Enhanced Customer Relationship: By Improving Accessibility and Operational Efficiency of Banks

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ABSTRACT

Organisations today are facing tough times due to increasing competition from competitors, ever rising customer needs, changing market environment, changing banking regulations and the toughest challenges is to provide swift service to customers at their convenience at the lowest cost. Time is money, time saved is money earned. Banks need to rethink their strategy and lay emphasis on aspects which are prominent for the customers like confidentiality, trust, location of branches and ATM centre's, processing time, operating hours of banks. Accessibility to any service is of prime importance that is why financial inclusion is a burning issue around the globe. This paper attempts to study the customer's perception towards accessibility and operational efficiency of public and private sector banks in India.

Keywords: Operational Efficiency, Accessibility, CRM.

INTRODUCTION

Era of information, technology and communication where competitors are just a click away, it is challenging for organisations to retain the customers. Availability of large number of brands providing more or less same service is reducing the customer loyalty. Organisation need to work hard on all the fronts simultaneously to please and retain customers. One of the important objectives of Customer Relationship Management (CRM) is to improve the operational efficiency (Ampoful, 2012). Rigid and not flexible bank operating hours are big issues for customers in bank (Munusamy et al., 2010). CRM is not all about technology advancement in the organisation, it is also viewed from philosophical and strategic perspective which emphasis on change in the overall orientation of organisation from product centricity to customer centricity. When the customers are focal point for organisation, then factors like accessibility, ambience, service quality plays a major role in enhancing relationship with customers. Majority of Indian customers despite ebanking facilities prefer to carry out financial transactions in bank branches due to security and trust, therefore the appropriate location holds key importance for customer to select their primary banks.

OPERATIONAL EFFICIENCY : ENHANCING VALUES FOR ORGANISATION AND CUSTOMERS

The introduction of CRM technologies helps in reducing business activities process time and manual tasks by automating the process, thereby reducing the poor operational inefficiencies (Soon, 2007; Gifford, 2002; Bligh & Douglas, 2004) and increasing the customer service efficiency and effectiveness (Tongmee & Punnakitidashem, 2010). The automated process will reduce unnecessary work and also reduce the cost of operations (Microsoft Dynamic, 2013), will provide quick response to customers, hidden cost is minimized therefore improving the overall customer experience (Microsoft Dynamic, 2011) and they are paramount in increasing profitability and growth of organisation. With help of the CRM technologies bank have been able to modernize and enhance operating system by integrating innovative channels and improving internal communication as well (Onut et al., 2007). Successful customer initiatives help in improving operational efficiency and administrative efficiency also.

By becoming proficient in operational basics banks can

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improve sales and deliver effective and secured services to customers, which are crucial to customers (Accenture, 2012). Information technology initiatives taken as part of CRM has improved customer support processes like branch operations, ATM, internet banking, mobile banking, and phone banking enhancing customer convenience(Khare & Khare, 2008).

ACCESSIBILITY : REACHING CUSTOMERS AT THEIR CONVENIENCE

Among the most important features of bank customers identified convenient branch/ATM locations and operating hours of branches are very important feature in the PwC consumer survey of banking customers (PwC, 2011). Regardless of ebanking facilities importance of bank location is not reduced as it increases value proposition for customers (Robbins, 2005). Location is of vital importance for customers, it can attract the new customers and if not as per convenience of customer, loyal customers can also switch to other brands (Rowley, 2005). Accessibility is considered the most important aspect in service quality; various researches have added accessibility aspect in their scales (Parasuraman et al., 1988; Johnston, 1995). Strategic location is an additional benefit to the core service as it reduces the travel cost (MoradiTabar, 2013; Michael et al., 2003). Working hours of the bank are also considered important factors for determination of the quality service (Dhingra & Dhingra, 2013).

Banks should look into various factors before deciding the location of branches and ATM centers for eg: where potential customers reside, their workplaces, busy traffic routes and other factors like safety, security, cost associated, convenience, and visibility should also be taken into consideration, also work load, congestion should be given due importance (Aldajani & Alfares, n.d). MoradiTabar et al. (2013) in their study states that before deciding the location for ATM and bank branches, they should consider the rate per trip for the transaction, approximate time taken to reach that place. Kim et al., (2004) in their research paper states that higher level of convenience provides high level of customer satisfaction.

RESEARCH METHODOLOGY

Rational For the Study

Almost all the banking institutions provide more or less the same type of products and services with a minimal difference. Hence, the additional advantage provide to the customer in addition to core services act as a differentiator between the institutions. Operational efficiency and accessibility provided by the banks act as a major differentiator because it reduces the cost of transactions and saves the time of the customers.

Research Objective

The important objective of this research study is to ascertain the impact of operational efficiency and accessibility on enhanced customer relationships. To study the level of customer satisfaction with operational efficiency and accessibility of public and private sector banks in India.

Nature of study

The study was exploratory in nature and the primary data for analysis was collected with the help of a structured questionnaire from the respondents of saving account holder of nationalized public banks SBI, Oriental Bank of Commerce and private banks HDFC Bank and AXIS Bank.

Sample Size and Respondents

The survey was carried with 400 carefully selected participants on the basis of convenience sampling who are regularly using saving banking services in Jodhpur Region. 100 respondents of each bank were selected for this research study are presented in table 1.

Table 1: Sampling Respondents and Size

Name of Bank	Sample Size of Respondents
State Bank of India	100
Oriental Bank of Commerce	100
Housing Development Finance Corporation	100
AXIS Bank	100

Operational Definitions

An operational definition is how the researcher decides to measure the variables in study [23]. Operational definitions are necessary for a researcher and user to go through and it makes easy to understand the different terms because the meaning of certain variables will not be same for two people. Dr Deming [24] in his book "out of the crisis" has defined "An operational definition puts communicable meaning into a concept."

Operational Efficiency: For the purpose of this study the operational efficiency of banks means the time consumed to open a new account, time taken to withdraw and deposit cash and efficiency of the ATM.

Accessibility: ATM locations, branch locations, opening and closing hours of bank branches are studied under the accessibility of banks under this study.

DATA ANALYSIS AND INTERPRETATION

The data was analysed with the help of Statistical Package for Social Science (SPSS) version 16 and various analysis methods used for this study include scale reliability analysis, mean scores, and independent T- test.

A Cronbach's value of 0.6 and above is considered normally effective reliability for judging a scale (Flynn et al. 1994). In this study Cronbach's alpha coefficient was found to be .678 and .672 for Operational efficiency and Accessibility, respectively which demonstrate good reliability among internal constructs.

5. Hypothesis Testing

5.1 Hypothesis 1:

H0: There is no significant difference in customer's perception towards Operational efficiency of public and private sector banks.

H1: There is a significant difference in customer's perception towards operational efficiency of public and private sector banks.

Table 2: Reliability Scale

Reliability of Scale		
Variables	No. of item in each variable	Cronbach's alpha
Operational Efficiency	1). It is easy and less time consuming to open account. 2). It takes minimum time to withdraw cash. 3). It is less time consuming to deposit cash. 4). ATM services are efficient.	.678
Accessibility	1).Bank has convenient business hours. 2).Bank has convenient branch locations. 3).ATMs are located at convenient places.	.672

SCALE

Attitude towards operational efficiency and accessibility was collected on a 5 point Likert scale, ranked from Strongly Agree "5" to Strongly Disagree "1" having an equal interval. According to Cooper (2000) this type of scale is considered to be an interval scale. Hypotheses were tested at 5% level of significance. Reliability of scale was measured by Cronbach's alpha. Cronbach's alpha was used to assess the internal consistency of the multi item measure.

5.1.2 Results of Hypothesis 1:

Table 3: Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means			Results
		F	Sig.	t	df	Sig. (2-tailed)	
Less time taken to open account	Equal variances assumed	12.409	.000	-6.408	398	.000	Null Hypothesis Rejected
	Equal variances not assumed			-6.408	347.444	.000	
Less time taken to withdraw cash	Equal variances assumed	9.106	.003	-4.651	398	.000	Null Hypothesis Rejected
	Equal variances not assumed			-4.651	389.743	.000	
Less time taken to deposit cash	Equal variances assumed	4.676	.031	-3.999	398	.000	Null Hypothesis Rejected
	Equal variances not assumed			-3.999	397.966	.000	
ATM services are Efficient	Equal variances assumed	22.913	.000	-3.590	398 370.52	.000 .000	Null Hypothesis Rejected
	Equal variances not assumed			-3.590			

Table 4: Group Statistics

	Bank Type	N	Mean	Std. Deviation	Std. Error Mean
Less time taken to open account	Public Bank	200	3.84	.945	.067
	Private Bank	200	4.35	.632	.045
Less time taken to withdraw cash	Public Bank	200	3.72	.898	.063
	Private Bank	200	4.11	.775	.055
Less time taken to deposit cash	Public Bank	200	3.48	.930	.066
	Private Bank	200	3.86	.921	.065
ATM services are efficient	Public Bank	200	3.74	.990	.070
	Private Bank	200	4.05	.749	.053

At 5% level of significance value of p <.05 in table 3 implies that null hypothesis is rejected and it signifies that there is a significant difference in customers perception towards operational efficiency practiced by public and private sector banks for all the parameters considered for the study. Hence the alternative hypothesis is accepted.

The mean score in group statistics table 4 indicate that for all the parameters considered for study of operational efficiency in banks customers are more satisfied with private sector banks in comparison to public sector banks. This signifies customer's dissatisfaction with public sector banks regarding operational efficiency.

Hypothesis 2:

H0: There is no significant difference in customer's perception towards Accessibility of public and private sector banks.

H1: There is a significant difference in customer's perception towards Accessibility of public and private sector banks.

Table 5 : Results of Hypothesis 2

		Levene's Test for Equality of Variances		t-test for Equality of Means			
		F	Sig.	t	df	Sig. (2-tailed	
Bank has convenient business hours.	Equal variances assumedEqual variances not assumed	5.574	.019	-1.249 -1.249	398 389.722	.212 .213	Null Hypothesis Accepted
Bank has convenient branch locations	Equal variances assumedEqual variances not assumed	1.444	.230	.000 .000	398 394.447	1.000 1.000	Null Hypothesis Accepted
ATMs are located at convenient places	Equal variances assumedEqual variances not assumed	17.887	.000	-2.571 -2.571	398 381.776	.011 .011	Null Hypothesis Rejected

Table 6: Group Statistics

	Bank Type	N	Mean	Std. Deviation	Std. Error Mean
Bank has convenient business hours.	Public Bank Private Bank	200 200	3.83 3.93	.857 .740	.061 .052
Bank has convenient branch locations	Public Bank Private Bank	200 200	3.82 3.82	.819 .901	.058 .064
ATMs are located at convenient places	Public Bank Private Bank	200 200	3.66 3.90	1.004 .814	.071 .058

The table 5 shows that p>.05 for convenient business hours of banks and convenient branch locations which signifies that there is no significant difference in customers satisfaction related to operating hours of branch and branch location among public and private sector banks. Therefore null hypothesis is accepted for these two parameters. For ATM location p< .05 which signifies that there is a significant difference in customer satisfaction related to ATM locations of public and private sector banks, here the null hypothesis is rejected.

Group statistic (Table 6) reveals that the mean score for banks operating hours are insignificantly different of public banks (Mean= 3.83) from private banks (Mean= 3.93) where as mean score for both public banks and private banks are same (M=3.82). But there is difference in mean score for public (M=3.66) and private sector banks (M=3.90) for location of ATM.

SUGGESTIONS

Customers today are empowered with platforms to voice their opinion, assess information and have plenty of choices. Such a changing scenario is giving hard time to the financial industry to retain existing customers and attract the new ones. Among the important measures to improve banking experience for customer's banks should work on queue management. Large number of people visit banks on the daily basis to withdraw and deposit cash and it is the long queues that make their work tedious. Banks branches where long queues are normal, such branches should install Ticket Dispenser Units. Status Dispenser unit should be placed in the customer waiting area, where customers can be notified with voice alert when their turn comes. Banks should appoint additional staff or ask back office staff to assist the teller after the queue reaches a certain point.

Another major key area of improvement required in banks is reduction in waiting time for transaction processing and requests. Banks should automate the traditional or semi automated process to fully automated process so that turn around time can be reduced significantly. Along with that account opening procedure and various loan sanctioning procedure should be simplified and made hassle free for the customers. Documents required for opening accounts and for getting a loan should be specified well before to customer instead of creating last minute hassle for customers to gather those documents. Standardised forms should be made mandatory for all banks for account opening and loans approvals.

Accessibility as important factor should be addressed with the concept of "Anywhere, Anytime, Anyway Banking" gaining the popularity, the banks should provide its customers 24*7 banking via internet, mobile and phone banking for banking transactions like checking account balance, transfer of funds, payments of bills etc. Opening and closing time of branches should be made more flexible according to needs of businessman and service professionals so that their business hours are not disturbed. Relocating the bank branches in the area where large number of business houses and industry operate which are located far off. Banks should adopt the teleportal branches model in major metro cities where customers or bank clients need constant advisory services which can be provided through video conferencing without the customer having to visit branch. This kind of model is becoming popular in western countries. More self service kiosks should be opened in various malls, big corporate houses, railway stations, multiplex etc.

In store banking branches in supermarket, hypermarket can be opened in the form of micro branches, or small retail outlets as it will provide greater convenience for customers. This will also reduce the cost of operation as overheads will be shared with the host. Timings to operate locker should be increased and on weekdays also access to locker should be facilitated. Locker room should be backed up with generators on priority basis.

CONCLUSION

For exponential growth of customer base and profits, banks need to be proactive and provide the service to customers within minimum time. In the new age of banking, financial products and services are not sufficient to create value both for banks and customers, instead banks need to come up with strategies to create customer value and reflect the same in their functioning to remain ahead in the market. CRM is not a departmental initiative or activities, but it is an enterprise wide issue that requires equal participation and support from every corner of organisation.

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