

P E R S P E C T I V E

## Steps to Improve Customer Satisfaction Through Branch Banking



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Channel innovation has had an immeasurable impact on banking. Starting with the advent of the ATM, followed by phone, Internet and mobile banking, the last couple of decades have been characterized by the emergence of anytime, anywhere banking. Efforts by banks to encourage customers to use such channels for routine transactions have begun to pay off, and many studies have documented the increasing adoption of self-service, multi-channel banking.

In the process, branch banking has become one of many ways of conducting banking transactions. Several branches have been pared down to thin units, with their scope limited to activities that involve customer interaction. Yet, the branch is still the most important channel of banking in most parts of the world, and while the proportion of branch transactions to the total has reduced, the absolute number has not.

There are several reasons behind the enduring popularity of branch banking, not the least of which is a need for personal interaction among older or less tech-savvy customers. Also, branches still have wider service capabilities than alternate channels, and the availability of financial advisors draws in customers looking to complete a high value or otherwise complex transaction. But most of all, customers even today identify with their banks through their branches and the people working inside them.

As one of the most important channels, the branch plays a key role in customer service, satisfaction and quality of experience. Studies show that poor service – which no doubt impacts satisfaction and experience – is the biggest cause of customer churn. Hence, in order to retain loyalty, banks must strengthen in-branch service so that customers aren't merely satisfied, but actually delighted.

People are the lifeblood of the branch; the level of service and consequently, satisfaction delivered by it is highly dependent on the efforts of its staff. Technology can help to an extent, but ultimately, in-branch service is only as good as the people providing it. Therefore, improving employees' commitment to service is the first step to improving customer satisfaction. Other

ways to enhance customer satisfaction through the branch are briefly discussed below:

### Exceeding expectation

As mentioned earlier, bank branches must aim higher than the mere achievement of customer satisfaction. Satisfaction is a state in which customers' expectations are met; it is the lowest denominator of service. On the other hand, delight happens when expectations are exceeded. With customers placing greater demands, and competitive conditions forcing banks to accede to them, customer expectation is a moving target, and one that banks must take adequate measures to empower their employees to constantly exceed.

### Showcasing products and services

Research shows that after poor service, product range is the biggest contributor to churn. The right product offering and communication can therefore exert a positive impact on satisfaction. Today, most banks use electronic media to showcase their wares. They must ensure a similar effort within their branches – by means of attractive product displays, literature and demonstrations – so that staff can interest visiting customers in purchasing additional products. They could even ask branches to allocate some time during lean hours for product presentations.

While on this subject, it is worth citing the example of a small Danish bank, which has decided to take on its larger rivals by providing a much better customer experience within its branches. As part of this strategy, the bank displays its products on shelves, as though they were physical merchandise, in order to attract the attention of customers while they are waiting to be served.

### Keeping delivery commitments

Some banks stipulate stringent TAT (turnaround time) for customer service activities; many don't. Being under no pressure to maintain service standards, banks in the latter category often end up disappointing their customers, and might even drive them to another bank that offers better service. They can set this right by

establishing clear SLAs, making employees as well as customers aware of the same, and enforcing strict adherence to these standards within their branches.

### Creating customer loyalty

Customers who shift banks mainly do so because they are dissatisfied with service. At the same time, customers who are satisfied with their banks' service stay loyal, even if they have to pay a little more for it. Over time, loyal customers turn into advocates, recommending their banks to others.

Therefore, few things are more important than ensuring customer loyalty in today's competitive banking environment. While the only way to garner loyal customers is through service, banks can show their appreciation by devising attractive programs that reward customers not only for the size of their bank account, but also for the length of the relationship, referrals provided, number of products held, and so on.

### Ensuring service reliability

Reliability is an integral part of service quality. When customers find that things are done right the first time, every time, they gain confidence in the bank and in the abilities of the staff. Adequate and repeated training of branch staff will make them more knowledgeable and empower them to handle most situations with ease.

### Treating customers impartially

While it is fine for banks to record their appreciation of high net worth customers by assigning them privileged banking status and offering them personalized service, this special attention must not come at the expense of regular customers. All customers must be accorded impartial treatment, and treated with equal respect and dignity, regardless of the size of their patronage. So, even as banks reward their bigger customers with incentives or better terms, they must ensure that within the branch, every customer is rendered the same level of service, is attended to with the same amount of care, and is equally cherished by staff.

### Responding to complaints

In the days of traditional banking, branch staff knew their customers well because they interacted so often with them. The emergence of unassisted channels has distanced customers from bank employees, and while Know Your Customer guidelines help compliance, they don't do much for customer intimacy. This can become an issue when customers come to the branch with a problem. In the old days, the staff would have been aware of the situation, because they would have been involved in it right from the beginning. Today, if a customer complaint is registered at the call center, the branch may or may not have information about it. So when customers come in to enquire about their complaints, to their annoyance, they might be asked to contact phone banking or some other channel. This can be avoided by integrating all channels on a single platform that makes real-time customer information available to service executives on all channels regardless of where the information originates.

Addressing the following infrastructure issues can also help branches offer better experience to customers.

### Amenities

Adequate parking space, seating arrangement, token system and the availability of other amenities, such as drinking water are small but significant aspects of a comfortable branch banking experience. This may come as a surprise, but it is a fact that many customers switch banks because of inconvenient location or lack of facilities.

### Systems and peripherals

Branches must be adequately equipped with hardware and support systems, such as generators, to ensure that business is not disrupted on account of infrastructural problems.

### Conclusion

Although banks must continue to encourage customers to route routine transactions over

self-service channels, they must not, under any circumstances, neglect their branches and the service delivered through them. Even today, the branch is the preferred mode of banking for a substantial proportion of customers. When they have to complete a complex transaction, even regular electronic banking users feel the need to visit the branch and consult its staff. Thus, the human element in the branch is its greatest asset.

Against this backdrop, if the quality of in-branch service were to suffer because of the focus on alternative channels, it could seriously harm

the bank's business and reputation. And no amount of innovation in other channels will be able to compensate the resulting drop in customer satisfaction.

**Author**

**Hariharasudan Parthasarathy**

Lead Consultant - Finacle

Solution Architect and Design Group

Infosys Limited



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PERSPECTIVE

Universal Banking Solution | System Integration | Consulting | Business Process Outsourcing

#### Infosys Limited

Plot No. 44, Electronics City, Hosur Road, Bangalore - 560100. India  
Tel.: + 91 80 28520261, Fax: + 91 80 28521747, e-mail: [finacleweb@infosys.com](mailto:finacleweb@infosys.com)  
[www.infosys.com/finacle](http://www.infosys.com/finacle)

Join us on Twitter, LinkedIn and Finacle Whiteboard at [www.infosys.com/finacle/networking.asp](http://www.infosys.com/finacle/networking.asp)

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