Contemporary Issues and Futuristic Trends in Retail Banking Management

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Abstract

In the Arena of retail banking scenario, the customers' expectations are boundless and they look for many factors like appropriateness and accuracy of accounting and reporting norms, speed of service, returns or yield on deposits, cost of processing, facilities, ambience of the environment, procedures and case of process, security aspects and relationship of the people. For fulfilling the ever-growing expectations of the customers, the role of Electronic Customer Relationship Management (E-CRM) becomes very important. E-CRM, if implemented and integrated correctly, can help significantly in improving customer satisfaction levels. E-CRM helps retail banks to analyze and measure customer transaction patterns and behavior. This can help a lot in improving service levels and finding new business opportunities. In the process of experiencing the E-CRM, the retail banking customers are exposed to the opportunities and challenges. The researcher has taken an attempt to identify the merits and demerits of customer relationship management, which are faced by the retail banking customers in Madurai. The research findings reveal that the cordial relationship is ranked as top most opportunity extended by E-CRM to the customers. Similarly, the top most challenge is identified as the banks' strictness in adhering rules. Hence the retail bankers can be aware of the perceptions of their customers. The retail bankers have to take efforts to optimize the merits and demerits of customer relationship management to their retail banking customers.

Keywords: Retail Banking, Electronic Customer Relationship Management (E-CRM),

Introduction

The traditional role of the retail banks as money lender has been rapidly changed and assumed broader dimension. As a result of heightened competition among various banks , the focus is now shift to services rather than products . The need of the of the hour is to identify and anticipate customer requirements and develop capablties for servicing those needs, which has lead to realisation of E-CRM. E-CRM, if implemented and integrated correctly, can help significantly in improving customer satisfaction levels. Customer Relationship management helps banks to analyze and measure customer transaction patterns and behavior. This can help a lot in improving service levels and finding new business opportunities.

In the present Retail banking scenario, the customers' expectations are boundless and they look for many factors like appropriateness and accuracy of accounting and reporting norms, speed of service, returns or yield on deposits, cost of processing, facilities, ambience of the environment, procedures and case of process security aspects and relationship of the people . For fulfilling the ever-going expectations of the customers, the role of E-CRM becomes very important.

Review of Literature

Martin Christopher, Adrian Payne and David Ballantyne described a new synthesis between quality, customer satisfaction and marketing. They argued that quality was also a key linkage in the exchange relationship between the organization and customer. They brought these activities together with new forms of collaboration and cross-functional coordination; there could be no sustainable competitive advantage. Relationship marketing has been seen as a focal point for integrating customer satisfaction and quality with a marketing orientation.

W.B.Seal analyzed the personal trust and behavioral bases of trust in banking relationship. He argued that banks should pay attention to intra as well as inter firm policies for developing trust and assessing trustworthiness. He concluded that marketing strategy could both analyze the trust character of customers as well as proactively pursue those relationship forms of marketing that could generate long term competitive advantage.

Valarie A.Zeithaml and Mary Jo Bitner explained how Customer Relationship could be built through segmentation and retention strategies. They focused on the benefits and strategies for developing long term relationship with Customers. They stated that the basis of a good relationship strategy requires 1. Effective market segmentation to identify those the organization wanted to have relationship with. 2. Continuous development of services that evolved to suit the needs of this relationship customers.3.monitoting of eminent customer relationship through relationship surveys and up-to-date customer database.

Kevin P.Gwinner, Dwayne D.Gremler and Mary jo Bitner examined the benefits that customers received as a result of engaging in long term relational exchanges with service firms. They categorized consumer relationship benefits under 3 categories: confidence, social and special treatment benefits. Among these confidence benefits were rated as more important that the other relationship benefits followed by social and special treatment benefits respectively. Further they concluded that response with respect to customer ranking of the importance of the benefits showed a consistent pattern regardless of the type of service namely highly customized, semi customized and standard services. In general, all the three types of services rated confidence benefits as critical outcomes of long term relationship.

Vallarie a. Zeithaml, Leonard L.Berry and A.Parasuraman brought out evidence that service quality relationship to retention of customers and its impact on customers' behavioral responses, which could be detected by a model framed by them. This model signals whether customers remain with or defect from a company. Results from a multi company empirical study examining a relationship from the model concerning customers Behavior intentions show strong evidence of their being influenced by service quality. The findings also reveal that difference in the nature of the quality intentions link different dimensions of behavioral intentions.

Ruessell Abratt and Joy Ruesell dealt with the success of relationship marketing in private banking sector. The results showed that relationship are an important criterion in the selection a private bank. A comprehensive analysis of the various stages, a client has in a relationship with a bank been made.

Aijo proposed that it is of great importance for a firm to research whether or not a customer would believe the establishment of a relationship to be beneficial as a situation may arise where a firm

has used a significant amount of resources, such as time and money, to develop a relationship with a consumer that was going to purchase the product or service regardless of the relationship. Bank performance was found to vary with size, time, location, loan portfolio-mix and location. Small banks were identified as best at lending to small local business. The results show that the small banks are better at E-CRM than large banks due to superior information and greater discretion in applying information

Objectives of the Study
- To determine the customers' level of importance for E-CRM.
- To assess the significant relationship between the respondents' level of importance for relationship management and their level of overall customer satisfaction.
- To analyze the merits extended by E-CRM to the customers.
- To identify the demerits encountered by the customers due to E-CRM.

Methodology
This study is based on survey method. The data have been collected through a structured and non-disguised questionnaire.

Sources of data
The researcher used both primary and secondary data for the study.

Primary data
Primary data are known as the data collected for the first time through survey. The researcher collected the primary data with a structured questionnaire. The Questionnaire was prepared by taking into consideration of the objectives of the study. The questionnaire consists of a number of questions printed in a definite order. Before using this method, the researcher conducted "Pilot study" for testing the questionnaire and the revised draft was prepared.

Secondary data
Secondary data means data which have already been collected and analyzed by other researchers. The researcher has collected reviews from various journals, magazines, books, research theses and websites.

Sampling method
The researcher has selected the retail customers of the banks in Madurai city as the sampling unit and adopted convenience sampling method for selecting the respondents. The total sample size was finalized as 150.

Tools used for analysis
In order to arrive at meaningful conclusion and to make generalization on the basis of the result of this sample study and to learn about the universe the following statistical tools have been applied at appropriate places.
- Percentage Analysis
- Weighted average method
- CHI-Square analysis

Data Analysis
Importance for E-CRM

The respondents' perception about the importance of E-CRM is helping to understand the realization of E-CRM by the customers and their perception towards E-CRM. The customers' perception about the importance of E-CRM is displayed in the Table 1.

Table 1 The Customers' Perception about the Importance of E-CRM

Level of importance	No. of the respondents	Percentage
Highly important	54	36
Important	72	48
Neutral	18	12
Unimportant	4	2.67
Highly unimportant	2	1.33
Total	**150**	**100.00**

Source: Primary data

From Table 1, it is very clear that, 36 percent are considering the E-CRM as very important and 48 percent believe it as important. 1.33 percent considers it as highly unimportant.

Level of overall customer satisfaction and their level of importance for E-CRM
Testing the Hypothesis -1

Null hypothesis: There is no significant relationship between the respondents' level of importance for E-CRM and their level of overall customer satisfaction.

Alternative hypothesis: There is significant relationship between the respondents' level of importance for E-CRM and their level of overall customer satisfaction.

Tool used for testing the hypothesis - χ^2 test

Table 2: Cross tabulation between the respondents' level of overall customer satisfaction and their level of importance for relationship management

Level of importance for relationship management	Level of overall customer satisfaction					Total
	H.S	S	N	D.S	H.D.S	
H.S	6	24	0	0	0	30
S	6	62	8	0	0	76
N	8	8	14	0	0	30
D.S	0	0	0	2	0	2
H.D.S	4	4	2	2	0	12
Total	**24**	**98**	**24**	**4**	**0**	**150**

Source: Primary data

$\chi^2 = \Sigma (O-E)^2 / E = 37.266$

Degree of freedom = (r-1) (c-1) = (5-1) (5-1) =
16 Calculated Value = 134.92
Table Value = 26.3

The Table value of χ^2 for 16 degree of freedom at 5percent level of significance is 26.3. The calculated value of χ^2 is more than the table value and hence the result rejects the null hypothesis.

So there is significant relationship between the respondents' level of importance for relationship management and their level of overall Retail banking customer satisfaction.

Merits experienced by customers due to E-CRM

The respondents' perception about the opportunities due to E-CRM is helping to understand the expectations about the outcomes of relationship marketing, among the Retail banking customers from their bankers. The perception about the merits of E-CRM is portrayed in the Table 3.

Table 3 Customers' Perception about the merits of E-CRM

Opportunities	S.A(W=5)		A(W=4)		N(W=3)		D(W=2)		S.D(W=1)		Sum of T.S	Mean	Rank
	No.	T.S	No.	T.S	No.	T.S	No.	T.S	No.	T.S			
Cordial relationship	58	290	72	288	16	48	4	8	0	0	634	4.23	1
Complaint solving approach	40	200	70	280	38	114	2	4	0	0	598	3.99	4
Professional approach	34	170	82	328	3	90	4	8	0	0	596	3.97	5
Wealth consultancy	24	120	62	248	58	174	6	12	0	0	554	3.69	13
Hospitality	44	220	62	248	40	120	4	8	0	0	596	3.97	5
Scheme updating	34	170	72	288	44	132	0	0	0	0	590	3.93	7
Better service quality	40	200	74	296	36	108	0	0	0	0	604	4.03	2
Reliability	42	210	66	264	34	102	6	12	2	2	590	3.93	7
Personal attention	44	220	58	232	42	126	4	8	2	2	588	3.92	9
Comfortable environment	36	180	56	224	52	156	6	12	0	0	572	3.81	12
Effective interaction	36	180	70	280	32	96	12	24	0	0	580	3.87	10
Customer loyalty	50	250	54	216	44	132	2	4	0	0	602	4.01	3
Customer Delightment	38	190	68	272	34	102	4	8	6	6	578	3.85	11

Source: Primary data, No. – Number of the respondents, T.S. – Total score

Table 3 clearly shows that, out of the merits of E-CRM, cordial relationship is ranked as first by the respondents with a mean score of 4.23.

Demerits faced by customers due to E-CRM

The respondents' perception about drawbacks of E-CRM is revealing the difficulties that are encountered by the customers while undergoing E-CRM approach. The perception about the demerits of relationship marketing is shown in the Table 4.

Table 4 Customers' Perception about the demerits of E-CRM

Challenges	S.A(W=5)		A(W=4)		N(W=3)		D(W=2)		S.D(W=1)		Sum of T.S	Mean	Rank
	No.	T.S	No.	T.S	No.	T.S	No.	T.S	No.	T.S			
Overloaded information	26	130	48	192	34	102	36	72	6	6	502	3.35	2
Misleading	8	40	54	216	48	144	34	68	6	6	474	3.16	6
Biased information	10	50	42	168	66	198	28	56	4	4	476	3.17	5
Interruptive interaction	12	60	46	184	44	132	44	88	4	4	468	3.12	7
Employees irresponsibility	18	90	52	208	36	108	34	68	10	10	484	3.23	3
Lack of feasibility	10	50	46	184	58	174	34	68	2	2	478	3.19	4
Lack of empathy	12	60	34	136	56	168	44	88	4	4	456	3.04	9
Poor complaint solving	12	60	38	152	62	186	30	60	8	8	466	3.11	8
Strict in adhering rules	24	120	62	248	46	138	14	28	4	4	538	3.59	1

Source: Primary data, No. – Number of the respondents, T.S. – Total score

From the above Table 4, it is clear that the respondents are ranking the strictness in adhering rules as their top most challenge and the remaining challenges such as overloaded information, Employees irresponsibility, Lack of feasibility, Biased information, Misleading information, Interruptive interaction, Poor complaint solving approach and lack of empathy, are ranked consequently.

Suggestions

- Bankers may pay more attention for their customers perceived outcomes of E-CRM, they can have it as a guideline for designing the real outcomes of E-CRM. The perceived challenges encountered by customers due to E-CRM can be considered and can be optimized.
- Retail Bankers may concentrate in network building strategies, to ensure better rapport with their customers. The customers expect a high level of interaction from their banker and they also need wealth consultancy which will benefit both the counter parts.
- The marketers in Retail banking industry may have individualized attention approach without any bias.
- The customers can be given top priority than the rigid formalities.
- The employees may be more empathetic in their approach towards their customers and can make them to feel at home.
- The Retail banks may pay more attention in complaint monitoring system and they can develop a separate database for monitoring the complaints which will prevent customer dissatisfaction and also brand switching.

Topics for further research

The following are the areas referred for further research
1. A comparative study on impact of customer Relationship management in customers' satisfaction, in Retail Banking both public sector banks and private sector banks.
2. A study on the importance of customer Relationship management in online Retail banking.
3. A study on the hurdles for customer Relationship management from the bank employees' perspective.

Conclusion

This study has depicted about the existing importance level for customer Relationship management among the banking customers. Based on this, the bankers can formulate strategies to make their customers to rightly recognize the importance of E-CRM. It has also exhibited about the perceived outcomes of E-CRM. Hence the bankers can be aware of the expectations of their customers. The bankers can maximize the merits and minimize the demerits of E-CRM. With better understanding of customers' perceptions, banks can determine the actions required to meet the customers' needs. They can identify their own strengths and weaknesses, where they stand in comparison to their competitors, chart out path for their future progress and improvement. When buyers are powerful, the health and strength of the bank's relationship with its customers, is the most critical economic asset for the future. Focusing on competition has its place, but with buyer power on the rise, it is more important to pay attention to the customer. For, these entities sustaining long-term relationship have become a challenge with almost everyone in the market with similar products. Capturing large mind share and market share are the dreams of the Indian bankers. Thus, the study has focused on the issue of E-CRM, a timely approach for acquiring and retaining the Retail banking customers.

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