

Removing Friction from the Customer Journey

Anushka R. Upadhyay, Shirish G. Limaye

College: Symbiosis College of Arts and Commerce, Pune, MS, India

Abstract

Banking is accepting deposits with intention of lending that money to borrowers for their growth. Hence the concept of Customer Relationship Management plays a major role. Having lender to borrower profitable ratio here is a must for the bank to grow. Making customers happy and satisfied with the banking services is not so easy. This research is focused on studying the customer's knowledge about different services offered by the banks, knowing satisfaction level of customers, knowing the points of friction between customers and banks right from opening an account to closing an account, customers suggestions to the banks to reduce the friction and measures are to be taken to reduce the friction. Background is essential to study whether the customers and banks have cordial relationships. With wide range of advancements in technology over the past decade, why are some banks still struggling to drive better customer journey. The obstacles faced by the banks to crack the customer centric code. Customers are in the driver's seat, and we need to listen and respond quickly or they'll be gone. How this friction can adversely affect customers experience and exploring the impact of the friction on banks from every aspect and how the banks will remove this friction from the customers journey would be focused on. The research is done by an individual and there was time limitation to complete the research. The research will be about collecting primary data through questionnaire and secondary data from books, websites and journals. The analysis of collected data would be done by using simple statistical tools like percentage, average, and would be presented in form of graphs and diagrams.

KEYWORDS: Banking, Customer Relationship Management, Customer

1. Introduction

Customers are very important aspect in any business/job/profession. Without them there would be no market transactions or circulation of money in the economy or profits, and to facilitate this, banks were set up. In today's dynamic world functioning of banks is very essential. But this is possible only if they have customers to deposit money and customers to borrow money. Thus, banks need to retain existing customers with enhanced personalized services and products, which best suits their needs and satisfies them the most. This could be done only by reducing the friction from the customer's journey (to bank) i.e. with an effective Customer Relationship Management (CRM). Thus at this point, close relationship with customers will require a strong coordination between IT and marketing departments to provide a long-term retention of selected customers. Customer Relationship Management is the strongest and the most efficient approach in maintaining and creating relationships with customers. Customer relationship management is not only pure business but also ideate strong personal bonding within people. Development of this type of bonding drives the banking to new levels of success. A Customer Relationship Management consists of a view and analysis of all the acquired or to be acquired customers. It is basically about keeping the customers of the

bank happy and satisfied with current services. The friction between the customers and bank can be reduced only if banks understand the needs and wants of their customers and implement it (eg. Good branch banking services, online banking system, employees behavior towards the customers, etc.)

The researcher, being a banking and finance student, has selected this topic to explore, know more about the new trend in banking i.e. removing the friction from the customer journey. Banks engage customers at every stage of their purchase journey – not just because of the immediate opportunities to convert interest to sales, but because two-thirds of the decisions customers make are informed by the quality of their experiences all along their journey.

2. Banking:- What is it? Why it is important to Remove Friction from the Customer Journey?

Banking is an activity of collecting deposits and granting loans out of it. For depositing money banks provide interest and for granting loan they charge interest at a certain percentage on a particular amount. Banking is one of the important aspect for survival of an economy. Thus maintaining a good relation with the customers is important. Providing good banking services does not only retain the old customers but also increase the number of customers, which is important for banks (in terms of profit).

As earlier mentioned “customer is the king”, they are the one to facilitate transactions. Without them there is nothing. Commercial banks do aim for profit, which could only be reaped if the customers are satisfied with the bank services. Consumers may not do a transaction because of a poor service experience. Customers may also abandon that bank and go for their competitor bank. Not only does friction block people from engaging with the bank, but it also reflects poorly on the bank’s quality of service. But if the Consumer Management Relationship (CRM) concept is taken into consideration and been applied it would not only retain its customers but would also bring in new customers.

A CRM system consists data of all of its customers. This helps in reduced searching and correlating customers and to foresee customer needs effectively and increase business. CRM contains very minute details of customers and hence it becomes very easy for track a customer accordingly. This helps in focusing and concentrating on each and every customer. A CRM system is not only used to deal with the existing customers but is also useful in acquiring new customers.

The benefits would be;

- There would be customer satisfaction and their loyalty towards bank.
- Number of customers would increase, leading to increase in profits.
- More time for customer.

- Product development can be defined according to current customer needs.
- Optimization of communication tools.
- Trouble-free run of business processes.
- Greater number of individual contacts with customers.

3. Reason of Friction between banks and customers

The friction between banks and customers may not only be physical friction (branch friction) but could also be online friction. The research shows that the friction may be due to:-

- More paperwork
- Behaviour of employees towards customers
- Location of the branch bank
- Poor quality of services
- Difficulties in accessing the bank services
- Delay in services provided by bank
- Less trust on online banking system
- Speculation of less security in online services
- Less facilities (in branch or online) provided

4. Review of Literature

The literature on removing friction from the journey of customer in context of the banking sector shows that the bank services are widely been used, leading to good

relations between customers and banking through the concept of Customer Relationship Management (CRM).

Rashmi in her research journal stated that Customer Relationship Management (CRM) is a strategy that can help them to build long-lasting relationships with their customers and increase their profits through the right management system and the application of customer-focused strategies. In banking context, CRM is a system which has to deal with a large number of individual retail customers and has the analytical capability to manage the customer retention rates of the bank and to enable them to cross-sell their product effectively (Buttle 2009).

Jayakumar.A's study provided 14 variables of customer satisfaction in CRM. The important variables are awareness creation, bank's services and schemes widely available, bank users all available media to create awareness, branches are located at convenient locations, waiting time to contact the concerned person, customer services genuine and satisfying, customer services in your bank is personalized, friendly, customers services prompt and modernized, the atmosphere in bank is warm and welcoming, the services provided is very much concerned about customers problem, the scheduled banking hours suits all customers, ample parking space, are the facilities and benefits provided by this bank.

In SSRN Electronic Journal, **G S Popli, D N Rao** have stated that banks have made several innovations for sustenance by using CRM system such as ATMs, single window service, internet banking, plastic money, mobile banking, e-cash, various loan schemes.

Dr. A. Vinayagamorthy and C. Sankarin their study, mentioned about John Brooks, former president and chairman of the council of the chartered institute of Bankers, London who stated "Customer care is emerging as a critical factor in the banking industry and bankers are fully conscious of the need for attaining international standard for service".

Padamlatha Suresh and Justin Paul in their book mentioned case study of ING Vysya Bank Limited, where the bank had come out with the concept of Citizen Charter in which the bank maintains constant touch with their clients through seminars, personal contact and customer meet to evaluate, improve and widen the range of products and services to the customers. The chartes helps in providing transparency in customer transactions and adds to the banks credibility.

5. Need for study

By doing this research the banks as well as the customers will benefit. The banks will know their customers point of view and on that basis they would be able to work accordingly. They would also be able to retain their rank/position in the long run and would also lead to good bank-customer relationship. This research will help the customers indirectly as their point of view/ suggestion would be taken into consideration by the banks and hence the banks would work upon it, benefitting the customers in some aspects of banking and regaining the trust of customers on the bank.

6. Hypothesis

The relation between the banks and customers is very fragile. It needs to be handled by the banks very carefully. Hence in order to remove the friction from the customer's journey, cordial relationship between employee and customer and Customer Relationship Management is essential. The banks, in today's dynamic world know about it and are

working upon it. This can be said because of the majority of positive response from the customers are received. But it cannot be said that the banks are totally best in their performance towards the customers. Few minor things may remain on the part of the banks on which they may have to work upon.

7. Research Objectives

- To understand customer – bank relationship
- To know more about the topic
- To collect responses of the customers about their perspective of banks
- To find out the extent of satisfaction of customers in relation to the services
- To find out the reasons of satisfaction or dissatisfaction of customers
- To suggest improvements for eliminating friction

8. Research Methodology

The research is done through collecting primary data through questionnaire and secondary data from books, websites and journals. The analysis of collected data would be done by using simple statistical tools like percentage, average, ratio and proportion and would be presented in form of charts, graphs and diagrams.

- Sampling Technique

1. Convenient Sampling Method is used to collect primary data. The respondents for this are selected randomly. The respondents are the bank customers. They were interviewed with the help of google forms.

2. Telephonic Interview Method is used to interview the 2 bankers

- Sample Size

Sample size- 43 people (customers) were selected randomly for the research.

2 bankers of different banks were chosen for knowing their point of view.

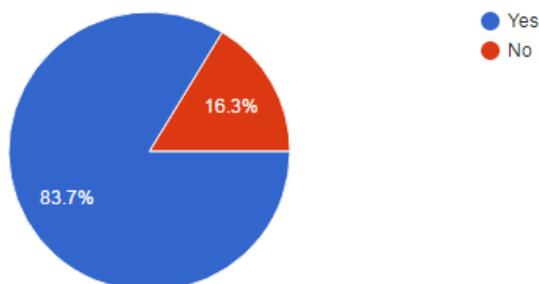
9. Limitations of the Research

- The research is done by an individual.
- There was time limitation to complete the research.
- The research is only focused with routine services.
- Convenient Sampling Method and Telephonic Interview Method were inherit limitation.
- Sample size was restricted to 45 people (43+2).
- This research was limited to only 2 bankers.

10. Data Analysis

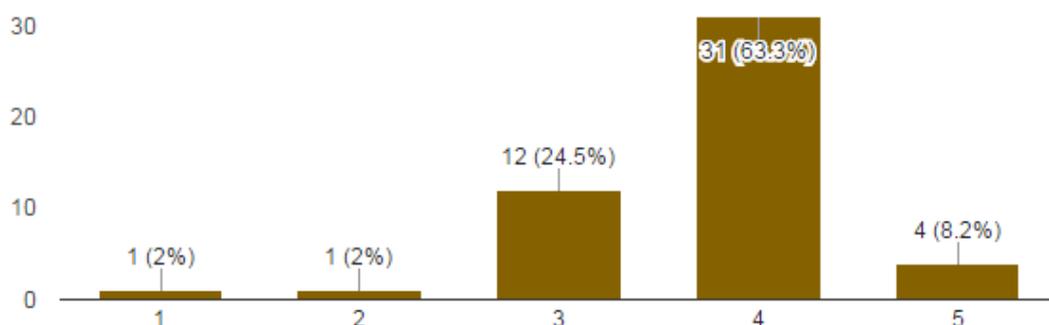
The researcher has studied the customers view point in terms of banking facilities provided.

Do you think that your bank caters all your banking needs? (49 responses)



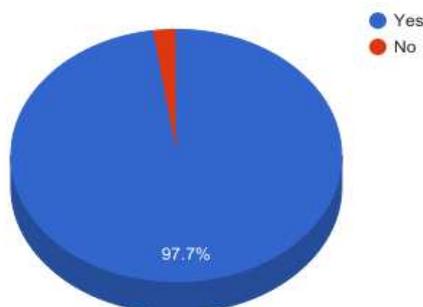
83.7% of people (surveyed) think that the bank caters all their banking needs which explains that the friction between the customers and a bank is less. The customers (63.3%) were also satisfied with the behavior of the bank employee and with the customer service representatives/tellers.

What do you feel about overall service quality of your bank? (49 responses)



They believe that some banks take time in facilitating services to them due to banking rules and regulations and work pressure. Most of them (Approx. 35 respondents) also believe that there is a difference between the facilities rendered by private and public banks on the basis of efficiency, flexibility, regulations, technologically, etc. considering private banks better. Most of them also think that human contact is important for banking relation and they trust the online banking services.

Count of Do you think that the net banking services should be available 24x7?



98% prefer that the net banking services should be available 24x7. There were suggestions given by the customers that the banks should provide a special service to senior citizens for transactions (deposit & withdrawal facilities) that is; separate queue or no waiting system, better assistance by the employees, bank employees must visit at their home, help them in understanding net banking easily, user friendly kiosks.

The friction between banks and customers can adversely affect their experience and the customer – banking relationship as they would then reduce the confidence of the customer in the bank and they would switch to other banks. For reducing this friction from the customers journey the customers suggested :

- Good customer relationship management
- Regular feedbacks
- Educating some customers net banking
- Coming out with new products and services

As a rational customer their expectations from the banks are:

- Customers ease should be prioritized
- Maintain good customer-banker relation
- Quick services, minimum formalities and maximum efficiency
- More safety in online transaction
- Employees should be courteous enough to listen to the problems and should reply politely
- Less bureaucracy and more efficiency
- Reaching out to more senior citizen and handicapped people for bank transaction
- Money provided when there is an emergency

The bankers to whom the researcher interviewed stated that they have the knowledge about the customer's friction and they are continuously working upon it. It is not easy to satisfy a huge chunk of population at once, it may take some time. The paperwork done by banks is done for customers security purposes and like other countries the Indian banks have not yet been fully dependent on soft copy, hard copy is yet needed, and slowly are been tried to reduce it. Regarding the rules and regulations, these are mended considering the customer requirements only, that's why they are strict so that their customers are secured. The online banking service like NEFT, RTGS, these transactions

when takes place are been rechecked by the people of bank and then are transacted completed.

It can be said that the bankers are performing their part efficiently to reduce customer's friction.

11. Conclusion

As mentioned earlier, the bank- customer relationship is fragile and needs to be handled very cautiously. Hence customer relationship management comes into frame to take care of it so that the friction in the customers journey reduces and along with retaining the customers the number of customers also increases. This relation is maintained by the banks by providing various products and services, having good communication skills, providing technological services, reducing paperwork, etc. From the research done by the researcher, it is states that still there are some minor aspects where the friction can be seen and various suggestions are been given by customers. Banks are trying their best to reduce the friction and the customers on the other hand are playing their part efficiently by helping banks by providing them various measures/suggestion. Thus from this the researcher can conclude by stating that the new trend in banking i.e. Reducing Friction from the Customer Journey is effectively working and is standing on its customers expectation.

12. Bibliography

- <http://www.teletech.com/resources/articles/bankings-most-important-currency-customer-trust#.WKdKjm997IU>
- <http://www.managementstudyguide.com/importance-of-crm.htm>
- <http://www.mbaknol.com/business-finance/need-of-customer-relationship-management-crm-in-banks/>
- www.kln.ac.lk/uokr/ICBI2011/MBS%20501.pdf
- https://abhinavjournal.com/journal/index.php/ISSN-2277-1166/article/.../pdf_162
- Customer Relationship Management in Banking Sector by Dr. A. Vinayagamoorthy and C. Sankar
- https://www.researchgate.net/publication/228149678_Customer_Relationship_Management_in_Indian_Banks
- Padmalatha Suresh and Justin Paul, Management of Banking and Financial Services, Chp-21 Innovations in Products and Services- Cases of Three Banks, Pg. No. 565

13. Annexures

google form :-
<https://docs.google.com/forms/d/e/1FAIpQLSc8SxbEkS86FpXJvnuhYGGUMOaWCWA Fxsm32j4bTNiyVzossQ/viewform?c=0&w=1>