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Perceptual Level of Bank Employees towards the Customer Retention Strategies Adopted in Banks

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Abstract

Customer retention works by taking action to strengthen and maintain customer relationships and prevent them from finding another service provider. Big banks are now competing with specialty banks, which provide consumers with individualized customer service along with free accounts and greater savings with huge interest rates. This has increased the importance of customer retention for banks, as the process of getting new customers has become significantly more difficult. In this aspect, the study is conducted to714 Bank employees to know their Customer retention Strategies and how far it is influenced by the Demographic and Socio- economic variables. Multiple regression analysis was applied for examining the significance of the results between the twelve independent variables and perception of bank employees towards customer retention strategies in the banking industry and the results showed a positive association with increase choice in designation, service quality and type of bank. In this context, the bank needs to develop new approaches for increasing customer satisfaction and retaining customer loyalty.

Key Words - Customer retention, Perception, Relationship Marketing, Customer satisfaction, Customer Relationship Management.

Introduction

Banks need loyal consumers to fuel profits, so they want to build effective loyalty programmes with a high probability of client retention. In that case, they must not disregard technical technologies that provide significant customer insights and introduce novel client retention strategies. Banks should keep an eye on the latest technology that may help them overcome the obstacle and design more customized loyalty programmes in order to move away from traditional, impersonal ones, even though customers' behaviour may appear to be too complex and difficult to comprehend. In recent years, technological advancements have enabled banks to expand their global

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reach as most transactions can now be completed online and consumers no longer need to visit bank locations for every transaction. The rise in cross-border activity has raised demand for banks that can provide a variety of services to people of various nationalities across borders. There are still some consumers who prefer traditional channels, but even they are more likely to use digital channels for particular activities at different times. The majority of bank customers are digital-only consumers who prefer to prospect and buy online. Despite this significant shift to digital, banks and credit unions continue to face turnover as clients find confusing websites, difficulties in resolving issues, and excessive call centre wait times, regardless of channel. Therefore, to take advantage of clients' new channel preferences, traditional acquisition and retention policies are being modified by both the banks' private and public sector.

Review of Literature

Simanjuntak Nadia et.al (2020) studied customer satisfaction's direct and indirect effects on customer retention, the effects of customer perceptions of value, service quality, and corporate image, as well as the effects of switching barriers on customer retention. The conceptual study approach was tested by using structural equation modelling (SEM) to analyze data from 310 customer automobile loans. Switching barriers, according to the research, have a bigger influence on customer retention. Customer happiness is influenced by a variety of factors, including perceived value, company image, and service quality. Though customer fulfillment seems to have little impact on customer retention, the indirect association that exists due to customer faith in the credit process and the services offered shows that customers who accept the services and the credit process given are more likely to prefer the company's services when in need for new loan.

Putra and Putri (2019) stated that Customers are regarded as kings, and customer happiness is a top priority for many organizations. They are an important stakeholder for all types of companies. Customers must be satisfied in any way for the company to succeed. Relationship marketing aspects were found to be highly associated with customer retention in many situations; these dimensions enhanced the behavioural part of loyalty and led to ultimate retention. Customers will be motivated if you maintain a consistent commitment to service delivery.

Solanki et al. (2019) stated that the relationship marketing as a customer retention strategy. Furthermore, the research focuses on a case study of the banking system in Pakistan's Sindh region. The goal of this research was to see how relationship marketing affects customer retention in the banking industry. The results show that Bank customers in Larkana were loyal and therefore would stay if customers received benefits from relationship marketing apps from managers. Customers are loyal and retain those whom they find trustworthy, devoted, sophisticated in communication, and capable of resolving disputes with employees. According to the predictions, the more the implications of these techniques, the better the degree of customer retention. As a result of this study, Pakistani bankers feel that the only way to achieve the success of the organisation is for customers to remain loyal to them., who have remained loyal to banks because of the relationships they have formed and sustained.

Statement of Problem

In today's banking business, there is huge competition to improve customer

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satisfaction and become an industry leader. Customers have become more conscious of their financial decisions. Only the best loyalty programmes can truly instill loyalty in clients and boost their retention inside the bank. If a bank is unable to provide better-quality services, customers have various options. As a result, the bank will need to develop new ways to boost client happiness and loyalty. Customers are also finding their way to the buy window online, making customer acquisition much easier. Additionally, banks must compete with non-banks and new-generation businesses that provide similar services. Therefore, banks must concentrate on client retention techniques in order to grow and compete in this tough competition. In this insight, this research has been carried out to identify the perception of bank employees towards customer retention in Western Districts of Tami Nadu.

Objectives of the Study

1.To examine the Demographic and Socio-economic Profile of the respondents.

2. To know the perception of bank employees towards customer retention strategies adopted by the banks in relation to Demographic and Socio- economic Variables.

Data Source and Sampling Design

Primary data were collected from 714 Employees of several banks of South India for the study area by employing a Stratified Random Sampling method. A sample study was conducted with the help of a well-structured questionnaire that was filled out completely by the respondents. The 714 employees of different banks in South India were chosen based on their age, education, gender, occupation, marital status, and income. The secondary data was collected from Internet web resources and from top journals like the Indian Journal of Marketing, Survey of Indian Census, Journal of Indian Banking Industry, and Economic Survey Report. For this empirical study, the bank employees were chosen from the banks located in South India

Research Tools

Multiple regression is a statistical technique for predicting the value of a variable which are dependent from the values of multiple independent variables. It can also be used to assess the model's overall fit (variance explained) and the relative importance of each predictor to the total variance explained. The dependent variable (also known as the outcome, target, or criteria variable) is the variable to be predicted, and the independent variables are the factors used to calculate the value of the dependent variable (or sometimes, the predictor, explanatory, or regressor variables).In this research, it is used to measure p ;l the impact of income, control over income, loan, creation & ownership of assets and saving & expenditures on domestic gender equality of rural women in their households.

Results and Discussion

Customer retention starts with a company's first interaction with a customer and continues throughout the relationship's lifetime, and successful retention efforts take into account the entire lifecycle. Hence, multiple regression analysis was applied for examining the significance of the results between the twelve independent variables and perception of bank employees towards customer retention strategies in the banking sector.

The establishment of a statistical association between two or more variables is known as regression analysis. There are only two variables: one (designated as an independent) is the cause of the behaviour of the other (framed as the dependent variable)

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in a simple regression,. Regression can evaluate what is physically possible, which means that independent variable X must have a physical effect on dependent variable Y. The fundamental relationship between X and Y is given b.

$$Y = a + bX$$

The symbol Y shows the value estimated for Y for a known value of X. The equation is known as the Y on X regression equation (also known as the Y on X regression line when plotted on a graph), and it states that every unit change in X causes a change in value of b in Y, which is positive for direct relationships and negative for contrary relationships.

The major goal of using this strategy is to estimate the dependent variable's variability based on its co-variants with all of the independent variables. If the levels of independent variables are known, multiple regression analysis is used to estimate the level of the dependent phenomenon. Where **Y = Perception of bank employees towards customer retention strategies** in the banking sector.

X1 = Bank employees' Gender
X2 = Bank employees' Age
X3 = Bank employees' Marital status
X4 = Bank employees' Educational qualification
X5 = Bank employees' Designation
X6 = Bank employees' Monthly earnings
X7 = Bank employees' Tenure of employment in the same bank
X8 = Bank employees' Area of bank
X9 = Bank employees' Department
X10 = Bank employees' Total experience
X11 = Bank employees' Opinion on service quality
X12 = Bank employees' Type of bank

and $\beta 0 + \beta 1 + \beta 2 + \ldots\ldots\ldots + \beta j$ are the parameters to be predictable.

The following multiple regression analysis shows the association between the dependent variable 'perception of bank employees towards customer retention strategies in the banking sector' and twelve independent variables that were studied. Four of the twelve variables were shown to be closely connected with bank employees' perceptions of customer retention methods in the banking sector, which was experienced in this study region. The conclusions of the data were placed into multiple regression analysis in order to quantify the interdependence of independent components and their total contribution to bank employees' perceptions of customer retention methods in the banking sector, and detailed conclusions are shown in the Table 1.

Table 1
Perception of Bank Employees towards Customer Retention Strategies (Multiple Regression Analysis)

S. No.	Variables	B	Std. Error	Beta	T	Sig
	(Constant)	47.168	3.015		15.646	.000
1	Gender	-2.634	.708	-.136	-3.718	.000
2	Age	-.056	.381	-.005	-.148	.883
3	Marital status	-3.155	.750	-.155	-4.205	.000
4	Educational qualification	-.441	.354	-.046	-1.246	.213
5	Designation	.412	.288	.053	1.432	.153
6	Monthly earnings	-.051	.394	-.005	-.129	.897
7	Tenure of employment in the same bank	-1.101	.513	-.079	-2.145	.032
8	Area of bank	-.418	.724	-.021	-.576	.564
9	Department	-.232	.368	-.023	-.629	.529
10	Total experience	-.150	.330	-.017	-.455	.649
11	Service quality	1.527	.495	.113	3.082	.002
12	Type of bank	.101	.502	.007	.201	.841

Table 2 R-Value

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.266[a]	.071	.055	9.358

The multiple linear regression component (Dependent Variable) is found to be better fit statistically as R2 is **0.071** which depicts that the four independent variables contribute about 71% on the variations in perception of bank employees towards customer retention strategies in the banking sector which was experienced in the study area and this is statistically significant at 1% and 5% level. The table presents that the variables such as gender, marital status, tenure of employment in the same bank and service quality of the bank employees were significant at 1% and 5% level which implies that their influence is more significant than the other variables on the perception of bank employees towards customer retention strategies in the banking sector. As well as, co-efficient of bank employees' designation, service quality and type of bank is positively associated with the perception of bank employees towards customer retention strategies in the banking sector which was experienced in this study area among bank employees.

Findings and Recommendations

Findings - According to the findings, the variables that influence bank employees' perceptions of customer retention methods in the banking industry are statistically well-fitting. The rate of increasing the perception of bank employees towards customer retention strategies in banking sector shows their contribution with the results of the independent variables such as designation with 1.432 unit change, with 3.082 unit change in service quality and with 0.201 unit change in the type of bank.

The level of perception of bank employees towards customer retention strategies in the banking industry showed a positive association with increase choice in designation, service quality and type of bank. At the outset, gender, age, marital status, educational qualification, monthly earnings, tenure of employment in the same bank, area of the bank, department, total experience were showed a negative association with the perception of bank employees towards customer retention strategies in the banking sector.

Recommendations

*Customer Retention Strategies adopted in banking sector depends especially designation, service quality and type of bank the customers have their accounts.

* Customer relationship management is one of the most effective approach and a tool for gaining a customer base to survive in this world of global competition. Since customer satisfaction levels in public sector banks are lower than in private sector banks, the CRM method should be Practiced.

Conclusion

Banks have different customer retention strategies, but to maximize their effectiveness, one needs to match them with their position in the customer life cycle The first step in creating bank customer retention strategies for existing customers is to identify the best way of retaining then in future. On the basis of result, researcher has found that designation, service quality and type of bank is the key and the most essential factor which provides base towards the retention of customers. If a bank fails to provide better-quality services, customers have various options in switching over to other Banks. Inspite of this aspect, the bank must devise new techniques for increasing better customer experience and to retain customer loyalty.

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