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## Good Customer Service Makes The Difference!


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## Abstract

As the global financial industry is changing rapidly and constantly, the financial firms especially banks need to keep up and update themselves with the growing needs. The current scenario is evident about dynamicity in the consumer habits, which demands extensive remodeling in the orientation of banks so as to stay in the game. This paper throws light on the issue of customer centricity in banks as a way to maintain the existing customers and add new ones to its portfolio. The paper presents emphasizes the need of customer friendly means in order to survive the current set up. It puts forth the various ways in which a bank can focus on the concept of customer-centric orientation.



Keywords: **banking; customer service; customer satisfaction in banks; research study; India**

## INTRODUCTION

Those days are gone when banks used to treat customers according their own terms. The customer today is highly conscious and updated with the fact that a business cannot work if not customer-centric. In this jet age world, the idea of selling has altogether shifted its focus and now the customer is king. In the earlier times, the scenario was different. One meal was served to all and everyone ate it, whether they liked it or not. But with the ever increasing cut throat competition, organizations are serving new and varied dishes in multiple flavors, you can't even imagine. And yet the customers are demanding more and better.

In today's highly competitive world, an organization can gain cutting –edge not through distinguished processes, systems or technology, which can easily be duplicated, but through the extreme expertise it engages with its customers. Without any astonishment, the claim of Sam Walton, founder of Walmart, stands true, "Our goal is to have customer service that is not just the best, but legendary." The multidimensional construct of perceived value of banking services comprised of functional value of the establishment, functional value of the personnel; functional value of the service; functional value price; emotional value; and social value by the potential customer plays vital role (Roig et.al., 2006).

(Wisskirchen, 2066) gauged a measurement tool called "Net Promoter™ Score" (NPS), developed by Satmetrix Systems, a silicon-valley based software and services firm that specializes in customer service segment to conduct a research on customer satisfaction. The research results implied that bankers recognize their problem and they know that building strong customer relationships is one of the important keys to success.

"The consumer isn't a moron; she is your wife … she wants all the information you can give her." David Ogilvy famously said in his marketing classic Confessions of an Advertising Man. Banks need to understand that they have to develop a banking habit in the customer to keep him attached to itself. Unless and until he is not attached, there are chances of moving to another institution. The credibility of an organization, compatibility of organizations & customer value and interpersonal considerations – are the three foundations that help in building positive attachment (Aldaigan and Buttle, 2005). The segmentation of general customers helps to focus more accurately on the needs, less of our efforts are wasted. Aiming too widely with targets would only spread resources too thinly. Sorting of the customers helps to understand what a customer really want and what can be best offered to him. Even the satisfaction level of two segments at same services offered is different (Athanassopoulos, 2000).

Not only the segmentation of customer is a decisive factor but the different banks, public & private, are statistically different (Bedi, 2010) in their approaches, values, constructs and other measures. On a broader term, in Indian banking industry, the measures of service quality, behavioral intentions, propensity to recommend drives customer satisfaction irrespective of private and public sector banks (Bedi, 2010)

A quick, purposeful and valid feedback about the client's preferences and expectations is received on measuring customer satisfaction (Mihelis et.al., 2001). So, an organization's performance can be evaluated in relation to satisfaction aspects which indicate strong and weak points of business organization.

Undoubtedly, banking industry has been focusing on shareholder value in two ways: acquisition of new customers and optimization of “supply side” of business. Both the aspects need its respective attention as well as resources which would result in some consequences. The new customer acquisition is always a costly affair when they are lost in the effort of gaining. But the expansion of existing base by channelizing the concept of cross selling has proved to be advantageous. In both the means, high focus has to be paid on the “customer”. Despite of energizing bank activity towards “becoming customer-centric”, many incidents happen where the bank employees themselves fail to see the opportunity or apply their customer centric discipline. In a recent instance, a bank teller helped the customer close his account because he was moving to another location; instead he could have convinced the customer about ‘anywhere banking’ facilities’ or transferring his account to the new location. It is high time, bankers start reversing the trend and concentrate on seizing each and every opportunity they come across. With lesser screws to tighten on supply side and urging requirement of stabilizing themselves in competitive market, banks must search and hold on to every venture coming in the path of achieving customer centric platform.

## REVIEW OF LITERATURE

Sturdy (1998) proposed a research on focusing two distinct issues- on service/emotion work and organizations in consumer society. It argued that primacy given to disclosure has given rise to an exaggeration of the dominance and coherence of discourse, neglecting internal contradictions, alternative representations and associated practices of resistance.

The tapping of customer potential by reducing proximity to services has been emphasized by (Salme and Muir, 2003). Easy accessibility of branches and ATMs leads to higher satisfaction among customers (Moutinho, Brownlie, 1989). (Salmen, Muir, 2003) basically presented that the usage of eCRM (Electronic Customer Management system) has enabled the substitution of traditional ‘physical’ customer proximity by digital proximity. His view was supported by findings of questionnaire survey based on 45 bank experts in Germany, Austria, Switzerland and the USA. Through their study, they demonstrated the potential of customer loyalty by using internet channel of distribution.
A study by (Smith & Lewis, 1989) also focused on the need for customer care and services quality (Lewis, 1991). They conducted a study in UK majorly financial sector organizations specifically banks, building societies and insurance companies. Importance of customer care/service programs, staff training programs was stressed. Employees need to be customer oriented as well as persuaded towards achievement of organizational objectives (Lewis, 1991). The attitude of employees, their satisfaction and motivation, is a prerequisite for customer satisfaction; any normative proposal to rework the traditional thought and building a network relationship among stakeholders (George & Hegde, 2004). The interpretation of customer satisfaction by staff members is another aspect. The manner in which an employee is able to recognize and enhance the customer satisfaction level is very important. The chemistry, relationship and confidence, dialogue, complaints and retention- are the major ways found to define, recognize and enhance the satisfaction (Hansemark and Albinsson, 2004).

The customer satisfaction and service attributes helped in prediction of service quality and behavioral intentions (Bolton & Drew, 1991; Boulding et.al, 1993). (Fornell & Wernerfelt, 1987, 1988) had examined the relationship of satisfaction to profits by studying the effect of complaint handling programs on customer retention. Many other researchers like (Hallowell, 1996; Ittner and Larcker, 1998) also supported the view that attainable increases in satisfaction could dramatically improve profitability. It relates to the conceptual framework of simple service profit chain that explains linkage among employee satisfaction & loyalty, customer satisfaction & loyalty and financial performance (Loveman, 1998). These economic issues of service quality and profitability have been discussion since longtime. Many researchers have investigated the linkages from different perspectives. The underlying results has been proved and supported. Understanding the antecedents and outcomes of work on relationship between service quality and customer satisfaction, (Jamal and Naser, 2002) surveyed 167 respondents, findings indicated that customer satisfaction is associated with both core & relational dimensions of service quality. In their paper, (Sureshchandar, Rajendran and Anantharaman, 2002) have reinforced that service quality and customer satisfaction are independent but close relation exist between the two, an increase in one construct would result an increase in the other construct. Another work by (Storbacka, Strandvik and Gronroos, 1994) highlighted that marketing helps in establishing better customer relationships, leading to customer loyalty which further drives customer profitability. On a deeper note, practicing the internal marketing efficiently positively influences external marketing campaigns which in turn influence customer satisfaction (Tansuhaj, Wong and Mccollough, 1987).

The aspects of service quality in terms of service problems and the bank's service recovery ability have a major impact on customer satisfaction and intentions to switch (Levesque and McDougall, 1996). Also, the satisfaction tends to be lower after service failure and recovery (even given high-recovery performance) than in case of error-free service (McCollough, Yadav and Berry, 2000).

Even if a bank is aiming to introduce new products processes to improve the customer satisfaction, they need to be vigilant as customers are cautious of new services (Moutinho & Brownlie, 1989). Yet, introducing new customer friendly technology to deliver traditional services has become more common in recent years. The general impact of technology based services proves useful (Joseph & Stone, 2003). Moreover, the Corporate Social responsibility initiatives in line with customer centric approach can help managers in best allocation of scarce company resources (Mc Donald & Theile, 2008).

Multiple techniques and models have been devised so as to measure the satisfaction levels of the customers. (Rust & Zahorik, 1993) gave a mathematical framework to assess the value of customer satisfaction. They used an individual-level model of loyalty and retention which let to market share when aggregated. Wisskirchen et.al., 2006) in his study proved that the bankers acknowledge the fact of strong customer relationship as an important success tool. (Molina, Consuegra and Esteban, 2007) also conducted an exercise to investigate the relational benefits of customer satisfaction in retail banking. On the basis of theoretical framework between relational benefits and customer satisfaction, it was tested and found that customer satisfaction is directly positively affected by confidence benefits. In addition to it, (Johnson et. al., 2001) tested the modifications and improvements required in the national customer satisfaction index models. The data acquired from Norwegian Customer Satisfaction Barometer (NCSB), generally supported the proposed changes. The models may give different results in varied products and services. For example, in case of loans, performance expectations are more likely an artifact of performance in case of data collected form Swedish customer satisfaction barometer and have no effect on satisfaction (Johnson, Fornell and Nader, 2001). One more method to measure the service quality of banks is SERVQUAL scale. A study compares customers' perceptions of public and private sector banks in Indian banking industry using SERVQUAL scale to measure the different dimensions of service quality chi square analysis to understand impact of SERVPERF (service performance dimensions). The study founded that the public sector bank customers are more satisfied with the service quality than those of private sector banks (Mengi, 2009).

The concept of customer engagement was emphasized with the view of understanding role of commitment, involvement and trust in creation of engaged and loyal customers (Bowden, 2009). The approach of segmentation of customer-brand relationships on the basis of new or existing customers are developed (Bowden, 2009).

An effective mechanism of feedback is essential that may be through physical branches or any other modern channel of distribution. It is vital for the organization, specifically in the financial service sector; to periodically review its development for which gathering customer response is must. Many organizations are employing a value-enhancing customer feedback system, but many in the financial sector are not (Wisner & Corney, 2001). Even the most basic methods of customer feedback collection were missing in some banks (Wisner & Corney, 2001).

## ACHIEVING CUSTOMER CENTRICITY- RETENTION & EXPANSION OF EXISTING BASE

The literature gives vast data and information on different perspectives of customer satisfaction. Despite of the notion that banks are being regularly blamed for treating customers as account numbers, they clearly understand the depth and vitality of fact that the whole organization revolves around customers. He is at the centre of everything that is done. The significance of an effective customer relationship strategy and the gravity of becoming a customer centric organization have been duly recognized by the future oriented banks who are keen enough to strategize themselves for a long term growth.

The traditional model of operation is only squeezing the banking profits, since the regulations habits of the customers has change overtime. Banks realize the seriousness of the issue and developing a new model which can take care of all the subsequent changes and requirements. Regardless of channel or product or strategy, customer should be entertained and treated with full knowledge of their activities and concern. The purpose has to be two-sided. Not only customers, but the activities should coincide with the organizational goals as well. The banks which succeed are rewarded with reduced customer attrition and increased wallet share.

Becoming more customer-centric requires banks to focus on four key areas:

1. Management of Customer Information
2. Plan processing with Multi-Channel Integration
3. Service Delivery Excellences
4. Intelligent, Real-Time Cross-Selling

**Step 1: Management of Customer Information**

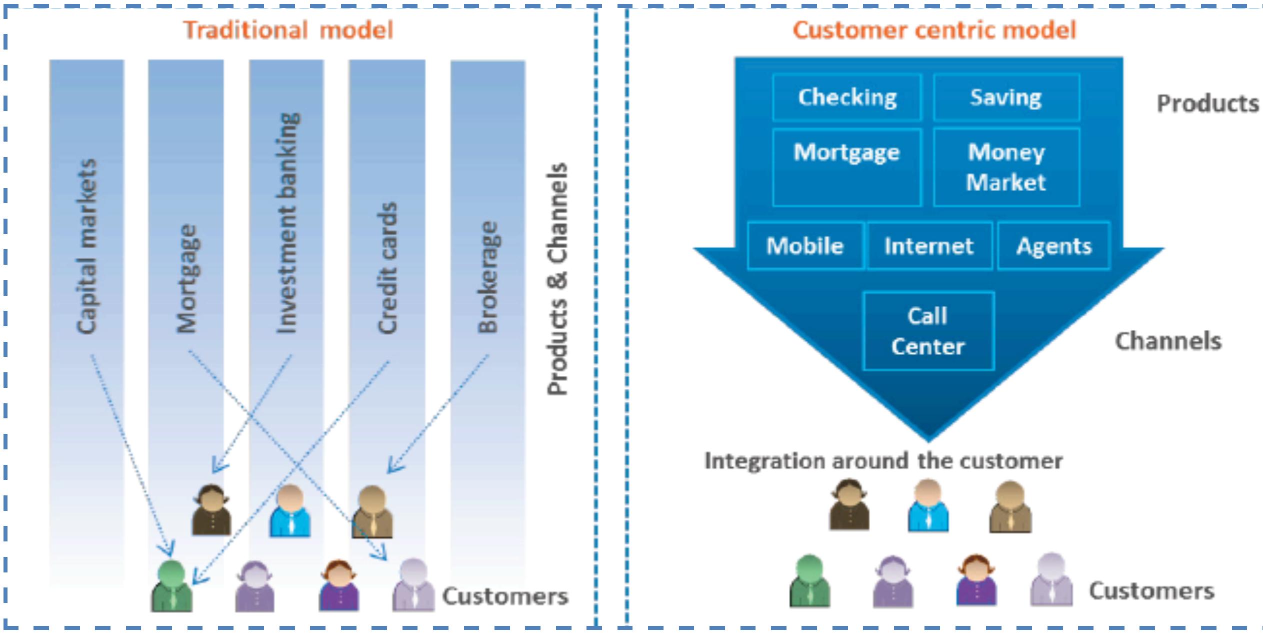
First and foremost, banks need to exercise the clear and exact purpose behind every service offered to the customer in relation to customers' requirements. This implies that banks have to identify the set of customers who can be targeted for a particular product and learn where the gaps are. Once this knowledge is accessed, the right customer can be approached.

Simultaneously, the understanding of customer requirement is required. Who the customer is, what the customer wants, what is his purpose etc? For example, a customer visits bank branch to transfer funds immediately to his supplier. He is supposed to first deposit cash in the account, for availability of funds. In case he drops the funds transfer request at the counter first and then proceeds for cash deposit; he should be entertained. It's just a matter of urgency and keeping a form by bank executive for 5 minutes, till the cash deposit is done or risk a highly dissatisfied customer. This is simple example of everyday activity in a bank. This satisfied customer can spread a good word and obvious opportunity to cross sell.

Generally, the customer information is either account-centric or product-centric. Banks has to work on making it customer-centric. Hence, for effective management of customer information, all the obstacles have to eliminate; an integration of data, systems and processes for all the products and services offered will lead to requisite, suitable set of updated information which can be shared with front office employees. Deciphering this riddle of multiple fragmented data will help give a better perspective about the customer- who, what, why, when. Connecting all the back end information with the front end delivery will make a real-time data availability at all channels of delivery- ATMs, internet banking, branches – giving a complete picture for customized personal touch services with a 360 degree view on customer profile.

**Step 2: Plan processing with Multi-Channel Integration**

Improving customer experience at every touch point is the ultimate aim. Customer builds a viewpoint only after using a particular product or service. As its expansion strategy, banks have introduced multiple channels of service delivery specially using the modern methods of technology like ATMs, cash deposit machines, self interacting kiosks, 24-hrs available internet banking. These new avenues have opened gates for channelizing untapped potential but a simultaneous either duplication of data due to channel-specific processes or little information sharing across multiple channels. Banks need to plan their work and strategize their processes which can integrate all the channels and help in avoiding the undesirable hassle for the customer.

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Adopting an approach that is consistent across all the multiple channels, touch-points will help in improving the customer experience. A common set of data accessed by all the delivery points simultaneously and updated on real-time basis has to be ensured. The past journey of customer with the bank has to be kept in mind for planning the future one. Before persuading a customer about a channel, on which he had a bad experience, bank should remember that the channel works absolutely fine. Banks can achieve a tight coordination with this approach so that the interactions via multiple channels can be managed properly.

**Step 3: Service Delivery Excellences**

The increasing number of customer demands and rising volumes of day to day transactions are proving heavy on the delicate and sophisticate bank processes. As more and more customers are added to its portfolio, banks are adding to the requirements of a better environment that can support the customers, employees, products, services and other things. The effort of gaining new customers would be a waste if they are maintained. An operational excellence is the key differentiator among the little differentiated products. Delivering its services efficiently filling all the gaps, whether it is related to technology or multi-channel system or expansion in base would lead to differentiation. Considering the customer issues on priority, resolving their problems and delivering their requirements in the pattern/manner they want drives service delivery excellences. The customers have to be updated regularly about the things they are interested in. Moreover, with multi channel integration and planned processes, banks can reduce their response time improving operations.

**Step 4: Intelligent, Real-Time Cross-Selling**

This is the last and ultimate aim of every bank: Selling and earning revenue. It is always easier to sell to the current customer than searching for new prospects. After an efficient management of customer information, integrating the multiple channels and achieving operational excellence, banks would be fully geared with the resources to tap the customer- new pitching as well as cross sell to existing customers.

To efficiently utilize the cross selling strategy, successful application of all the three areas described above is required.

Having implemented this, banks would have ready hand information about their customers, what they are, what are their requirements, a better insight into the current and future needs of the customer. This gives them a pleasant and ideal atmosphere to generate opportunities for cross selling and revenue generation. The integrated channel would give real time updated details of a customer as an when he comes in contact to a channel and hence, helping in detect a favorable circumstance on real time basis- be it via internet, telephone or physical branches- and the next best product.

Using the bargaining chip, take the benefit of being upper position. Help the customer find a service that is best suited to his requirements- resulting a win-win situation for both the bank as well as customer and thereby adding to the profitability to the bank with loyal valued satisfied customer.

## CONCLUSION

Undoubtedly, the current financial environment has a big appetite for building and grooming a customer-centric organization. Banks are realizing the philosophy of "Customer is the king and make the king happy".

Partnering their customers all timed, good or bad, customer centric banks develop a strong relationship with their customers. Engaging themselves in best selling attitude with efficacious real time systems and processes, alongwith sharing of information across all channels, banks stand in a position of more profitable venture. Banks are required to define their customer strategy, develop a matrix for the internal team equally focusing on customer service, and efficiently combine all the available resources to present an impressive influential picture to the customer.

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