

Research Article

METHODS OF RECOGNIZING, ATTRACTION AND MAINTAINING SPECIAL CUSTOMERS IN “P” PRIVATE BANK

***Toosaei Soltanmoradi A.¹ and Keimasi M.¹**

¹*Department of Business Management, University of Tehran, Iran*

**Author for Correspondence*

ABSTRACT

One of the principal issues which the researcher was obsessed with during 2 years of scientific discussion with one of the officials of private bank intensifies it was that how banks recognize their potential customers and what do they do for attracting them. In traditional view, presumption was that customers find banks according to proximity to their residence or workplace and they maintain that bank until they are satisfied with it. Now, we investigate this issue in P bank which is one of the biggest private banks of the country with respect to level of stocks (Name of the bank is not mentioned because of the emphasis of bank managers).

Keywords: *Attraction, Customers, P Bank, Private Banks*

INTRODUCTION

To study the issue of recognizing Bank's potential customers and ways of attracting them, then branches of the bank in north (two branches), south, west, center (two branches), northeast, southwest and southwest were selected and asked the following questions. During interviews, it was attempted to clarify those questions which seem to be irrelevant or vague by means of giving some information or addressing opinions of the other managers and heads of the other branches and what is being addressed to be in fact result of a relative consensus. Furthermore, heads of the branch were asked to take the benefiting and effective customers into account in the matter of customer.

Questions and topics addressed in interview and research are as follows:

1. Which methods are used in your branch and bank to recognize potential customers?
2. Which methods are applied to attract potential customers?
3. Which actions are taken to maintain customers and keep them satisfied?

In summary, results of the interviews and investigations, revealed the following items as the most important strategies taken by the bank to attract customers:

1. Location and Building of the Bank Branches

Initially, by establishing prestigious branches in appropriate locations through managing the building in suitable places, P bank creates branches. According to given responses, since inquiries for location and so on was time consuming and postpones opportunities for creating branches and attracting good customers, choosing branch location is performed only through comparison of location with other branches and mental analysis of the official and when necessary, branch managers in that geographical region will be consulted.

Moreover, overcrowding in one of the branches, was the motivation of the bank to establish another branch in the vicinity of that old one; i.e., due to welcoming of customers and need to two branches of this bank in Saadat Abad, 100 m apart.

In addition, P bank is active for establishing branch and counters in institutions and in this regard, acts with significant ease and assistance.

Heads of branches, consider the façade and building of the branch as one of the factors contributing to recognition of bank by customers.

Furthermore, some of the best customers of the P bank are credit and loaning institutions which use P bank for exchequer issues and issuing coded cheques for customers, while one of these institutions is transformed to bank and still uses P bank services and practically each day settles into bank account.

2. Attraction by Branches' Heads as a Result of Previous Relationship with Customers

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Another issue which is used by heads of the branches as a tool for recognition and attraction of the customers, is using retired employees of the public banks, most of which are from Saderat, Melli, Mellat, Maskan and other public banks, respectively. Throughout 30 years of experience in previous banks, these employees had appropriate and effective relationships with legal and real customers and after being employed in this private bank, play an effective role in attracting customers whom they know. Most of the bank managers announced that they do so among branches of the same bank as well and after shifting to new branch, manager attracts some of his/her previous personnel into the new branch which worth a little for the bank but is a privilege for the manager. The reason for this can be attributed to payment of award to heads and deputies proportional to attraction of investment and benefit for the branch and also human relationships and fixation. Branches heads announced that regarding special and their customers, directly contact the customer and suggest him changing the bank or opening account in the new branch. Regarding other outstanding customers, since, they are aware of their presence in the new bank after retirement, the issues is addressed for the customer and if required by the customer, more information about the new bank or branch is provided and finally, the third group of customers, after being aware of the presence of the head of the bank in another bank, spontaneously transfer their accounts to the new bank. The important issue is that managers of various branches must not overemphasize on doing so by customers since this defames the bank and may lead to reverse results.

3. Method of Recognizing Special Customers and Inquiries for Special Customers

According to interviews performed with the bank campaign, there is no center for recognizing potential customers and introducing them into the bank. Branches which have appropriate physical state and customers with high potential and benefit, seek rarely for databases and similar information to find new customers. These branches use only verbal advertises and recommendation of other customers and act to suggest current customers to increase their balance in bank or more investment resulting from their properties.

In medium branches or even some strong ones, according to the vision of the branch head, information corresponding to nearby business and administrative centers are gathered and then, one of the brisk employees visits there and talks them about the bank capabilities and services persuade them to use branch services.

In some branches, RahnamayeHamshahri and Ketab-e- Avvalare used for finding the list of potential customers.

4. Providing Loans and Facilities

Providing loans and facilities is one of the ways of recognizing and attracting customers. Managers believe that by providing loan and visit of many people requesting information and also applying for loan, initially bank becomes familiar with these people and then, to get loan, they open account in the bank. On the other hand, bank becomes familiar with their employers and sponsors which are potentially good customers.

The issue that whether P bank uses information of other banks was denied. Moreover, heads of P bank did not attribute this to other banks as well.

5. Behavior and Communication with Special Customers

Majority of heads of banks state that their most important strategy to attract special customers is respecting and ensuring them that their demanded services will be highly suitable and in accordance with their intention; for instance, posting forms of opening account to customer's workplace and corporation of manger or deputy in filling out the form and so on.

In addition, in P bank branches, according to regulations, special customers' affairs must be done by head or deputy instead of staff. Furthermore, special customers need no wait for bank operations.

For special customers and important legal customers, performing many services such as delivery of cheque and so on, is performed in presence of bank representatives and in customers' workplace. As an instance, a sample of some of the account opening form and application for cheque will be given to financial affairs of the customers. Forms are sent to banks periodically and after opening account and

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issuing cheques, accounts utilities and also prepared cheques are sent to financial or administrative department.

Regarding very special customers, a representative of the bank visits customer in workplace in certain hours and after demanding services, if possible, serves the customer, otherwise, after transferring to bank and preparation of the required service, for example, cheque, in next visit, delivers the service to customer in place.

- Providing more interest for special customers, especially those who are probably shifting to another bank or due to economic situations may abort investing in bank. Bank offers them special offers such as special interests for long-term deposits for more than 3 years.

- Special interests up to 5% higher than general interests for balances more than 1BN RLs.

- In addition, offering services including free insurance and other free banking services as other incentives provided by P bank in this respect.

- Sending gifts with bank logo in occasions such as Nowruz, anniversary of establishment and so on are some of activities taken by bank to attract customers' attention.

- Inviting special customers in various ceremonies is one of the other incentives and advertising activities of the bank. At least twice a year, bank holds prestigious and great ceremonies. By taking part in these ceremonies and having good times besides managers and personnel of the bank, customers will remember the bank by memories of happiness, joy and respect for themselves.

On the other hand, in these ceremonies, a report of bank services and capabilities is presented which fixes the capacities of the bank with this ceremony in the mind of customers.

Moreover, special customers who take part in the ceremony besides managers and personnel, along with other special customers, feel that they belong to the big family of P bank.

6. Special Services for Special Customers

6.1. Opening Letter of Credit

It is one of the services considered by branches' heads as an important factor which significantly contributes to attracting and maintaining customers. According to branches' heads, these customers are so sensitive to speed and accuracy and also ease of receiving this service. Therefore, in this bank, this service is provided by the central unit of the bank in concentrated manner or in the branch or central campaign for customers.

6.2. Providing Bank Warranty

This is another service which is important in attracting customers. According to interviews with heads of the branches, the general strategy of the bank in this regard is that for customers who visit the branch for the first time and do not have the appropriate balance in branch, 100% of the warranty is supplied by the customer and is blocked in bank. In cases where manager assumes that the customer is an appropriate customer of the future, this amount will reduce to 80% of the warranty.

Regarding qualified customers, warranty can be provided by 10-50% in cash and remaining will be given by estate guaranty.

For special customers, providing warranty by receiving 10% in cash and in special cases and when necessary, if estate guaranties are available and if it is not possible to supply new warranty, the new warranty will be issued by previous guaranties so that these customers feel more comfort in this regard.

6.3. Providing Bank Facilities and Special Assistances

We may consider this as the most important incentive for attracting customers and maintaining them for bank. 80% of the respondents consider it as the most important and 20% nominate it as one of the most important one.

Following are incentives which are provided by managers of the branches regarding facilities:

- Providing facilities for managers and personnel employed by the main holder of the account
- Accepting guaranties less than normal for facilities
- Increasing facilities more than usual
- Increasing the duration of installments payback for more facilitation
- Loan period extension for more utilization specifically in case of partnership facilities

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- Providing facilities with wage and interest less than usual, moreover, loan facilities
- Ignoring penalties and late payback of loan of special debtors

7. Other Special Assistances

Interviewees were asked if a special customer lack enough balance for passing a cheque, if there is a way to help him/her, all of them initially said that they have not seen such a case before.

After researcher emphasis and asking that if they face such an issue, how they react, answers were as follows:

- 50% of the managers stated that they get a respite from the creditor or by facilitating the process of loaning help him/her.
- 30% of the managers said that in addition to above assistance, they help by their own account.
- Remaining 20% stated that in addition to aforesaid assistances, if required, bank temporarily and by its own responsibility helps the customer.

Conclusion

In P bank, there is no concentrated system for recognizing and attraction of customers. However, organizational culture and also incentive policies led to consideration of recognition, attraction and maintenance of customers as a vital affair for the heads of branches and their attempt in a non-concentrated manner.

In managers' opinion, providing appropriate facilities and credits, good and customer-based behavior and also providing services with highest quality and special facilities and services are the most important factors for attracting special customers to the branch.

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