. bank, gender, marital status and annual income.

4. The study found a significant variation between CRM best practices and customer loyalty to personal profile of officers, viz. bank in south region, age in south and north region as well as the number of years of experience in north. But no variation has been found with regard to gender, qualification, the number of years of service in particular branch and length of association with bank.

7.2 Conclusion

The customers have identified practices like good manners in dealing with customers over telephone, ensuring enough cash balance in ATMs, adopting new marketing techniques, ensuring front office to be neat/tidy, adopting good manners in dealing with customers, providing net banking facilities with necessary security measures, computerized services to ensure fast services to customers, ensuring quality in all its services, keeping good relationship with customers, and implementing marketing techniques to delight customers as excellent CRM practices. But the officers have identified practices like providing customized services, adopting new marketing techniques, computerization of all services, conducting customer exit interviews to know the reason for shifting to another bank, updating the brochures and other materials to ensure accuracy in services, and ensuring quality in all its services as excellent CRM practices.
The study also found that CRM practices in the retail banking sector in Kerala have an impact on augmenting customer relationship and is found to be good and independent of the region. Customers’ opinion on CRM practices in the retail banking sector in Kerala is good and officers’ view is low. The study found a significant relationship between CRM best practices, their implementation and personal profile of the customers, viz. age, gender, qualification and length of association with bank. There is also a significant relationship between CRM best practices and personal profile of the officers, viz. bank, age and gender.

Further, the consolidated view of officers, on the implementation CRM best practices in the southern region shows a significant variation. The customers are aware of the CRM practices and they are also satisfied with the practices. Further, according to customers, the implementation of CRM practices is good and officers’ view is average. They are also willing to recommend their banks to others and service quality was the first reason for recommendation. This study also found a clear association between CRM best practices and customer loyalty. Thus, based on the inferences above it can be concluded that CRM practices help both the public and private sector banks in Kerala in augmenting customer relationship in a greater way and that is why CRM has become very important and dear for many banks and they are investing heavily in the practices.

7.3 Suggestions
Based on the findings and conclusion, the following suggestions are advanced for improving the performance of CRM practices in the retail banking sector in Kerala.

1. Conduct CRM Training to Employees
While assessing the combined opinion of the officers of both the public and private sector banks, it is seen that, of the 32 practices earmarked for the study, only six practices were rated as ‘excellent’ and the rest 26 practices were rated
only as ‘good’ (MPS is less than 75). The MPS for training programs for employees is only 64.89. Further, while assessing the opinion of customers of the practices, their rating on customer care, retention measures for debit/credit card holders, waiting time for operating lockers, grievance redress system was also rated as good. Thus, poor training to employees can be cited as one of the reasons for the low rating of these practices. Hence it is suggested that banks in Kerala should conduct periodic training programs for employees, considering their age, gender, experience, education, etc. to consistently utilize the CRM effectively and to make themselves rise up to the level of expectations of customers. The training may be given not only on the CRM system itself, but also other areas, viz. technology, use of the system, user issues, etc.

2. Ensure User Friendly Locker Facility in All Banks
While assessing the type of products availed of by customers, of the eight products given, no customer in either of the banks, irrespective of the region, utilizes locker facility due to inconvenience in to operating it. The combined opinion on ‘bank never keeps customers waiting for operating lockers’ was rated as ‘good,’ but not as ‘excellent’ by the officers (MPS is 66.22). The study also underlines the need for the establishment of good practices in maintaining and managing locker facility. So it is recommended that adequate number of user friendly lockers be made available in all the banks in such a way that the customers can open and operate the facility conveniently.

3. Concede Due Weight to the Behavioral Skills of Candidates As Well in the Selection and Promotion
While assessing the contribution of CRM best practices on banks, of the 32 practices considered for the assessment, only six practices have been found excellent and contributing significantly. The combined view of officers of both the banks on CRM practices is also found ‘low’ (MPS is 25.75 and p<0.05 as per One Sample Z test). Further, the combined view of officers on the implementation of CRM practices is also average (MPS 43.78 and p<0.05 as per One Sample Z test) in both the sectors. This calls for an attitudinal change
on the part of the implementing officers of the banks. Hence it is suggested to concede due weight to the behavioral skills of candidates as well in the selection and promotion of candidates in addition to the erstwhile staff selection based on numerical and reasoning abilities, language proficiency, etc.

4. Offer Customized Services through Tailor-made Products and Services
On analyzing the relationship between implementation of CRM best practices and personal profile of the customers, the study found that age, gender, qualification and length of association with the bank have an influence on the CRM implementation and can have an impact on customer loyalty. Further, Officers of both the banks have rated customized services as ‘excellent’ best practice (MPS is 78.44) which calls for developing customized products and services. Hence it is suggested that in order to create customer satisfaction and loyalty, the banks in Kerala should offer customized services through tailor-made products and services suiting the requirements of children, working women, businessmen, women entrepreneurs, professionals, etc.

5. One-man Branch to Expand Banking Net
The analysis of 32 CRM practices based on the regression co-efficient to assess the impact on customer relationship found that only 12 CRM practices have any significant impact. Again, the customers of the public and private sector banks in Kerala have identified CRM practices such as general utility services for non customers (MPS is 54.22), customer retention measures for debit and credit card customers (MPS is 51.91), customer waiting time for operating lockers (MPS is 68.71), providing mutual fund services to customers (MPS is 72.67), adopting special/low rate of interests (MPS is below 75%), proper grievance redress system (MPS is 73.73), updating brochures (MPS is 73.24), and increasing operating hours (MPS is 71.78) as ‘good’ but not as ‘excellent’. Hence it is suggested that both the categories of banks should pay more attention to the said CRM practices to enhance the rating as ‘excellent’ as in the case of the other practices. Customers visiting a branch for general utility services should also be given equal importance as own customers and adopt
best practices even for non-customers as in developed countries. This also facilitates them to adapt the non-customers into customers. Hence banks in Kerala are advised to redefine the branch concept and operate small bank outlet, preferably one-man branch attached to shopping malls, bus/railway stations, airport terminals or even rural areas and provide 24x7 banking to satisfy both customers and non-customers.

6. Convergence on New CRM Practices
While analyzing the extent of implementation of CRM practices, the combined view of officers in both the sectors reveals that some CRM practices have no impact. But it is observed that though banks possess a lot of customer data, it is not being properly used either for the benefit of banks or customers. Hence it is suggested to utilize this database for creating a smoother multi-channel experience for CRM implementation. The websites of the banks may be developed as an online cornerstone in best practice by adding live chats, ticket booking, etc. to provide customer satisfaction. It should also be extended to mobile and social media. They have to make sure that at least website or customer support portal is mobile-responsive, as most of the customers are using smart phones. Again the banks may prioritize and create a roadmap for its new initiatives in best practices. Identifying outdated practices and developing new innovative CRM practices can contribute to customer satisfaction and customer loyalty.

7. Revitalize Insurance Services
The study found that a large majority of the customers have not availed themselves of the insurance services of both the banks. But at the same time, most of them agreed to the view that best practices can contribute to customer loyalty. Thus, it can be inferred that the customers are not satisfied with the insurance services of the banks. Hence there is a need to have CRM practices like green banking to energize insurance services. Green banking uses online banking to market products and services; it reduces paper works and visits to branch offices, etc. making it convenient for customers to avail themselves of
insurance facilities from banks online and to reduce operating costs of bank. It is also suggested to add value to insurance products like coverage for maternity, hereditary diseases, cashless scheme for med claim, etc. Cross selling insurance services to existing customers will be more useful than finding new customers.

8. Strengthen Customer Life Cycle
The study found a significant association between CRM practices and customer loyalty. So it is suggested to adopt CRM practices to strengthen customer loyalty through extension of customer life cycle. The length of association of customers with the bank also shows that a majority of the customers keep a long term relationship with the bank. It means, once the customers are satisfied with the services of the bank, they will stick on to that bank for a long period. Such satisfied customers can be utilised to word-of-mouth advertisers. Their experience should be patronized so that they will not think of another bank ever for their transactions. Cross selling, referral marketing, bundling products and services can be used by banks for this purpose. Attractive and comfortable layout for the office and consistency of sales, service and operational processes can create customer satisfaction and strengthen customer life cycle. Reducing paper works, special branch for high-end customers, increased security measures in net banking, systematic database management system, etc. can also offer a ‘convenience banking’ experience for customers.

9. Offer Quality Service through Motivated Employees
The study shows that customers of both the public and private sector banks are willing to recommend their banks to others and they pinpointed quality as the first reason for recommendation. Further, the customers are aware of the best practices and they are ready to reveal the satisfaction level of the services received from banks. The study also shows that a significant majority of the customers agreed that service quality creates customer loyalty. This highlights the need for enhancement of service quality. Mystery shopping to check employee performance and performance awards can be adopted to motivate
employees and to encourage implementation of best practices. As too many customers are a major hindrance to providing quality services, it is ideal to open new branches in areas where there is overcrowding of customers.