

KANTAR IMRB

Customer Experience & Expectations with respect to Banking Services

2016-17

WHY MANAGE CUSTOMER LOYALTY?

In this increasingly competitive environment, customer loyalty has become even more important to manage. Customers who are engaged and loyal are more likely to engage in positive behaviour i.e. recommend to others, engage better by conducting higher number of transactions with their banking services provider, and are more likely to use additional / other financial products and services as well.

Loyal Customers thus are more likely to lead to profitable business

CHANGES IN THE BANKING SECTOR: CUSTOMER BEHAVIOUR AND BANKING PROCESSES

Customer behaviour and attitude have evolved in the recent few years, with respect to banking services

Customers today are more likely to have multiple accounts in banks;

- To serve different purposes
- To serve as a Back-up, incase of faulty ATM etc
- To serve as a safety net (Not put all eggs in the same basket)

"I think there should be a mix of different banks. All for different purposes. Sometimes for mere savings, sometimes for other banking services, sometimes for some premium banking services." (Customer owning multiple accounts)

"Bank A provides better credit facilities while Bank B is good for banking, small amount loans" (Customer has an account with 2 Private Indian Banks)

"It's a backup which ensures that if any bank/ATM has a problem I have options and is safe (If supposedly some happens in one account – like password stolen etc – its ensures that at least all my money won't be stolen"

Customers are more open and positive about Private sector Banks (vs PSU Banks). Perceive them more positively as compared to a few years ago.

Customer attitude towards technology has also evolved, demonstrable convenience, less resistance, exposure to ecommerce sector, demonetization etc has increased usage and they are more open to using the same

The banking sector in parallel has also evolved, coped with these evolving expectations and undergone a lot of change in the recent few years with result to making their processes a lot more customer oriented.

The entry of Private sector banks, the advent of technology has pushed the bar considerably in terms of customer experience.

These changes, given improved technology and processes have resulted in an improved customer experience and thus improved customer loyalty

Customer Loyalty has improved in the Banking sector # over previous couple of years.

Close to seven in ten customers are likely to continue banking with their existing service provider.

Banks have scored significantly better on their offering, though Complaint Resolution still warrants improvements, no improvements noted in this experience over previous years. Customer care is one of the lowest rated channels on customer experience

While today, Public-sector banks control nearly 80 percent of the market, thereby leaving comparatively much smaller shares for its private peers - **Maximum improvement in this sector has been seen for Private Indian Banks.**

Source: KANTAR-IMRB | Stakeholder Management Banking sector Benchmarks for savings and current a/c 2016 vs 2015

CUSTOMER INTERACTION

Differing perceptions and experiences : Private Indian Banks vs PSU Banks

Customer do perceive a difference between Private Indian Banks and PSU banks

PSU Banks	Private Indian Banks
<p>PSU banks do have an edge with respect to how customer perceive them on Pricing, Branch network, Strong reputation associated with trust –transparency, better range of products suitable for lower socio economic classes (savings a/c product).</p> <p>They are also found to be supporting higher customer loyalty in Non –Metros viz-a- viz Private Indian banks.</p>	<p>More ‘Service Oriented’; ‘Customer friendly’ <i>Banking experience is better in private sector banks providing facilities like seating space, AC, RM at branch. PSU banks do not provide these services</i></p> <p><i>“Private ones are customer friendly and easy to work with”</i></p> <p>MNC Bank services also perceived as good (but Limited Branches is a shortfall they suffer from the customer’s perspective)</p>
	<p>New private sector banks are good in technology like net banking, mobile app. Opening an account is easier with Pvt Indian Banks</p> <p>Staff perceived to relatively more helpful</p>
	<p>NEGATIVES : HIGHER MIN ACCOUNT BALANCE, CHARGES</p>

Digital vs Traditional Channels

Our Learnings

- Digital channels now play a key role in impacting customer loyalty. Customer using digital channels, also have higher satisfaction with digital channels as compared to traditional channels like the Call Centre

Our study with one of the Private Indian Bank customer shows that Digital Customers more satisfied and tend to be more loyal than Non-Digital Customers. Customers interacting with the bank via digital channels rated the account features and benefits much higher than those interacting via non-digital channels.

Customer Expectations going forward

Customer Comments in Blue

1. Relatability to the customers and Real time Addressal

A customer Comment "They should understand the complaints of people like their own concerns. In this way, ICICI is good. They actually come up with stuffs which we can very well relate to. For example, there are system generated emails in the name of Chanda Kochar from ICICI during this demonetisation phase which gives a lot of assurance to common people. Or even in that case, an apology letter from Axis CEO Shikha Sharma about the recent scam there."

2. Offer Convenience & Real time service communication (Customer comparing with Ecommerce)

- "There are certain services like cheque book issue etc or cheque drop or demand draft issue or Account opening which is not something that happens everyday. In such cases, banks can offer home collection/ drop facility (exactly like an insurance agent does or an ecommerce retailer does).*
- Communication is also very fast in this industry. Banks should replicate that."*

3. Zero Scams (Zero loopholes)

"There are always loopholes in the services and operations when organisations improve. We as customer can see loopholes in services. Even newspapers speak a lot about Scams (especially during this demonetization stage) which are results of loopholes in operations"

4. Traditional customer support channel: Call Centre (Efficiencies and resolution to improve)

These days it becomes frustrating to share my details even if I call thrice for the same problem. Even if I call at a gap of 1 min, I am put on hold. This is a recent experience in ICICI where I wanted to order for a cheque book. The call got disconnected and I called again and then another time. And I had to repeat my details thrice. And they are not recording any details of the concerns shared in first call. However, they say in the beginning that they would record the call for quality purposes.

5. Customer oriented staff dealings : Airlines & Hospitality quoted as a “Best in Class experience”

“Staff should be more helpful and caring like in Hospitality sector, always willing to serve, understand your needs and fulfil them”

“Banking services can be improved like in e-commerce there are COD orders, likewise cash could be delivered to homes of customers in these days to help the customers.”

6. BANK WALLETS TO BE COMPETITIVE

“PayTm, Freechage; PayU – they give cash backs – I want banks also to do the same”