Innovation In Retail Banking Services –
A Case Study On KVB & IOB, Dindigul District

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ABSTRACT
Many people do not think that retail banking is an innovative industry. An annual survey by Business Week and Boston Consulting Group ranked Apple, Google and Toyota as the most innovative companies in 2012. The only banks featuring in the top 50 were HSBC and JP Morgan Chase and we don’t think this was particularly for their retail banking activities. Academic research has typically concluded that retail banking is not very innovative. According to one study in the Journal of Marketing Management, “weak consumer demand for unique products and services is a major reason why imitative incremental innovation is more common than radical innovation in retail banking”. This research focused on retail banking innovation between two banks at Dindigul district. The result shows that comparatively public sector, the private sector banks have a significant innovation.

Keywords: Retail Banking, Innovative practices, channel innovation.

Defining innovation - One of the challenges in carrying out research on innovation is that people can have very different ideas of what constitutes an innovation. We have defined it in the following terms: “to innovate” means to introduce changes and new ideas, and “an innovation” is a new idea or method, which creates value for the customer or the bank itself. It should be something that is new to the market, not simply copied from another bank in the same market. It is much harder for us to think about innovation in activities like operations and finance, especially when no new technology is involved. Innovations also range in scale from “incremental” to “strategic”. There are no hard definitions of what these terms mean and we came across a wide range of views as to what constitutes a strategic innovation.

The history of innovation in retail banking - Many people do not think that retail banking is an innovative industry. An annual survey by Business Week and Boston Consulting Group ranked Apple, Google and Toyota as the most innovative companies in 2012. The only banks featuring in the top 50 were HSBC and JP Morgan Chase and we don’t think this was particularly for their retail banking activities. Academic research has typically concluded that retail banking is not very innovative. According to one study in the Journal of Marketing Management, “weak consumer demand for unique products and services is a major reason why imitative incremental innovation is more common than radical innovation in retail banking”.

Internet banking is the most significant innovation in the last 15 years. Many banks launched internet banking in the mid 1990’s, but there remained some wide discrepancies in adoption as of the end of 2008. The impact of the crisis on innovation - The financial crisis first took hold in the middle of 2007-10 and went through various stages before reaching a critical point in September with the bankruptcy. The initial phase was a liquidity crisis for banks reliant on wholesale funding, and this was followed by a solvency crisis as banks were required to significantly reduce their leverage by shedding assets or raising capital. The financial crisis has led to the worst recession in the real economy since the depression of the 1930’s, and mounting credit losses are causing more problems for banks.

About the research - The research was conducted in June and July 2015. The questionnaire were collected in 2 Banks namely KVB & IOB, Dindigul, provided the opportunity to explore the questions and related issues in more depth. A total of 02 banks were surveyed. Desk research covered recent material from the magazine, conferences and reports which included many examples of innovation by banks. We also reviewed a wide range of innovation best practices through questions.

Survey questions:
1. Is your bank more focused currently on growth or efficiency?
2. How important is innovation for the future growth of your bank?
3. How important is innovation for future efficiency improvements in your bank?
4. Does your bank have an innovation strategy (including objectives, approaches and metrics)?
5. Is your bank aiming to be an innovation leader?
6. Would you say that your bank is working mainly on incremental or strategic innovations?
7. What is your current level of development activity, and how innovative is your approach in: products, channels, customer relationship?
8. How active is your bank at the moment, and how innovative is your approach to efficiency improvement in: general cost reduction, process redesign or simplification, core technology redesign or replacement, outsourcing?
9. What steps have you taken or are you taking to increase the level of innovation in your bank (list of potential steps provided)?
10. Are you becoming more innovative in response to regulation and compliance requirements?
11. Have you increased or decreased the level of satisfaction on the whole?
12. How important is IT for innovation in your bank?
13. Do you believe your organisation is a leader or follower in the use of IT for innovation?

To illustrate how these factors might combine in determining the approach to innovation:

- A bank in a market which is at an earlier stage of development has opportunity for improvement by adopting best practices to become more efficient, extend its product range and channels, and focus on its existing customer relationships. To be successful, it would not necessarily need to be the most innovative bank in the market, though it could still chose to make that an objective.

- A medium sized bank in the same market, such as a recent start-up, will typically need to be more innovative to attract customers either customers new to banking, or customers from more established rivals. As a start-up, this bank has some advantages in being able to begin operations with a clean sheet of paper and adopt the latest operating processes and technology innovations, but on the other hand it does not have economies of scale.

- For a public sector bank in a more mature market, customer loyalty and cross-sell rates are already quite high, and the bank is already relatively efficient. The challenge is to embed a culture of continuous and mainly incremental innovation, while at the same time looking out for opportunities for strategic innovation or risks of market disruption.

- In the private sector bank, a smaller amount of disadvantage and there are fewer new to banking customers to target. Such a bank needs to be innovative to prosper and may therefore have to consider more radical innovations than one of the public sector banks. Taking these and other factors into account you would not expect all banks to have the same innovation strategy even if, superficially, there are some similarities.

1. **Disciplined innovation process** - Even without an innovation department, it is clear from our surveys and from best practice research more generally, that there are real benefits from having a disciplined approach to innovation based around a number of key stages. These stages could apply to any type of innovation, but particularly where a significant investment is required:
   - Idea generation
   - Idea screening
   - Business case preparation and review
   - Concept development
   - Prototyping
   - Implementation

2. **Channel innovation Process** - The level of development activity and level of innovation in Channels was the highest in Private sector banks, and significantly higher than the rest of Central & State owned banks. Most of this activity was focused on alternative distribution channels, but there are also some bank branch innovations taking place.
Branches showcase branch being used to experiment with new concepts and technologies. Banks are significantly expanding the range of services that can be delivered from ATMs in many markets, and also experimenting with more targeted marketing to ATM users. Bill payment, cash deposits, contactless card operations, and multiple operations without having an ATM card are all examples. Internet banking functionality is improving all the time. The main innovation here is the growing use of voice over internet protocol and collaboration software to enable customers to speak to an adviser interactively, either from their own PC, or from a branch terminal. Large number of mobile banking projects underway across country, so picking one or two is difficult. SMS based banking service is a notable success. Mobile handset itself as a payment device, using contactless technology, is set to take off in the not too distant future.

3. **Customer relationship innovation Process** - This was the activity that was receiving the most development focus by banks in private sector, and also had a high degree of focus for banks in the other regions. KVB Bank need to be particularly innovative when you are trying to drive the customer’s product holding from an average. In many cases, banks with foreign parents are bringing their home country customer relationship management strategies to these new markets. This can be innovative locally, but not in a nation context. Customers of banks in the region often hold products and driving this average higher in a mature market will require more significant innovation. From surveys, it was clear that there are fewer examples of Customer Relationship innovation than Product or Channel innovation, even though many other banks are implementing a variety of CRM systems, improving their data mining and analytical capabilities, and developing better systems for lead management.

**How banks can become more innovative?**

Since most banks believe innovation is very important for growing revenues and improving efficiency, it makes sense to look at the barriers to innovation, and also what steps banks are taking to increase their level of innovation.

Ranking the factors for innovation by the region to 1-10;

1. IT development bottlenecks
2. Flexibility of IT systems
3. Regulation and compliance
4. Investment
5. Regulation and compliance
6. Focus on other priorities
7. Co-ordination across departments
8. Ideas
9. Risk aversion
10. Attitudes and behaviour

**Objectives of the Study:**

**Primary objective:**
To study about the customer satisfaction on retail banking services of KVB & IOB, Dindigul.

**Secondary objectives:**
- To analyze the importance of various innovation practices of KVB & IOB.
- To study about the influencing factors of innovation strategy of KVB & IOB.
- To know about the importance of IT for innovation in bank
RESEARCH METHODOLOGY
Sampling Size: 112
Sampling method: Convenience sampling.
Sampling unit: KVB & IOB, Dindigul
Sampling period: Two Months
Tool used for data collection: Questionnaire method
Method of data collection: Both Primary & Secondary Method
Tools for the analysis: Simple Percentage, Rank method & Chi-Square Test

ANALYSIS AND INTERPRETATIONS
Table No.1 - Classification of respondents based on gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>No. of respondents</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>88</td>
<td>78.57</td>
</tr>
<tr>
<td>Female</td>
<td>24</td>
<td>21.43</td>
</tr>
<tr>
<td>Total</td>
<td>112</td>
<td>100</td>
</tr>
</tbody>
</table>

Interpretation: From the above table 78.5% of the respondents were male.

Table No.2 - Classification of respondents based on qualification

<table>
<thead>
<tr>
<th>Qualification</th>
<th>No. Of respondents</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>School Edu.</td>
<td>26</td>
<td>23.21</td>
</tr>
<tr>
<td>UG</td>
<td>41</td>
<td>36.61</td>
</tr>
<tr>
<td>PG</td>
<td>25</td>
<td>22.32</td>
</tr>
<tr>
<td>Others</td>
<td>20</td>
<td>17.86</td>
</tr>
<tr>
<td>Total</td>
<td>112</td>
<td>100</td>
</tr>
</tbody>
</table>

Interpretation: In the total no of respondents highest percent (37%) of the respondents were undergraduates, 22% were post graduates and the 41% were School education or others.

Table No.3 - Classification of respondents based on expertise with computers

<table>
<thead>
<tr>
<th>Experience with computers</th>
<th>No. Of respondents</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-1 yrs</td>
<td>21</td>
<td>18.75</td>
</tr>
<tr>
<td>2-5 yrs</td>
<td>58</td>
<td>51.79</td>
</tr>
<tr>
<td>6-10 yrs</td>
<td>24</td>
<td>21.43</td>
</tr>
<tr>
<td>11 or more</td>
<td>9</td>
<td>8.04</td>
</tr>
<tr>
<td>Total</td>
<td>112</td>
<td>100</td>
</tr>
</tbody>
</table>

Interpretation: The results show that 52% of the respondents were having experience of 2-5 years. 21% of the respondents are working with computers for minimum of 6-10 years. Only 8% of the users have more than 11 years of experience.

Table No.4 - Classification of respondents based on expertise with Two Banks

<table>
<thead>
<tr>
<th>Expertise in Retail Banking</th>
<th>No. Of respondents</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-3 yrs</td>
<td>54</td>
<td>48.21</td>
</tr>
<tr>
<td>4 -6 yrs</td>
<td>38</td>
<td>33.93</td>
</tr>
<tr>
<td>7 -10 yrs</td>
<td>16</td>
<td>14.29</td>
</tr>
<tr>
<td>&gt;10 Yrs.</td>
<td>4</td>
<td>3.57</td>
</tr>
<tr>
<td>Total</td>
<td>112</td>
<td>100</td>
</tr>
</tbody>
</table>
Interpretation: 48% (1-3 Yrs.) of the respondents having experience in retail banking operations, 14.29 % (7-10 Yrs.) of the respondents having less expertise in RB.

Table No.5- Classification of respondents based on innovations for future growth

<table>
<thead>
<tr>
<th>Innovation</th>
<th>No. Of respondents</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disciplined</td>
<td>32</td>
<td>28.57</td>
</tr>
<tr>
<td>Channel</td>
<td>14</td>
<td>12.5</td>
</tr>
<tr>
<td>Customer</td>
<td>64</td>
<td>57.14</td>
</tr>
<tr>
<td>Others</td>
<td>2</td>
<td>1.79</td>
</tr>
<tr>
<td>Total</td>
<td>112</td>
<td>100</td>
</tr>
</tbody>
</table>

Interpretation: When the respondents were asked to respond about the innovation for the future growth must be through customer based (57%) followed disciplined 29% of users. The channel with 13% of the users.

Table No. 6 - Satisfaction of the retail banking improvements

<table>
<thead>
<tr>
<th>Level of satisfaction</th>
<th>No. Of respondents</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>108</td>
<td>96.43</td>
</tr>
<tr>
<td>No</td>
<td>4</td>
<td>3.57</td>
</tr>
<tr>
<td>Total</td>
<td>112</td>
<td>100</td>
</tr>
</tbody>
</table>

Interpretation: 96% of the respondents are satisfied with retail banking. Only 4% users are not satisfied with the retail banking services.

Table No.7 - Satisfaction on Innovative Strategy about retail banking

<table>
<thead>
<tr>
<th>Innovation Strategy</th>
<th>No. Of respondents</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly satisfied</td>
<td>25</td>
<td>22.32</td>
</tr>
<tr>
<td>Satisfied</td>
<td>47</td>
<td>41.96</td>
</tr>
<tr>
<td>Neutral</td>
<td>27</td>
<td>24.11</td>
</tr>
<tr>
<td>Not satisfied</td>
<td>12</td>
<td>10.71</td>
</tr>
<tr>
<td>Highly not satisfied</td>
<td>1</td>
<td>0.89</td>
</tr>
<tr>
<td>Total</td>
<td>112</td>
<td>100</td>
</tr>
</tbody>
</table>

Interpretation: Almost 41% of the users were expressed they are satisfied with the retail banking. In the rest 24% of them neutrally with retail banking innovation. The least of 0.89% of users are expressed as not satisfied.

Table No. 8 – Important Innovation Factors of retail banking

<table>
<thead>
<tr>
<th>Innovative Factors</th>
<th>No. Of respondents</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Reduction</td>
<td>87</td>
<td>77.68</td>
</tr>
<tr>
<td>Process Redesign</td>
<td>85</td>
<td>75.89</td>
</tr>
<tr>
<td>Customer relationship</td>
<td>81</td>
<td>72.32</td>
</tr>
<tr>
<td>Attitude &amp; Behaviour</td>
<td>72</td>
<td>64.29</td>
</tr>
<tr>
<td>Information Technology</td>
<td>70</td>
<td>62.5</td>
</tr>
<tr>
<td>Process Metrics</td>
<td>69</td>
<td>61.61</td>
</tr>
<tr>
<td>Outsourcing</td>
<td>65</td>
<td>58.04</td>
</tr>
<tr>
<td>Risk Aversion</td>
<td>30</td>
<td>26.79</td>
</tr>
</tbody>
</table>
Interpretation: The highest factor of (77%) were placed to cost reduction, followed by 75% were throw the process redesign and 58% were placed on outsourcing and 26% of the respondents were placed on risk aversion.

Table No.9 - Satisfaction level of the factors at implementation stage

<table>
<thead>
<tr>
<th>Factors</th>
<th>No. Of respondents</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coordination across departments</td>
<td>93</td>
<td>83.04</td>
</tr>
<tr>
<td>Customisation</td>
<td>91</td>
<td>81.25</td>
</tr>
<tr>
<td>Training to users</td>
<td>90</td>
<td>80.36</td>
</tr>
<tr>
<td>Completeness</td>
<td>88</td>
<td>78.57</td>
</tr>
<tr>
<td>Report management</td>
<td>83</td>
<td>74.11</td>
</tr>
<tr>
<td>User friendliness</td>
<td>80</td>
<td>71.43</td>
</tr>
<tr>
<td>Versatility</td>
<td>76</td>
<td>67.86</td>
</tr>
<tr>
<td>Low cost</td>
<td>71</td>
<td>63.39</td>
</tr>
</tbody>
</table>

Interpretation: The coordination across departments is holding the top with 83% of satisfied respondents. Customisation is at the next spot with 81% of the user’s satisfaction. The rest of the factors and their satisfaction levels in percentage are: Completeness (79%), Report management (74%), User friendliness (72%), Versatility (68%) and with least of satisfaction level of 63% it is Low cost.

Table No.10- Overall satisfaction level about the innovation practices

<table>
<thead>
<tr>
<th>Satisfaction level</th>
<th>No. Of respondents</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly satisfied</td>
<td>85</td>
<td>75.89</td>
</tr>
<tr>
<td>Satisfied</td>
<td>16</td>
<td>14.29</td>
</tr>
<tr>
<td>Neutral</td>
<td>9</td>
<td>8.04</td>
</tr>
<tr>
<td>Not satisfied</td>
<td>2</td>
<td>1.79</td>
</tr>
<tr>
<td>Highly dissatisfied</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Total</td>
<td>112</td>
<td>100</td>
</tr>
</tbody>
</table>

Interpretation: Nearly 76% of the users are highly satisfied with the overall service of retail banking innovation at all the phases. In aggregate 90% of them expressed that they are satisfied with the services at all levels. Only 2% of the respondents said they are dissatisfied. Highly dissatisfaction level is totally zero percent.

Table No. 11 - Innovative in response to regulation & compliance requirements

<table>
<thead>
<tr>
<th>Frequency</th>
<th>No. Of respondents</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-3 months</td>
<td>23</td>
<td>20.54</td>
</tr>
<tr>
<td>3-6 months</td>
<td>24</td>
<td>21.43</td>
</tr>
<tr>
<td>6-9 months</td>
<td>57</td>
<td>50.89</td>
</tr>
<tr>
<td>Not so often</td>
<td>8</td>
<td>7.14</td>
</tr>
<tr>
<td>Total</td>
<td>112</td>
<td>100</td>
</tr>
</tbody>
</table>

Interpretation: When the errors or problems occur special service will be required. So if frequency is high it means the rate of errors is high too. So the users been asked to respond on how frequently they require services due to problems. Most of the respondents (51%) said that they require service at an interval of 6-9 months. In aggregate 42% of the users says they need service within 0-6 months. Only 7% of users didn’t need services so often.

ANALYSING THE CRITICAL FACTOR OF VARIOUS PRODUCTS
The respondents were asked to rank certain factors to assess what was the critical factor for retail banking products. The users were asked to rank the following four factors, ‘Accuracy and Speed’, ‘Ease of Use’, ‘Flexibility’, and ‘Data storage’. The assessment is done by finding the cumulative rank value of the various factors.

\[
\text{The Cumulative rank value} = \sum (\text{Rank value} \times \text{Frequencies})
\]

\[
\text{Average value} = \frac{\text{Cumulative rank value}}{\text{Total No of respondents}}
\]

Table No. 12 - The critical factors of the product ‘Channel Innovation’

<table>
<thead>
<tr>
<th>Factors</th>
<th>Cumulative rank value</th>
<th>Average value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accuracy &amp; speed</td>
<td>243</td>
<td>3.42</td>
</tr>
<tr>
<td>Ease of use</td>
<td>180</td>
<td>2.54</td>
</tr>
<tr>
<td>Flexibility</td>
<td>131</td>
<td>1.85</td>
</tr>
<tr>
<td>Data storage</td>
<td>156</td>
<td>2.2</td>
</tr>
</tbody>
</table>

Table No. 13 - The critical factors of the product ‘Customer Innovation’

<table>
<thead>
<tr>
<th>Factors</th>
<th>Cumulative rank value</th>
<th>Average value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accuracy &amp; speed</td>
<td>30</td>
<td>3</td>
</tr>
<tr>
<td>Ease of use</td>
<td>30</td>
<td>3</td>
</tr>
<tr>
<td>Flexibility</td>
<td>23</td>
<td>2.3</td>
</tr>
<tr>
<td>Data storage</td>
<td>18</td>
<td>1.8</td>
</tr>
</tbody>
</table>

Table No. 14 - The critical factors of the product ‘Disciplined process’

<table>
<thead>
<tr>
<th>Factors</th>
<th>Cumulative rank value</th>
<th>Average value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accuracy &amp; speed</td>
<td>59</td>
<td>2.68</td>
</tr>
<tr>
<td>Ease of use</td>
<td>66</td>
<td>3</td>
</tr>
<tr>
<td>Flexibility</td>
<td>41</td>
<td>1.86</td>
</tr>
<tr>
<td>Data storage</td>
<td>54</td>
<td>2.45</td>
</tr>
</tbody>
</table>

Table No. 15 - The critical factors of the product ‘Information Technology’

<table>
<thead>
<tr>
<th>Factors</th>
<th>Cumulative rank value</th>
<th>Average value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accuracy &amp; speed</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Ease of use</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Flexibility</td>
<td>7</td>
<td>3.5</td>
</tr>
<tr>
<td>Data storage</td>
<td>3</td>
<td>1.5</td>
</tr>
</tbody>
</table>

Interpretation:

The above calculations of average value are done to find out the critical factor of each innovation products. The results show that Accuracy and Speed is the critical factor in banking Channel, Customer, Disciplined & IT.

**CHI-SQUARE ANALYSIS**
The Relationship between Innovative Banking Process and the Satisfaction on the System

Table No.16 – Respondents based on expertise with Two Banks and their level of satisfaction

<table>
<thead>
<tr>
<th>Expertise in Retail Banking / Satisfaction on the system</th>
<th>0-3Yrs</th>
<th>4-6Yrs</th>
<th>7-10Yrs</th>
<th>&gt;10 yrs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfied</td>
<td>11</td>
<td>37</td>
<td>18</td>
<td>6</td>
<td>72</td>
</tr>
<tr>
<td>Neutral</td>
<td>6</td>
<td>14</td>
<td>5</td>
<td>2</td>
<td>27</td>
</tr>
<tr>
<td>Not Satisfied</td>
<td>4</td>
<td>7</td>
<td>1</td>
<td>1</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>21</td>
<td>58</td>
<td>24</td>
<td>9</td>
<td>112</td>
</tr>
</tbody>
</table>

(H₀) = Have no impact on Expertise in RB with the system
(H₁) = Have an impact on Expertise in RB with the system

The calculated value = 3.354; Degrees of freedom (df) = 6; Table value = 12.59

Interpretation: Since the calculated value is less than the table value so the null hypothesis can be accepted. So this concluded that there is no impact on Expertise in RB with the system.

The Relationship between Satisfaction on Innovation Factors of Retail Banking and Overall Satisfaction on Implementation Phase

Table No.17 - The table of user satisfaction on Innovative Factors and overall satisfaction on implementation phase

<table>
<thead>
<tr>
<th>Innovative Factors / Overall satisfaction</th>
<th>Satisfied</th>
<th>Neutral</th>
<th>Not satisfied</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfied</td>
<td>99</td>
<td>2</td>
<td>0</td>
<td>101</td>
</tr>
<tr>
<td>Neutral</td>
<td>7</td>
<td>1</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>Not satisfied</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>107</td>
<td>4</td>
<td>1</td>
<td>112</td>
</tr>
</tbody>
</table>

(H₀) = Satisfaction on Innovation factors of retail banking does not impact the overall satisfaction on post implementation phase.
(H₁) = Satisfaction on Innovation factors of retail banking significantly related to the overall satisfaction on post implementation phase.

Calculated Value = 47.609; Degrees of freedom (df) = 4; Table value=4, and 95% level of significance = 9.49

Interpretation: Since the calculated value is higher than the table value, the null hypothesis will be rejected. So this concluded that the satisfaction on Innovation Retail Factors has positively impact on overall satisfaction at implementation phase.

MAJOR FINDINGS OF THE STUDY

- 78.5% of the respondents were male
- (37%) of the respondents were undergraduates
- 52% of the respondents were having experience of 2-5 years.
48% (1-3 Yrs.) of the respondents having experience in retail banking operations
96% of the respondents are satisfied with retail banking
41% of the users were expressed they are satisfied with the retail banking
The highest factor of (77%) were placed to cost reduction
The coordination across departments is holding the top with 83% of satisfied respondents.
76% of the users are highly satisfied with the overall service of retail banking innovation at all the phases.
Rank showed that the priority comes from Accuracy and Speed is the critical factor in banking Channel, Customer, Disciplined & IT.
There is no impact on Expertise in RB with the system.
The satisfaction on Innovation Retail Factors has positively impact on overall satisfaction at implementation phase.

Conclusion - Banks recognise that innovation continues to be important even in the face of the current financial crisis. Innovation is seen to be even more important for improving efficiency than it is for generating growth. Strategic innovation, or business model innovation, is a high priority for many banks but concrete examples are rare. We have observed many similarities in the innovations taking place across the two banks, but banks in Private notably high with growth innovation. They have taken advantage of market growth and consumer attitudes, and have benefited from the use of relatively new and flexible IT systems. In the area of innovation to drive growth, the perception of banks is that product innovation is lagging channel and customer relationship innovation, and there is also a gap between the level of development activity and the level of innovation in each of these areas. The crisis has created a renewed focus on efficiency but innovation efforts targeted at efficiency improvements do not match its perceived level of importance according to the banks in our survey. Business model innovation can provide a step change in efficiency but it is rare and difficult to implement for an established bank. However, there is plenty of scope for incremental innovation to make continuous improvements. IT is believed to be very important for innovation but is also perceived to be a barrier by many banks, either because of inflexible systems or lack of resources.

References:
7 Turner, A., Financial Services Authority, July 2009.