Abstract

Though the modern banking in India dates back to the establishment of the Bank of Hindustan in the year 1770, the banking industry in India is still in its growth phase. The Reserve Bank of India in the year 2015 has given in principle approval to various small banks and payment banks to extend the banking facility to the unbanked population in the country. With tremendous growth potential, the competition in the banking industry is ever growing. The emerging technological innovations & advancements brings in new channels of service delivery and has resulted in a paradigm shift in the way the banking is done. Banks need to maintain their existing customer base and also should simultaneously focus on new customer acquisition. Hence, banks should be cautious enough in providing better customer experience to their customers, increase customer engagement and customer stickiness. The review of literature suggest that managing customer emotions at key touch points directly has an impact on customer experience, which in turn has direct impact on customer relationship, profitability and competitive advantage. This study makes an attempt to study the various touch points in the retail banks in India.

I. INTRODUCTION

A banking customer relationship starts the moment when a prospective customer signs up for a bank’s service. But, literature review suggests that a customer starts experiencing the service levels of a bank even before he/she purchases the bank’s service termed as pre purchase experience. In the journey of a customer’s life cycle, the customer travels through various touch points, where an interaction takes place between the customer and the bank. At every interaction, a customer forms an opinion or perception about the bank. Hence, managing these touch points is crucial as the literature suggests that the cumulative score of the evaluation of these interaction at touch points by customer has an impact on their overall customer experience. With this back ground there is a need to identify the key...
touch points of a retail bank in India. This study identifies the key touch points of retail banks in Indian context.

II. OBJECTIVES OF THE STUDY

The following are the objectives of this study:

i. To identify all the touch points of retail banks in India

ii. To identify the key touch points that has substantial impact on the bank’s performance

iii. To find the impact of key touch points on overall customer experience.

III. REVIEW OF LITERATURE

➢ Section 5(b) of the banking regulations act 1949 defines "banking" as accepting, for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise. Section 5(c) defines a banking company as a company that transacts the business of banking in India.

➢ Tough the legal definition of a bank is provided in the banking regulations act, the actual business of a bank has widened up from just accepting deposits and lending to offering various third party products, forex services, advisory services etc. Hence, the role of marketing in the banking industry is very crucial as the service offering has been broadened over the years.

➢ S M Jha (2011), points out that bank and marketing denotes a balance between commercial and social considerations. He lists out the following on bank marketing:

- It is a managerial approach to market the services to customers
- It is a social process to serve social interest
- It is a fair way of making profits
- It is an art to make possible performance orientation
- It is a professionally-tested skill to excel competition

➢ Dr. K A Goyal and Vijay Joshi (2012) have cited customer retention, competition and profit maximization while discussing the challenges faced by the Indian banking industry. Hence, the three most critical areas of bank marketing are Customer retention & loyalty, Competition and profit maximization. Literature review revealed that customer experience management addresses the above three identified critical areas of a bank marketing.

➢ Bob Thompson (2006) advocates that Customer Experience Management is a method of increasing customer loyalty, which is a daunting task as more products and services become commodities in today’s global economy.

➢ Adri Drotskie (2009) from her study in South African retail bank found that Customer Experience differs from customer service, mainly due to the inclusion of the human factor in the form of emotions and behavior. The behavior would be seen in the form of customer loyalty and long term customer relationship. Customer Experience underpins
loyalty and advocacy that leads to profitability through customer acquisition and retention.

- Leonard L. Berry, Lewis P. Carbone and Stephan H. Haeckel (2002) opines that connecting emotionally with customers requires an organization to create a cohesive, authentic and sensory-stimulating total customer experience that resonates, pleases, communicates effectively and differentiates the organization from the competition.

- Gerald Zaltman (2003) propose that sub-conscious sensory and emotional elements derived from the total experience has a strong influence on the customer preference than the tangibles of a service. Almost ninety five percent of the processing of the experience at touch points during interactions takes place at the unconscious level. He claims that the perception of experience happens at the subconscious level. Customers consciously & unconsciously filter a barrage of clues and organize them into a set of impressions. Some are rational and some are emotional.

- Colin Shaw (2007) through his research opines, customer experience is a blend of an organization’s physical performance, the senses stimulated and emotions evoked, each intuitively measured against customer expectations across all the touch points of customer interaction. So touch points play a crucial part in all customer interactions with a bank and also has direct impact on the customer’s overall experience with the bank.

- Tom Bradbury and Doug Coons (2007), defines a touch point as all of the communication, human and physical interactions of a customer experienced during their relationship lifecycle with the organization. During interactions at these touch points, customers actually form perception of the organization and based on the cumulative experiences the customer had during the interactions determines overall experience. Tom Bradbury and Doug Coons (2007), also provides steps to design the right customer experience as below:
  
  - Step: 1 Identify all customer touch points
  - Step: 2 Determine the most influential touch points and how they affect your brand promise
  - Step: 3 Define Optimal Experience at each of these touch points
  - Step: 4 Ensure the organization is set up to fulfill those optimal experiences

- Scott Davis & Tina Longoria (2003), recommends that the customer touch point needs to be classified based on Pre Purchase, Purchase and Post Purchase Experience. They also advocate that not all the touch points cannot be studied. Those touch points that really drive the desired brand experience need to be identified and then can be analyzed. They also suggest a four step process to analyze the customer touch points.

- Colin Shaw (2007) in his book the DNA of Customer Experience also quoted that the customer experience has an extension pre and post purchase or post experience the product or service. So, it is vital to classify the touch points Pre Purchase, During Purchase and After Purchase.

- CMG Partners (2017) in an article titled, ‘The Customer Lens: An approach to customer touch point analysis’, states that the touch points with high volumes of interaction and
those that can elicit potentially strong emotions in customers tend to have the most significant impact on the brand.

IV. RESEARCH METHODOLOGY
Primary data collection to identify the touch points in a bank was conducted. The deputy managers, managers and senior managers in Standard Chartered Bank and State Bank of India were interviewed to get the initial list of 25 customer touch points. Then again these 25 customer touch points were refined and reduced to 12 based on the literature and also based on the discussions with the bank officials. Then a survey based data collection was done to study the customer emotions at these 12 key customer touch points. The impact of the emotions of customer at touch points on the overall customer experience was statistically tested and the final lists of key customer touch points were arrived. The sample size was 422. SPSS was used to analyze the data and Smart PLS was used to do confirmatory factor analysis.

V. DATA COLLECTION AND REPRESENTATION
There were 25 customer touch points identified with the discussion with the assistant managers, deputy managers, managers and senior managers of Standard Chartered bank and State Bank of India. Out of these identified 25 customer touch points of a retail bank, the most important and key customer touch points are to be identified. Based on the discussions had with the managers, the list of customer touch points were refined to 12 key touch points that would contribute the maximum to the customer experience.

<table>
<thead>
<tr>
<th>S No</th>
<th>Customer touch Points</th>
<th>Experience Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Phone banking</td>
<td>Pre Purchase</td>
</tr>
<tr>
<td>2</td>
<td>Mailers</td>
<td>Pre Purchase, After Purchase</td>
</tr>
<tr>
<td>3</td>
<td>Parking</td>
<td>Pre Purchase</td>
</tr>
<tr>
<td>4</td>
<td>Website</td>
<td>Pre Purchase</td>
</tr>
<tr>
<td>5</td>
<td>Promotional Activities</td>
<td>Pre Purchase</td>
</tr>
<tr>
<td>6</td>
<td>Sales desk</td>
<td>During Purchase</td>
</tr>
<tr>
<td>7</td>
<td>Assets desk</td>
<td>During Purchase</td>
</tr>
<tr>
<td>8</td>
<td>Account Opening</td>
<td>During Purchase</td>
</tr>
<tr>
<td>9</td>
<td>Banking Hall</td>
<td>During Purchase, After Purchase</td>
</tr>
<tr>
<td>10</td>
<td>Customer Service desk</td>
<td>After Purchase</td>
</tr>
<tr>
<td>11</td>
<td>Tellers</td>
<td>After Purchase</td>
</tr>
<tr>
<td>12</td>
<td>Branch Manager</td>
<td>After Purchase</td>
</tr>
<tr>
<td>13</td>
<td>ATM</td>
<td>After Purchase</td>
</tr>
<tr>
<td>14</td>
<td>Net Banking</td>
<td>After Purchase</td>
</tr>
<tr>
<td>15</td>
<td>Mobile Banking</td>
<td>After Purchase</td>
</tr>
<tr>
<td>16</td>
<td>Investment advisor desk</td>
<td>After Purchase</td>
</tr>
</tbody>
</table>
Review of literature revealed that among the identified touch points, choosing the most relevant and important touch points for both the customers and also for the bank in the key for providing a positive and consistent customer experience. So, the above list for taken for further discussions with the managers, senior managers and customers of the two banks.

Table 2: The Refined list of 12 key touch points

<table>
<thead>
<tr>
<th>S No</th>
<th>Customer touch Points</th>
<th>Experience Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Phone banking</td>
<td>Pre Purchase</td>
</tr>
<tr>
<td>2</td>
<td>Website</td>
<td>Pre Purchase</td>
</tr>
<tr>
<td>3</td>
<td>Sales desk</td>
<td>During Purchase</td>
</tr>
<tr>
<td>4</td>
<td>Account Opening</td>
<td>During Purchase</td>
</tr>
<tr>
<td>5</td>
<td>Banking Hall</td>
<td>During Purchase, After Purchase(Predominantly)</td>
</tr>
<tr>
<td>6</td>
<td>Customer Service desk</td>
<td>After Purchase</td>
</tr>
<tr>
<td>7</td>
<td>Tellers</td>
<td>After Purchase</td>
</tr>
<tr>
<td>8</td>
<td>Branch Manager</td>
<td>After Purchase</td>
</tr>
<tr>
<td>9</td>
<td>ATM</td>
<td>After Purchase</td>
</tr>
<tr>
<td>10</td>
<td>Net Banking</td>
<td>After Purchase</td>
</tr>
<tr>
<td>11</td>
<td>Mobile Banking</td>
<td>After Purchase</td>
</tr>
<tr>
<td>12</td>
<td>Relationship Managers</td>
<td>After Purchase</td>
</tr>
</tbody>
</table>

The chosen 12 customer touch points are being discussed in this section.

1. **Phone Banking**

Phone banking is one of the channels through which the customers avail banking services. They get various services done through the phone banking channel. For instance, standard chartered bank in India offers the following services through phone banking:

a) Quick access to the account after confirming the last 4 digits of debit card
b) Intelligent identification of past transactions
c) Request for a printed version of statement of accounts
d) Individual account level information on all credit cards
2. Website
From the bank’s website customers gain lot of information about the bank, its products or services before purchase. The information on products and services available in the site is useful for comparisons with other banks. Even after opening the account, the website plays a major role in providing information on products, services, processes and online forms to assist in getting the required services done.

3. Sales Desk
Sales desk is a place where the branch sales happen. Most of the sales closure happens here. Customer after studying the bank, the products and services completes the purchase here.

4. Account Opening
Opening of the account happens after customer completes his decision making and signs up the application form and by completing the account opening documentations. The account opening process ends once the customer receives his cheque book, debit card, debit card pin, related information and after the account gets activated. Normally banks send a kit that contains a cheque book, debit card, product information, Terms and conditions, BCSBI code, etc. This kit is called as the welcome kit. Once the customers receive it the account opening is complete.

5. Banking Hall
Banking hall is the main place where the internal look and feel of the branch appeals to the customers. This is the place where the customers and people who visit the branch occupy. All the product merchandize is also displayed. This is the very first place to meet and greet the customers who enter the hall. This is the place where customers many times left un-attended. Banks that are customer focused have a concept of Meeter-Greeter where in a staff is assigned a role to receive the customer, greet and guide him to the concerned desk.

6. Customer Service Desk
After opening the account, customers approach this desk for any service, information on service or deficiency in service. Apart from the website this is the desk that serves as a complete source of information form branch timings, queries on list of holidays to schedule of charges and complaints. This acts as the face of the bank to the customers. All the customers look at the face of the bank. According to the old tamil proverb, “The beauty of the soul is shown in the face”, customer service desk/executives are the face of the bank. Banks have a turn-around time (TAT) specified for all the service they render.

7. Tellers
Most of the customers, who visit bank, would come to the tellers. Customers come to the teller counter to do their transactions. These transactions would include, depositing a cheque, withdrawing cash from the account, depositing cash to the account etc. Banks have a turn-around time for all the services that delivered through the teller counters too. Recently, the teller counter is becoming a hot spot for cross
sale and lead generations as the maximum foot falls in a day occurs at this touch point.

8. Branch Managers
Branch Manager is the head of the branch. With around fifty quantitative and qualitative performance indicators, the role of a manager of a retail bank in India is very challenging and exhausting. He has an important role in taking care of his branch customers. He is the immediate point for escalation for all the complaints or deficiency in services. So, his prudence, skills and leadership in managing customers and their relationships is crucial at all times.

9. ATM
Automated Teller Machines (ATM) is one of the important channels of banking and customer touch point. Customer use the ATMs more frequently in India as much of the business transactions that are being carried out is by cash. Banks, extend a vast array of services through these ATMs. For instance, Standard Chartered Bank India offers the following services through their ATMs:
- Withdraw cash
- Express Cash
- Check the balance in account
- Request an interim statement of account.
- Get a 'mini-statement' of account
- Request for a cheque book
- Change Personal Identification Number
- Transfer funds to any SCB account in the country
- Deposit cash or cheques at select ATMs in the country
- Top up your pre-paid mobile account
- Register for Mobile Banking
- Update Mobile number

10. Net Banking
Net Banking is yet another important channel in modern times. All tech savvy customers are migrating to net banking because of convenience, speed and 24*7 banking services availability. Banks offer a variety of services in an innovative way to their customers. For instance the following are some of the services offered in net banking by standard chartered bank in India:
- Account Information
- Funds Transfer
- Bill Payments
- Credit cards services etc

11. Mobile Banking
Mobile Banking is another channel that is being widely used recently with the innovations and developments of the smart phones. Banks are saving huge cost by migrating the
customers to do their transaction in this channel. Customers get a variety of services through mobile banking that has simplified banking to a greater extent. For instance standard chartered bank India, with an application Breeze, offers the following services to their customers:

1. See Your Money
2. Move Your Money (Funds transfer and Bill Payments)
3. Manage Your Money

State Bank of India has its mobile banking application as ‘Buddy’. The bank account can also be accessed in the mobile through the browser as well. Banks also saves huge cost in terms of Mobile and Net banking as the bank’s intervention is less and customer’s participation is more.

12. Relationship Manager

Relationship Managers are one point contact for the premium customers of a bank. Premium customers deal with the relationship managers for any services they require. Starting from opening the account to provide any financial solutions for both their personal and business needs is the job of the relationship manager. For such customers, those relationship managers are the banks. Bank expects these relationship managers to work closely with these premium customers so that they don’t lose them to the competition and also to bring new premium customers to the bank.

VI. DATA ANALYSIS

The Exploratory factor analysis by PCA using SPSS 20 revealed that some of the factor loadings were weak. Hence, the touch points ATM, Relationship Manager and Website were removed from the 12 touch points. The 9 touch points were analyzed in Smart PLS to run Confirmatory factor analysis. The factor loadings were as below:

<table>
<thead>
<tr>
<th>Touch Points</th>
<th>Factor Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td>AOPTp3</td>
<td>0.771</td>
</tr>
<tr>
<td>BHTp4</td>
<td>0.657</td>
</tr>
<tr>
<td>BMTp7</td>
<td>0.649</td>
</tr>
<tr>
<td>CSDTp5</td>
<td>0.731</td>
</tr>
<tr>
<td>MobileTp10</td>
<td>0.69</td>
</tr>
<tr>
<td>NetBankingTp9</td>
<td>0.67</td>
</tr>
<tr>
<td>PHBTp1</td>
<td>0.75</td>
</tr>
<tr>
<td>SalesDeskTp2</td>
<td>0.704</td>
</tr>
<tr>
<td>TellerTp6</td>
<td>0.76</td>
</tr>
</tbody>
</table>

6.1 Confirmation of Validity and Reliability:

The validity and reliability scores are taken from the output of Smart PLS. The data is presented below in a table:
The regression co-efficient of 0.166 and t-value of 3.926 for the impact of touch points on overall Customer Experience convey that there is a significant impact of customer emotions at touch points on the overall customer experience.

VII. FINDINGS

The general list of customer touch points were identified in the study as 25 in numbers. But, the key touch points that have substantial impact on the performance of a bank were identified and their significance of impact is tested statistically. The final 9 key customer touch points of a retail bank in the Indian context as identified in the study are Account opening process, Sales Desk, Customer Service Desk, Tellers, Branch Manager, Phone Banking, Net Banking, Mobile Banking and the Banking Hall. It was also found that the customer emotions at these key touch points has a significant impact on the overall customer experience.

VIII. REFERENCES

[1] Adri Drotskie 2009, Customer Experience as the Strategic Differentiator in Retail Banking, thesis submitted to Stellenbosch University

TO CITE THIS PAPER