CUSTOMER EXPERIENCE MANAGEMENT IN PUBLIC AND PRIVATE SECTOR BANKS – A STUDY

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ABSTRACT Organizations across the globe have seen Customer Experience Management (CEM) as a successor to the Customer Relationship Management (CRM). The current era of widespread technology enhanced the banks to adopt the new features and increased the level of customers to demand more. Indian banking sector in the post- demonetization facing a lot of challenges and found to be continuously involved in developing strategies for managing the experiences of customers. Banks introduced customer friendly technology in the process of developing relationship management systems and skills. The customer experience management in banks mainly focuses on providing potential level of proficiency in handling customers and delivering an amazing banking experience throughout the transactions performed by the customers. The banks in public and private sectors have been striving hard to attain the positive customer perception through effective experience management. This paper is an attempt to identify the customer perception towards customer experience management in State Bank of India (SBI) and Housing Development Finance Corporation (HDFC).

KEYWORDS : Customer experience management, customer interaction, strategic tool, banking industry.

Introduction:

The introduction of customer friendly technology as a means of delivering traditional banking services has become common in recent years as a way of maintaining customer loyalty and increasing market share. The traditional brick and mortar banks are using technology to meet the competitive challenge posed by the online banks, as well as reducing the cost of providing services that were once delivered exclusively by bank personnel (Mathew Joseph). The internet is gaining popularity as a delivery channel in the banking sector as it renders location and time irrelevant, and empowers customers with greater control of their accounts. Banks achieve cost and efficiency gains in a large number of operational areas. (Chanaka Jayawardana. Paul foley).

The base of knowledge is growing and there is now greater appreciation of the process germane to healthy relationships, such as trust, satisfaction and commitment. Customers end bank relationships after an involving process of problems (s) and evaluation. Hence banks need to develop relationship management systems and skills.

Rationale for the Study:

Current era of widespread technology enhanced the banks to adopt the new features and increased the level of customers to demand more. Indian banking sector in the period of post-demonetization facing a lot of challenges and found to be continuously involved in developing strategies for managing the experiences to retain the existing customers, increase their loyalty and satisfaction and provide them a better experience. Many companies have seen Customer Experience Management (CEM) as a successor to Customer Relationship Management (CRM). The Software vendors develop specific customer experience management systems software solutions to different sectors that help to improve time-to-market for delivering more personalized experiences to customers. The companies embedded with leading customer experience management solutions connect data sources in real time so that companies are better equipped to engage customers through personalized experiences, which lead to greater customer lifetime value.

The banking experience is the sum of all interactions a customer perceives along the entire interactions with the bank personnel, information technology components like telephone banking, ATMs, deposit machines, kiosks, Internet banking services, mobile banking services and so on. The customer experience management in banks mainly focuses on providing potential level of proficiency in handling customers and delivering an amazing banking experience throughout the transactions performed by the customers. Hence the banks invest and improve the customer experience for attaining a differentiation with other financial institutions in the economy. Ultimately the banks in India trending towards decreased number of branches and installation of the Information and Communication Technology components, introducing innovative financial products such as specific loans, diversifying the banking operations i.e. stock brokers, mutual funds, insurance, derivatives markets etc. An attempt is made in this paper to assess the customer perception on CEM practices adopted in banks.

Review of Literature:

Rajnish Jain (2017) in his article on customer perception review described the relevance of experiential perspective, service experience and customer experience to attract, delight and retain customers. Customer experience is regarded as holistic interactive process, facilitated through cognitive and emotional clues, moderated by customer and contextual characteristics, resulting into unique and pleasurable or un-pleasurable memories. Customer experience needs to be considered and managed as a holistic strategic process for creating customer value, differentiation, customer satisfaction, loyalty and competitive advantage.

Adrian Palmer (2010) in his article focused critically to assess the conceptual validity of customer experience as a construct and proposed a model which integrates inter-personal relationships, service quality and brands. By incorporating emotions and perceptual distortion overtime, customer experience overcomes many problems associated with static, partial measure of service quality. The multi-dimensional, situation-specific nature of customer experience favours qualitative rather than quantitative measurement approaches.

Zillur Rahman (2006) in his research article titled Customer experience management – A case study of an Indian Bank highlighted that loyal customers are considered to be as the key to survival and success in many service businesses, in particular in the hospitality, insurance, and financial sectors. The study conducted at Indian Institute of Technology (IIT) Roorke campus Punjab National Bank and State Bank of India, largely catering to the needs of students and faculty. He concluded that on average a majority of the customers are satisfied with the present functioning of the bank but would definitely be delighted if the bank changed its interface with the customers to become more cognitive (intelligent), emotional, physically pleasing and well connected.

Objectives of the Study:

- To analyse the Customer experience management practices in select Public and private sector banks.
- To analyse the impact of CEM at the branch level, towards processing speed of the banking transactions.
- To analyse the impact of CEM on public sector and private sector banking strategies.
- To draw out conclusions and offer suggestions for more effective CEM in banks

Methodology of the Study:

A. Data Sources: The data was collected through both primary and secondary sources. The target respondents for this research included the customers of the selected branches of commercial banks i.e SBI &

HDFC located in Krishna District, Andhra Pradesh. The data obtained through the execution of a questionnaire.

B. Sampling Procedure: on probability sampling method was used specifically judgmental and convenience sampling techniques were implemented. The sample size is 528. The questionnaire consists of both open ended and close ended with likert scale aiming to measure the customer perception towards customer experience management by the Indian banks.

C. Hypothesis: H0: There exists no significant difference between Public sector banks versus Private Sector banks and customer experience management.

D. Tools used for analysis: The collected data has been applied simple percentages, SPSS 16.0 used to calculate ANOVA.

E. Scope and Limitations of the Study: The present study confines to CEM practices in select public and private sector banks only. The primary data was collected from selected branches of the above banks.

Results and Discussion:
The modern digital age customers have lot of options to perform the banking operations due to not only the increase in customer demands but because of the widespread adoption of technology. Today the financial institutions in India provide ideal banking experience in handling their customers and delivering quality services. The banks that provide quality services and that could generate positive/favourable customer experience found the customer loyalty, satisfaction and advocacy with better retention and greater customer life time. The data collected using a structured questionnaire has been analysed and interpreted the customer perception towards the CEM practices at public sector and private sector banks. The three different perspectives considered in the study include: analysis at branch level, on the processing speed of transactions and the strategic aspects.

Customer Experience Management at Bank Branch Level:
The data collected on the above has been analysed and measured ANOVA with the help of the SPSS 16.0 and presented in following table I.

Table 1 Customer perception towards CEM at Bank Branch Level

ANOVA							
Customer Perception towards CEM at Branch Level		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**	**Accept or Reject H0**
Length of Usage	Between Groups	106.889	1	106.889	140.888	.000	**Reject**
	Within Groups	399.064	526	.759			
	Total	505.953	527				
Location of the Bank	Between Groups	37.340	1	37.340	39.211	.000	**Reject**
	Within Groups	500.902	526	.952			
	Total	538.242	527				
Temperature Control	Between Groups	7.943	1	7.943	21.262	.000	**Reject**
	Within Groups	196.495	526	.374			
	Total	204.437	527				
Cleanliness	Between Groups	1.119	1	1.119	3.021	.083	**Accept**
	Within Groups	194.851	526	.370			
	Total	195.970	527				
Promptness in Attending Requests	Between Groups	2.336	1	2.336	5.098	.024	**Reject**
	Within Groups	241.071	526	.458			
	Total	243.407	527				
Courtesy & Politeness of Employees	Between Groups	20.883	1	20.883	38.225	.000	**Reject**
	Within Groups	287.359	526	.546			
	Total	308.242	527				
Employee Punctuality	Between Groups	13.738	1	13.738	16.767	.000	**Reject**
	Within Groups	430.981	526	.819			
	Total	444.720	527				
Promptness of Complaint Recovery	Between Groups	1.047	1	1.047	3.713	.055	**Accept**
	Within Groups	141.588	502	.282			
	Total	142.635	503				
Access to Superiors or Managers	Between Groups	3.313	1	3.313	6.285	.012	**Reject**
	Within Groups	277.306	526	.527			
	Total	280.619	527				
Overall Opinion on Processing Time	Between Groups	.805	1	.805	2.496	.115	**Accept**
	Within Groups	169.648	526	.323			
	Total	170.453	527				

From the above table - 1 it can be interpreted that the significant value is less than p-value (0.05) with respect to the length of using services, location of the bank, temperature control, promptness in attending requests, courtesy and politeness of the employee, access to the superiors or managers and hence the null hypothesis is rejected. There exists significant different between public sector banks versus private sector banks. The significant value is more than p-value for cleanliness and promptness of compliant recovery, thus accepted the null hypothesis. Therefore there exists no significant difference between public sector banks and private sector banks with respect to cleanliness and the promptness of attending complaints.

Customer Experience Management and the Processing Speed of Transactions:
The customer perception towards the processing speed of the Pubic sector banks and private sector banks has been collected and analyzed, which is depicted in table II below.

Table – II CEM towards processing speed of transactions

ANOVA							
Customer experience about the Processing Speed of the following transactions		Sum of Squares	df	Mean Square	F	Sig.	Accept or Reject H0

Deposit Transactions	Between Groups	1.125	1	1.125	6.192	.013	Reject
	Within Groups	95.594	526	.182			
	Total	96.720	527				
Withdrawals	Between Groups	16.648	1	16.648	62.364	.000	Reject
	Within Groups	140.413	526	.267			
	Total	157.061	527				
Loan Transactions	Between Groups	3.714	1	3.714	15.232	.000	Reject
	Within Groups	128.269	526	.244			
	Total	131.983	527				
Telephonic Inquiries	Between Groups	.755	1	.755	.824	.364	Accept
	Within Groups	482.197	526	.917			
	Total	482.953	527				
Internet Banking Services	Between Groups	4.939	1	4.939	13.541	.000	Reject
	Within Groups	191.832	526	.365			
	Total	196.771	527				
Mobile Banking Services	Between Groups	30.025	1	30.025	69.225	.000	Reject
	Within Groups	228.140	526	.434			
	Total	258.165	527				
ATM Services	Between Groups	20.315	1	20.315	57.188	.000	Reject
	Within Groups	186.850	526	.355			
	Total	207.165	527				
Kiosks or Other Terminals	Between Groups	6.784	1	6.784	7.591	.006	Reject
	Within Groups	470.033	526	.894			
	Total	476.816	527				
Any other Services	Between Groups	7.770	1	7.770	27.371	.000	Reject
	Within Groups	149.314	526	.284			
	Total	157.083	527				

Source: Compiled from primary data

From the above Table II, the telephonic inquiries variable is found to be with a significant value more than the p-value, therefore accepted the null hypothesis. Thus there exists no significant different between public sector banks versus private sector banks with respect to managing their customer experiences. But the significant values is less than p-value for the deposit transactions, withdrawals, loan transaction, internet banking services, mobile banking services, ATM services, kiosks and other services hence rejected the null hypothesis. It seems there exists significant difference between public sector banks versus private sector banks with respect to managing their customer experiences with respect to the above services.

Customer Perception towards the CEM and the Bank strategies:
This paper has also made an attempt to identify the banks strategies for maintaining the loyalty, retaining customers through providing personalized attention, convenience in processing the transactions, extending the services after bank hours, timely updates on policy changes or interest rates. It is also identified that there exists no significant difference between public sector banks and private sector banks reliabilities and providing the updates about policy changes or interest rates as the significant value is less than p-value and accepted the null hypothesis. But in providing personnel attention, convenience in processing the bank transaction and providing services after banking hours there exists significant difference between public sector banks and private sector banks as the null hypothesis is rejected. The data collected has been analyzed and interpreted which is shown in the following Table.

Table – III Customer Perception towards CEM and bank strategies

ANOVA							
Customer perception towards CX Mgt.		Sum of Squares	df	Mean Square	F	Sig.	Accept or Reject H0
Reliability of Banks transactions	Between Groups	.390	1	.390	1.950	.163	Accept
	Within Groups	105.156	526	.200			
	Total	105.545	527				
Personalized Attention of the Bank Employees	Between Groups	9.928	1	9.928	26.397	.000	Reject
	Within Groups	197.822	526	.376			
	Total	207.750	527				
Convenience in Processing Transactions	Between Groups	60.728	1	60.728	85.694	.000	Reject
	Within Groups	372.755	526	.709			
	Total	433.483	527				
Providing of services after Banking hours	Between Groups	4.992	1	4.992	5.122	.024	Reject
	Within Groups	512.636	526	.975			
	Total	517.629	527				
Updates on Policy Changes or Interest Rates	Between Groups	1.961	1	1.961	1.402	.237	Accept
	Within Groups	735.970	526	1.399			
	Total	737.932	527				

Conclusion:

The banking industry is changing very fast, and the market competition has become very tough. The society has huge expectations from the banking industry, because being the service industry banking industry is the backbone of the country's economy. Banks have to serve the customers in the best possible way to sustain the market. In order to meet the customer requirements banks have adopted the technology and making their efforts to leverage the advantage of technology. Banks are putting more focus on customer experience management and considering the CEM as a strategic tool. With the help of CEM banks can analyse the customer and understand their requirements. In fact customer experience is an interaction between an organization and a customer. The efficiency of the organization in CEM shall determine its success. Customer experience is the internal subjective response customers have to any direct or indirect contact with the organization.

An analysis of customer experience management in public and private sector banks at the branch level, regarding processing speed of transactions, and CEM as a strategic tool in this paper led to certain conclusions. The study of select branches of State Bank of India and HDFC revealed that there exists some difference with regard to customer experience between public and private sector banks, whereas the experience remains same relating to promptness in complaint delivery, reliability in services, and timely updates. Banks shall carry out sufficient empirical studies to broaden and also for implementing customer experience management as a tool in the developing field of marketing.

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