Bank Deposit and Credit Policy Management in the Field of Individual Customer Service

Tatyana V. Varkulevich[1,*], Andrey S. Pyzhov[2] and Natalya Y. Titova[1]

[1]*Economics and Management Department Vladivostok State University of Economics and Service, Vladivostok, Russian Federation*

[2]*Department of Support of Retail Operations PJSC SKB Primorye "Primsotsbank», Vladivostok, Russian Federation*

Abstract: The article is devoted to the problem of individual customer service quality improvement in the field of provided deposit and credit services. This problem is a priority in determining any commercial bank strategy, since both deposit and credit policies determine the effectiveness of a credit institution development, which largely depends on the level of customer satisfaction. This study aims to determine the management aspects of the deposit and credit policy improvement in the field of commercial bank customer servicing. In the course of the work, they used the elements of system analysis, statistical research methods (summary and grouping, calculation of average values), and SWOT analysis. To assess customer satisfaction, the authors studied the Internet reviews of the largest regional bank of the Primorsky Territory of Russia - PJSC SKB of Primorye "Primsotsbank". The use of the indicated methods in the study made it possible to assess the quality of services provided to clients, identify the problems in their service sector, and develop the measures for their elimination. The results obtained are the basis for making managerial decisions to improve the deposit and credit policy of the studied bank and can be used in commercial banks' practice.

Keywords: Service quality, credit services, commercial bank, SWOT analysis, Bank Deposit.

INTRODUCTION

The effective functioning of a commercial bank serving individuals is impossible without a developed credit policy, as well as without a strategy for a credit institution behavior in the deposit market, taking into account the peculiarities of the credit institution capital formation, segmentation of its customers, development priorities and the improvement of the bank activity indicator quality, and socio-economic conditions on local and global markets in which the banking activities of a particular financial institution are carried out (Karpova 2019).

On the one hand, the credit policy establishes the goals and objectives of the bank lending activities, the means and methods of their implementation, as well as the procedure for the credit process organization (Brunova and Bidulya 2017; Vozhzhov *et al*. 2016; Glushkova 2015; Kunitsyna and Metel 2018). On the other hand, the deposit policy is an integral part of the strategy for managing the liabilities of a commercial bank since it consists of depositors' funds attraction and determining the appropriate combination for these funds' sources (Mitrokhin *et al*. 2017; Panin 2018).

Deposit and credit policies are of paramount importance in the bank development strategy. At the same time, the effective development of these components is impossible without a well-functioning system of customer service as the main consumers of deposit and credit services (Tarasova 2016; Cipovová and Jílková 2018; Kneysler *et al*. 2019; Konvisarova *et al*. 2016; Kayumova *et al*. 2019). For this, it is important to increase the total number of bank clients and, at the same time, improve the quality of services provided. In this regard, the management of this system is the most important tool to increase the efficiency of a commercial bank, which determines the relevance of this study (Mitrokhin and Gribanov 2018).

In this article, an attempt is made to develop the measures improving the bank's deposit and credit policy on the example of PJSC SKB Primorye "Primsotsbank."

It is necessary to reveal the content of the concepts "credit policy", "deposit policy," and systematize their goals and objectives in the system of strategic priorities for effective development of a credit institution.

As was shown in Figure **1**, the main goal of the bank credit policy is to increase its own profits while minimizing risks by creating high-quality assets that provide a stable level of profitability, as well as by introducing new credit technologies, products and services. The main idea of the credit policy is most fully reflected in the set of developed measures which are aimed at the bank overall profitability increase and its vulnerability elimination.

*Address correspondence to this author at the Head of Economics and Management Department Vladivostok State University of Economics and Service, Vladivostok, Russian Federation; E-mail: m.hshahab654@gmail.com
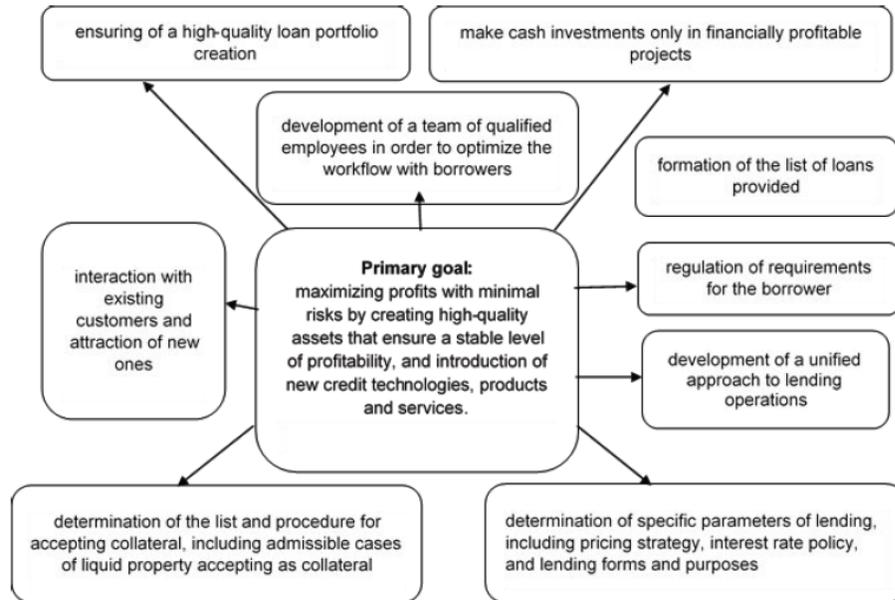
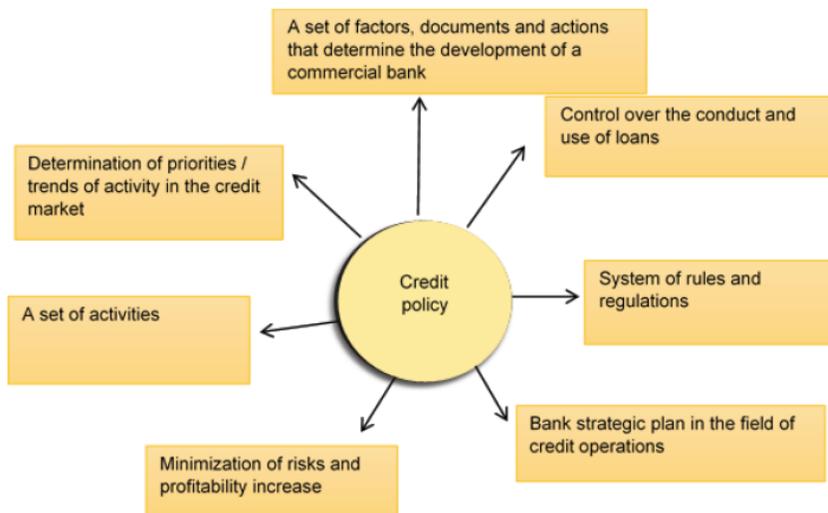**Figure 1:** The purpose and objectives of the bank credit policy.

Figure 2: Concept of "credit policy".

According to Figure **2**, the concept of "credit policy" has many interpretations. If we analyze the definitions from different sources: economists, professors, managers, then we can conclude that credit policy is a set of bank measures in the field of credit operations aimed at minimizing risks and profitability increase by monitoring the execution and use of loans, determining the priorities on the credit market and the trends of banking activity development (Glushkova 2015; Panova 2010; Cipovová and Jílková 2018).

Having considered the essence, objectives and role of credit policy in the financial stability of banks from various angles, several theses can be distinguished. Credit policy should be focused primarily on the current

market situation in the country and analyze the bank policies at various levels. And based on the experience gained, it should identify the strengths and weaknesses of a credit institution.

Modern economic literature identifies three approaches to "deposit policy" concept definition. The first approach assumes this term as an integral part of the liability management system. It is worth noting that the deposit policy should be considered as a tool to manage the liabilities and liquidity of a bank, the purpose of which is to diversify deposits, minimize interest rate risk and liquidity risk (Mitrokhin *et al*. 2017).

In fact, this approach designates the goals of the deposit market's behavior strategy as the formation of a highly liquid deposit portfolio sufficient for the performance of the bank key performance indicators and determined by the level of interest rates.

The second approach considers the retail deposit market strategy as part of the credit policy. According to G.S. Panova, a deposit policy is a banking policy for attracting funds to deposits and their effective management (Panova 2010; Lee *et al*. 2017), that is, investing in lending to bank customers.

The logic indicated in the second approach is based on a single goal-setting of the credit and deposit strategy of market behavior - the bank liquidity (Vozhzhov *et al*. 2016), while it is necessary to understand that deposit and credit operations have significant differences: deposit operations form bank resources that are used in active operations, and this is not only lending but also investments in securities, the capital of various enterprises and so on. That is, linking the retail deposit market strategy only with the bank credit policy is one-sided.

The third approach is described in the work by G.N. Beloglazova, in which the deposit policy is a strategy for attracting depositors' funds and efficiently managing the process of attraction (Beloglazova 2014).

This view seems to be the most accurate, since it considers the strategy of behavior in the retail deposits market concerning banking policy, showing clear relationships with the placement policy.

Making a generalized conclusion from different approaches of scientists, we note that the behavior strategy of a commercial bank in the market of deposits of individuals is a set of measures aimed at attracting the volume of deposits required for the bank stability at the required level of risk and profitability.

At the same time, it should be emphasized that, in our opinion, the decisive importance in determining strategic priorities for the development of deposit and credit policies is to improve the quality of customer service, including individuals. Efficient management of deposit and credit service provision to the bank clients should be based on the data of the analysis, which allows to get a complete picture of service quality state. Thus, the assessment of the provided deposit and credit service quality is the starting point for the formation of a strategy of behavior in the market of deposits and loans for individuals.

The purpose of this article is to improve the deposit and credit policy of PJSC SKB "Primsotsbank" based on the assessments and reviews of its customers.

The object of the study is PJSC SKB Primorye "Primsotsbank" - a large regional banking institution with a client base of about 200 thousand clients, of which 20 thousand are legal entities. The Bank ranks as the first in the region in terms of "Net Assets", "Net Profit" and occupies 84-th, 55-th place in Russia, respectively.

To achieve this goal, the following tasks are indicated:

- Collect reviews and ratings about customer service in the bank on the banki.ru website;

- Systematize available reviews by customer service methods;

- Highlight the main problem areas in servicing the bank customers based on the analysis of reviews;

- To propose the measures solving the main problems in bank client servicing, to assume the emergence of possible threats in case of non-fulfillment of the recommendations of the participants in this project and to analyze the possibilities of the bank work in case of successful solution of problem areas.

METHODS

In the course of the work, they used the elements of system analysis, statistical research methods (summary and grouping, calculation of average values), and SWOT analysis.

Furthermore, to evaluate customer satisfaction, the authors investigated the Internet reviews of the largest regional bank of the Primorsky Territory of Russia - PJSC SKB of Primorye "Primsotsbank".

RESULTS AND DISCUSSION

Work has been done to analyze reviews from the banki.ru website. In total, 176 reviews of individuals were analyzed, which were grouped according to the characteristics indicated in Table **1**.

The primary grouping characteristic of feedback is the policy type, and the secondary is the service type.

Table 1: Signs of Customer Review Grouping from PJSC SKB Primorye "Primsotsbank" and the Indicators of their Assessment

Signs			Estimation values
Policy type	Bank product	Service type	% of problems answered by the bank
Deposit	Deposits	settlement and cash;	% of confirmed reviews by the bank
	Debit cards	terminal;	average rating
Credit	Car loans	in the office	fashion
	Mortgage loans	online	
	Consumer loans	by call or hotline	

The average score of online customer reviews on deposit policy was 2.2, and on 2.4 for credit policy. We also calculated the fashion (the most frequently encountered rating among site users and the clients of PJSC SKB "Primsotsbank"). As shown in Figure **3**, the most common rating is negative and is 1.
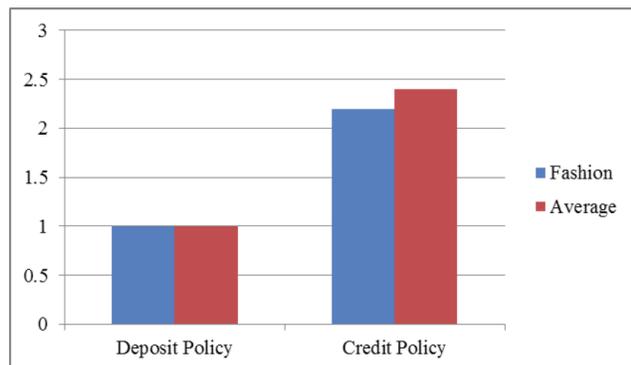

Figure 3: Assessment of deposit and credit service provision to clients to the clients of PJSC SKB Primorye "Primsotsbank" according to the reviews from the site "banki.ru".

At the same time, the research focuses on the qualitative component, since the assessment itself does not give anything. It is important to identify problems and outline the ways of client policy improvement. To do this, we have compiled the SWOT analysis, which identified the problems and solutions for each group, as well as the threats if the problems are not resolved.

The results of the bank credit policy study in the sphere of individual servicing, i.e. the main problems found and the proposed remedial measures are described in Table **2**.

Based on the SWOT analysis results, it was revealed that the main problem of the bank credit policy in the field of customer service is the lack of management control over employees. The proposed measures, in particular, the introduction of sanctions, the introduction of a CRM system and the conduct of training sessions, will allow to eliminate the possible negative consequences of such a policy at the initial stage.

The measures aimed at periodical carrying out the validity checks of the indicated numbers and issuing fines to the responsible structures for the lack of an answer to a telephone call were implemented by "Primsotsbank" as follows:

- The transition to a single number 8 800 was made;

- Corporate service standards have been introduced, which force employees to pick up the

Table 2: Key Results of the Bank Credit Policy SWOT Analysis

Problem	Remedial measures
It is impossible to reach the phone numbers listed on the branch website	Periodically carry out the validity checks of the indicated numbers, and fines to the responsible structures if there is no answer to a phone call
Discrepancies between the interest rates indicated in the programs on the website and the final interest rate	Informing clients about possible discrepancies in interest rates depending on various factors
Employees do not inform a client on time about the change in loan conditions	CRM system introduction
Imposing additional services	Notification of the need to provide a service depending on the personal needs of a client, while the choice of accepting or refusing the service depends on the client

Table 3:   Key Results of SWOT Analysis of the Bank Deposit Policy

Problem	Problem elimination measures
Incompetence of employees	Informing clients about possible discrepancies in interest rates indicated in the programs on the website and the final interest rate
Poor customer focus	Conduct of trainings and meetings to increase employee interest in client policy quality improvement
Lack of feedback	Hire a staff to receive calls and operate the site

phone after 3 rings (if after 3 rings the call is still not answered, a fine is issued to an employee);

• Periodic validity checks were carried out concerning the numbers indicated on the bank website.

"Primsotsbank" did not accept the measures to eliminate the discrepancy between the interest rates indicated in the programs on the website and the final interest rate and explained this by the fact that there are certain norms of the RF Central Bank regulating the font of the interest rate, the number of decimal places, the position in the document, etc., which the bank observes. If these conditions were not met, the bank would receive fines and suffer losses.

They carried out the analysis of the main problems and, accordingly, the measures to correct errors in the bank deposit policy, described in Table **3**.

Based on the problems we found, Primsotsbank was asked to increase its staff in order to manage to work with a large number of clients in a quality manner, which also implies their constant information about the current and favorable terms of the bank deposits.

The recommendation to eliminate poor customer focus was accepted by the bank and implemented in the following way:

• The head of the operating room was replaced;

• A memo on customer service was launched (a shortened version of service, which reflects:

→ What should be in the workplace

→ Client greeting conditions (benevolence)

• Quarterly compliance control was introduced: they analyzed the report from the responsible department, which passes by the mystery shopper, they check the degree of compliance with the standards of these requirements;

• Introduction of additional indicators assessing the service quality (CAI indicator → the customers who are ready to recommend the bank to their environment after meeting with bank employees).

CONCLUSION

Despite the prevailing negative assessments in online customer reviews, at the moment PJSC SKB Primorye "Primsotsbank" occupies a leading position among the representatives of the banking sector of Primorsky Krai. At the same time, financial and credit institutions are characterized by a high level of competition, therefore Primsotsbank must make great efforts to gain customer confidence. To do this, it is necessary to monitor the assessment of bank customer reviews, since these indicators have a direct impact on the image and confidence of its consumers. Otherwise, there may be a loss of current and potential customers, as well as the decline of the deposit and credit market reputation.

The proposed measures can be the basis for the development of management decisions in the field of deposit and credit policy improvement, and will also contribute to provided service quality improvement and the client number increase, which is the basis for stabilizing the banking sector and creating favorable conditions for economic growth in Russia.

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