‘A strategic analysis of the performance of the telephone banking channel’

by

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In fulfilment of the requirements

for the degree of

Master of Commerce (Honours)

Faculty of Commerce
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DISCLAIMER

To the best of my knowledge and except where otherwise indicated, this paper is entirely original. None of the material contained herein has previously been submitted in part or in whole for any degree at any university.

Peter Devenish-Meares
30 September 2003
The telephone-banking channel, delivered through call centres, has become an integral part of the distribution mix of retail financial institutions. To get the greatest competitive advantage from this channel, the strategic orientation, structural and behavioural aspects of the call centre must be aligned with its operational-service and sales-performance objectives.

Unfortunately, while considerable managerial effort is expended developing call centres, often their performance results remain uncertain or uncommunicated. There are indications also that financial institutions should not underestimate active market orientation benefits; innovative, strategic-thinking and progressive structures; flexible, empathic leadership, and, valuing supportive human resource strategies.

Our survey of Australian deposit-taking institutions investigates the extent to which strategic and behavioural aspects are aligned with its operational-service and sales-performance objectives. Specifically, managerial approaches to IT development, competitive positioning, leadership delegation, market research attitudes and product orientation were considered. Approaches to trust, conflict, morale and reward, and, key performance indicator (KPI) choices were sought also.

Results show sales performance is positively related to more externally focussed strategic orientations. Reinforcing the importance of innovative human resource practices, performance is also related positively to psychosocial climate in general and employee reward and morale, in particular. This extension of management theory urges financial service leaders to actively contemplate one of its most important resources, people. Further, the survey itself indicated that while the majority of institutions continue to use operationally based key performance indicators, such as minimum call duration, the ability of the call centre to generate sales revenue is also being recognised.

In summary, given the size and potential of the telephone-banking channel, this research encourages further, urgent exploration of strategic relationships among the channel, its market, performance measures and comprehensive people-centred HR strategies aimed at developing high employee trust, and satisfaction.

ABSTRACT

The telephone-banking channel, delivered through call centres, has become an integral part of the distribution mix of retail financial institutions. To get the greatest competitive advantage from this channel, the strategic orientation, structural and behavioural aspects of the call centre must be aligned with its operational-service and sales-performance objectives.

Unfortunately, while considerable managerial effort is expended developing call centres, often their performance results remain uncertain or uncommunicated. There are indications also that financial institutions should not underestimate active market orientation benefits; innovative, strategic-thinking and progressive structures; flexible, empathic leadership, and, valuing supportive human resource strategies.

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Peter Devenish-Meares
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