# CHAPTER 6

**FINDINGS, CONCLUSIONS & RECOMMENDATIONS**

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6.1 Introduction to chapter 6

This chapter deals with all the major findings of the study & conclusions drawn after data analysis.

Also, researcher has given meaningful & logical recommendations to the bank as a whole & its employees. All the recommendations are fully based on the conclusions drawn after data analysis. These recommendations are going to be useful for banks for managerial decision making.

This chapter also includes Scope for further research.

Note: In the below mentioned findings, “this bank / their bank” refers to the bank for which respective customer has given the response to the structured questionnaire from the researcher.

6.2 Findings of the study

6.2.1 Findings from “Frequency Distribution of demographic information of respondents”

1. In the sample, it was found that 69.3% respondents were male & 30.9% were female.

2. In the sample, 40% respondents were having the relationship of 4 to 6 years with their bank, 34% respondents were having the relationship of 7 to 10 years, 12% respondents were having the relationship of 11 to 15 years & remaining 14% respondents were having the relationship of more than 15 years with their bank.

3. In the sample, 35% respondents were having their age between 18 to 25 years, 36% respondents were having their age between 26 to 35 years, 18% respondents were having their age between 36 to 45 years, 7%
respondents were having their age between 46 to 55 years & remaining 4% respondents were having their age more than 55 years.

4. In the sample, 5% respondents were SSC, 7% respondents were HSC, 38% respondents were graduate, 47% respondents were post graduate & remaining 3% respondents were doctorate.

5. In the sample, 60% respondents were salaried, 15% were self-employed / businessman, 16% were student, 7% were home maker & remaining 2% were retired.

6. In the sample, 35% respondents were having their annual income (IN Rs.) between 0 – 2 lakhs, 38% were having between 2.01 – 5 lakhs, 20% were having between 5.01 – 10 lakhs, 5% were having between 10.01 to 20 lakhs & remaining 2% were having their annual income above 20 lakhs.

6.2.2 Findings from “Descriptive statistics & frequency distribution of customer perceptions”

1. 83.2% customers feel that their bank is punctual in attending customer complaints, 10.7% customers feel it’s not punctual & 6.1% customers are having neutral view about it.

2. 83.6% customers feel that their bank takes sincere interest in solving customer problems, 8.5% customers does not feel so & 7.9% customers are having neutral view about it.

3. 80.4% customers feel that their bank effectively communicates to customers about everything, 11.2% customers do not feel so & 8.4% customers are having neutral view about it.

4. 80.2% customers feel that their bank is cooperative, 11% customers feel that their bank is not cooperative & 8.8% customers are having neutral view about it.
5. 78.2% customers feel that their bank delivers services in time / at the earliest, 12.1% customers do not feel so & 9.7% customers are having neutral view about it.

6. 78.4% customers feel that their bank has designed their service delivery processes to satisfy the customer, 10.8% customers do not feel so & 10.7% customers are having neutral view about it.

7. 79.8% customers feel that their bank has customer friendly procedures for availing services of the bank, 11.4% customers do not feel so & 8.8% customers are having neutral view about it.

8. 76.8% customers feel that their bank provides value-added information about its products / services, 12.2% customers do not feel so & 10.9% customers are having neutral view about it.

9. 78.2% customers feel that their bank always completes a service transaction within a promised timeline, 12.7% customers do not feel so & 9.2% customers are having neutral view about it.

10. 76.4% customers feel that their bank provides error free services, 13% customers feel that the bank makes errors in their services & 10.6% customers are having neutral view about it.

11. 85% customers feel that their bank uses latest technology to offer quality services to its customers, 8% customers do not feel so & 7% customers are having neutral view about it.

12. 79.6% customers feel that their bank’s ATMs, Phone banking, mobile banking & internet banking services are always accessible, 11% customers do not feel so & 9.4% customers are having neutral view about it.

13. 79.6% customers feel that their bank’s ATMs, Phone banking, mobile banking & internet banking services are user friendly, 11.8% customers do not feel so & 8.6% customers are having neutral view about it.
14. 73.2% customers feel that their bank provides ATMs at several prominent locations, 15.9% customers feel that no. of ATMs are not sufficient & 10.9% customers are having neutral view about it.

15. 70.8% customers feel that their bank often uses personal information to provide personalized (customized) products / services, 14.1% customers do not feel so & 15.1% customers are having neutral view about it.

16. 69.3% customers feel that their bank often interacts with its customers to evaluate service performance, 16.8% customers do not feel so & 13.9% customers are having neutral view about it.

17. 69.3% customers feel that their bank assesses customer satisfaction on regular basis, 18.9% customers do not feel so & 11.9% customers are having neutral view about it.

18. 79.9% customers feel that they are satisfied with the banking skills, courtesy & friendliness of bank employees, 9% customers are dissatisfied with these aspects & 11.1% customers are having neutral view about it.

19. 83.2% customers feel that they are satisfied with the technology used by the bank for customer’s convenience, 7.6% customers are dissatisfied with the technology & 9.2% customers are having neutral view about it.

20. 77.6% customers feel that they are satisfied with the physical infrastructure of their bank, 12.4% customers are dissatisfied with the same & 10% customers are having neutral view about it.

21. 80.9% customers feel that they are satisfied with the way their bank has fulfilled their expectations, 10.6% customers are dissatisfied with the same & 8.6% customers are having neutral view about it.

22. 80.4% customers feel that they are satisfied with the way their bank handles customer queries & service requests, 9.6% customers are dissatisfied with this aspect & 11% customers are having neutral view about it.
23. 82.6% customers feel that overall, they are satisfied customers of their bank, 9.3% customers feel that overall, they are dissatisfied with the bank & 8% customers are having neutral view about it.

24. 85.7% customers feel that they say positive things about their bank, 8.1% customers say negative things about their bank & 6.2% customers are having neutral view about it.

25. 82.2% customers feel that they recommend their bank to the people who seek their opinion / advice, 9.4% customers do not recommend their bank to others & 8.4% customers are having neutral view about it.

26. 80.1% customers feel that they encourage their friends / relatives / colleagues to do business with their bank, 9.8% customers do not feel so & 10.1% customers are having neutral view about it.

27. 76.1% customers feel that their bank is their first choice for availing the retail banking services, 12% customers do not feel so & 11.9% customers are having neutral view about it.

28. 80.6% customers feel that overall, they are loyal customers of their bank, 10.4% customers feel that they are not loyal to their bank & 9.1% customers are having neutral view about it.

29. 78.5% customers feel that if they wish to avail any kind of loan in future, they will choose their bank, 11.8% feel that they will choose a different bank & 9.7% customers are having neutral view about it.

30. 76.9% customers feel that if they wish to open a fixed deposit / recurring deposit in future, they will choose their bank, 13.3% customers feel that they will choose a different bank & 9.8% customers are having neutral view about it.

31. 74% customers feel that if they wish to invest in Mutual fund / Life insurance / Health insurance in future, they will invest through their bank, 15% customers feel that they will invest through a different bank & 11% customers are having neutral view about it.
32. 74% customers feel that their bank is their first choice for all their future investment needs, 13.8% customers do not feel so & 12.1% customers are having neutral view about it.

33. 82.3% customers feel that overall, they are having “positive buying intension towards their bank, 9% customers are having “negative buying intension towards their bank & 8.8% customers are having neutral view about it.

**Note:** Above percentages are rounded off to the nearest decimal.

### 6.2.3 Findings from “hypotheses testing” results

1. CRM as a whole has a significant positive impact on Customer Satisfaction. With one unit increase in CRM, customer satisfaction increases by 0.947.

2. CRM as a whole has a significant positive impact on Customer Loyalty. With one unit increase in CRM, customer loyalty increases by 0.172.

3. CRM as a whole does not have a direct impact on Bank profitability but definitely has a mediating impact on Bank Profitability. i.e. CRM has a significant positive impact on Customer Satisfaction, Customer Satisfaction has a significant positive impact on Customer Loyalty & Customer Loyalty has a significant positive impact on Bank Profitability. Hence, CRM has an indirect & mediating impact on Bank profitability.

4. Customer experience does not have an impact on Customer Satisfaction.

5. Process Driven Approach does not have an impact on Customer Satisfaction.

6. Reliability of Service does not have an impact on Customer Satisfaction.
7. Technology Orientation has a significant positive impact on Customer Satisfaction & with an increase in Technology Orientation, Customer satisfaction also increases & vice versa. With one unit increase in Technology Orientation, there is 0.275 unit increase in Customer Satisfaction.

8. Bank’s Commitment towards its customers has a significant positive impact on Customer Satisfaction. With one unit increase in Bank’s Commitment, there is 0.172 unit increase in Customer Satisfaction.

9. Customer experience does not have an impact on Customer Loyalty.

10. Process Driven Approach has a significant positive impact on Customer Loyalty.

   With one unit increase in Process Driven Approach of the bank, there is 0.783 unit increase in Customer Loyalty.

11. Reliability of Service has a partial positive impact on Customer Loyalty.

   With one unit increase in Process Driven Approach of the bank, there is 0.301 unit increase in Customer Loyalty.

12. Technology Orientation does not have an impact on Customer Loyalty.

13. Bank’s Commitment towards its customers does not have an impact on Customer Loyalty.

14. Customer experience does not have an impact on Bank Profitability.

15. Process Driven Approach does not have an impact on Bank Profitability.

16. Reliability of service has a significant positive impact on Bank Profitability.

   With one unit increase in Reliability of service of the bank, there is 0.268 unit increase in Bank Profitability.
17. Technology Orientation has a significant positive impact on Bank Profitability.

With one unit increase in Technology Orientation of the bank, there is 0.209 unit increase in Bank Profitability.

18. Bank’s commitment towards its customers has a significant positive impact on Bank Profitability. With one unit increase in Reliability of service of the bank, there is 0.148 unit increase in Bank Profitability.

19. Customer Satisfaction has a significant positive impact on Customer Loyalty. With one unit increase in Customer Satisfaction, there is 0.764 unit increase in Customer Loyalty.

20. Customer Loyalty has a significant positive impact on Bank Profitability. With one unit Increase in Customer Loyalty, there is 0.871 unit increase in Customer Loyalty.

6.3 Conclusions

6.3.1 Conclusions of the study

After carrying out in depth data analysis & going through the findings of this study, researcher confidently concludes that, the majority of respondents are having a positive perception about their respective bank. This is because of the positive experience that they are encountered with from their bank in the past. Also, majority of respondents are considerably satisfied with their bank. Majority of respondents believe that they are loyal customers of their respective bank as they say positive things about their bank & also refer their bank to their friends, relatives & colleagues. Majority of the customers are willing to buy various financial products from their bank in future. These products include fixed deposits, recurring deposits, Mutual funds, Insurance & loan. That means they have positive buying intension towards their bank which is a very positive sign for the
bank. This allows the bank to cross sell various financial products to their customers which ultimately enhances the profitability of their bank.

The Customer satisfaction in retail banks is significantly & positively impacted by Technology Orientation of the bank & Bank’s commitment towards its customers.

Hence, for ensuring customer satisfaction, commercial banks need to provide customers with latest & user friendly technology which should be always in working condition & accessible to its users. Also, evaluating service performance & customer satisfaction on regular basis, providing customers with customized products / services as per suitability are essential ingredients of customer satisfaction.

The Customer Loyalty is significantly & positively impacted by Process Driven Approach of the bank & partially impacted by its Reliability of service.

Thus, for ensuring Customer loyalty, banks need to design their service delivery processes such that those are user friendly & least time consuming. Also, providing customers with value added information about products & services of the bank will definitely enhance the customer loyalty. Providing customers with error free & timely services is very essential for ensuring customer loyalty.

Bank profitability is significantly & positively impacted by Reliability of Service, Technology Orientation & Bank’s Commitment towards its customers.

Thus, for ensuring high Bank profitability, it’s important that customers are provided with error free & timely services, latest & user friendly technology for their convenience, technologies provided are always in working condition & accessible.
Also, evaluating service performance & customer satisfaction on regular basis, providing customers with customized products / services as per suitability are essential ingredients of Bank profitability.

Overall, Customer Relationship Management as a whole has a significant positive impact on Customer Satisfaction & Customer Loyalty.

Customer Relationship Management as a whole does not have a direct impact on Bank Profitability but it has a partial indirect (mediating) positive impact on Bank Profitability. In this case, Customer Satisfaction & Customer Loyalty are acting as mediating variables.

6.3.2 Contribution to the existing body of knowledge

1. **Academics**: This study facilitates the measurement of CRM effectiveness in terms of its impact on key business performance variables like customer satisfaction, customer loyalty & bank profitability. Also this study has built knowledge repository for academicians who are interested to get insights on Customer relationship management in retail banking industry.

2. **Research**: After studying various research papers, researcher observed that little research has been conducted on measurement of CRM effectiveness in retail banking industry. Extremely few researchers have attempted to develop a measurement model for CRM in retail banking for testing its impact on key business performance variables. Hence, this study could be useful to the researchers who intend to carry forward the research on CRM in retail banking industry.

3. **Industry**: This study will be extremely useful to retail commercial banks in a way that the lower level, middle level & top level executives of the bank can plan & implement the CRM practices in a most efficient manner so as to improve customer satisfaction, loyalty & bank profitability. After going through this study, they can easily focus their resources towards the most influential factors of key
business performance variables mentioned above. In short, this study is useful for commercial banks for effectively implementing CRM strategies.

6.4 Recommendations

Based on above conclusions, the researcher wishes to offer following recommendations to all commercial banks in Pune city.

6.4.1 Recommendations to employees of a retail branch of a bank / a bank branch as a whole:

1. They must evaluate the service performance of their branch on regular basis. This can be accomplished by asking customers to respond to a structured questionnaire or by having informal discussions with customers. Questionnaire can be developed at the bank level & then circulated to various branches of that bank. The improvement areas can be identified & worked upon to bridge the gap between expected service quality & delivered service quality. To get the best results, after every service transaction is over, the service performance can be evaluated from the customer.

2. A bank branch must assess the customer satisfaction of their branch on regular basis. The evaluation of customer satisfaction should include all relevant aspects of a branch i.e. banking skills, friendliness & courtesy demonstrated by the bank employees, technology provided by the bank i.e. ATMs, phone banking, mobile banking & internet banking, physical infrastructure of the bank, the way of handling customer queries & service requests etc.

3. The branch should have with them the database of personal information of their customers. Personal information may include – Age, Profession, Annual income, Family size, Investible income, Risk taking ability (High / Low / Moderate) in terms of investment of funds etc. The concerned employee should use this database for suggesting / pitching the correct
financial product to customers. Going one step ahead, banks should employ Wealth Managers for doing complete financial planning of their high net worth customers & in the process, sell various suitable products like Mutual funds, Insurance, FD / RD, Private Equity etc. & improve bank’s profitability.

**Note:** For accomplishing recommendations no. 1, 2 & 3, a common questionnaire can be designed at the entire bank level.

4. Employees should ensure that they resolve customers’ service requests at the earliest & within the promised timeline. It may be the request for Address Change, Issuing of new Debit card, making of Demand Draft, Issuing of Insurance Policy & Buying of Mutual Fund units etc.

5. Branch employees should ensure that, when they are selling or pitching any financial product to customers, they should also provide Value added information (Complete information) about these products.

   e.g. While selling Mutual fund product, employees should inform customers about the entry load / exit load if any, Risk profile of that mutual fund scheme, Where this mutual fund scheme invests the funds (Equity – Large Cap, Mid cap, Small cap companies / Debt), Short term Capital Gain (STCG) & Long term capital Gain (LTCG) tax applicable etc.

6. Employees should be updated with the banking knowledge & skills especially regarding solving or answering the customer queries & service requests.
6.4.2 Recommendations to a bank as an organization

These recommendations are mainly to the middle level & top level management authorities of the bank:

1. A bank should ensure that they implements CRM practices very religiously in their banks in order to ensure Customer Satisfaction & Customer loyalty.

2. A bank must ensure that it always provides latest technology for their customers’ convenience. This includes ATM service, Internet banking service, Mobile banking service & Phone banking service.

3. It should ensure that, all these technology based services are always in working condition except for unavoidable circumstances (e.g. In case of demonetization move of 500 Rs. & 1000 Rs. notes by government of India in November, 2016, bank ATMs needed to be out of service till new currency notes are issued by Reserve Bank of India to the bank.)

4. All these technology based services should be user friendly so that customers do not face any difficulty in accessing them.

5. Bank as a whole should provide ATMs at several prominent locations in a city.

6. Bank as an organization should design their service delivery processes to satisfy the customer. i.e. From customer’s point of view, processes for availing various services should be easy to implement, less time consuming & involving minimum paperwork. In short, processes should be user friendly.

7. Whenever & wherever possible, the bank should make use of technology for implementing above recommendations. e.g. for getting the response of a customer to a structured questionnaire, bank can email the
questionnaire to customers’ E-mail ID so that customer can fill the questionnaire at his convenient time & place. This helps the bank to get valuable customer feedback in less time & increases the response rate.

If the employees of a bank & a bank as an organization implement the above recommendations, it will surely result in enhanced level of Customer Satisfaction, Customer Loyalty & improved Bank Profitability.

6.5 Scope for further research

As CRM is an extremely vast concept, its quite impractical to cover every aspect of CRM in a single study. The researcher tried to cover few aspects associated with CRM. The researcher has developed a measurement model for CRM in retail banking context & analyzed its impact on three vital business performance variables i.e. Customer satisfaction, Customer Loyalty & Bank Profitability.

Thus, there exists scope for further research in this area.

This model can be used for carrying out various studies related to CRM in retail banking.

Researcher has listed down some of the CRM related studies that can be carried out in retail banking industry which are the extension of this current study. These are as follows:

a. A study can be carried out in which the researcher carries out a comparative analysis of CRM efforts at Public sector, private sector & Cooperative sector banks. The results obtained can be useful for all commercial banks to know the customer feedback of their CRM efforts & hence they can improve further. The banks can come to know about the CRM efforts & strategies at other competitor banks & learn from them with the purpose of implementing the best practices followed in the retail banking industry.
b. A study can be carried out in which the researcher analyzes the CRM efforts by banks & check whether the CRM efforts of the bank differ according to the various demographic aspects of a customer i.e. Age, Gender, Educational level, Income level etc. of the customer. This study will enable a commercial bank to design & implement a suitable CRM strategy according to the various demographic aspects of a customer as listed above.

c. A study can be carried out to find out whether for the same CRM strategy adopted by the commercial bank, the Customer satisfaction & Customer loyalty levels are same. i.e. He / she can find out whether Customer satisfaction & Customer loyalty varies according to the various demographic aspects of customers i.e. Age, Gender, Educational level, Income level etc. Age, for the same CRM efforts by the bank.

**Note:** The scope for further research is not limited to the above mentioned examples of probable studies. Above examples are only indicative.