

Role of Gender Differences in Servicing Customers of Commercial Banks

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Abstract: In modern conditions commercial banks expand the list of services to clients with various methods. One of new, unoccupied segments of the banking market, having the name of "blue oceans", is the customer service proceeding from their gender differences. The priority should be given to women as they are more loyal in a choice of banking products, accept considerable part of finance solutions, pay a large number of accounts, manage family budgets. In article the directions of perspective banking servicing of women are characterized, world and Russian experience is considered.

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1. Introduction

In the conditions of highly competitive activity for rather narrow segment of wealthy bank customers should reduce constantly amount of commission or even cancel it on a number of transactions that necessitates them to seek for the new directions of business and client groups.

The effective method that allows for a time to achieve superiority over competitors and to keep high yield of operation is the launch to the new, not engaged segments of the market which were called "blue oceans" in business literature (Chan Kim U., Mobern R., 2006).

One of such potential "blue oceans" is orientation of goods and services production to women as the main target segment. So, the American expert in Management Tom Peters notes that: "... women draw 80% of all checks, pay 61% of all bills and hold 53% of all shares. They substantially influence on the making of 75% of financial decisions and make 29% of such decisions independently" (Peters B., 2006). Thus, marketing specialists consider more often an increasing role of women in production of consumer goods (cars, household appliances, cell phones, etc.), but in the field of financial services and all the more servicing of wealthy clients, this tendency didn't become widespread.

2. Main Part

While analyzing the cumulative world experience of specialized bank servicing women only 10 banks were found out, which choose the main strategy to service women (table 1).

The vast majority of them is founded in developing countries and oriented to ensure gender equality, and also to support women as economically the most active part of the population.

The most known of the similar organizations is Grameen Bank created in 1983 by Mohammed

Yunus. Its activities are directed to issue unsecured small loans to the rural women for having their own business. Grameen Bank activity played a significant role in a greater benefit of the poorest inhabitants of Bangladesh, therefore Mohammed Yunus was awarded Nobel Peace Prize in 2006. Other banks founded in developing countries work also on similar technology. As a rule, their creation is directly financed by the state, or is carried out with its active support.

Masrafy women only Bank and German FrauInvest founded in developed countries have great difference in contrast to above-mentioned banks. Masrafy women only Bank was created in 2006 to provide female inhabitants of the Persian Gulf access to the high-quality investment services, satisfying norms of Sharia. It should be noted that separate "female" departments existed in banks of Gulf States since the beginning of 2000, however Masrafy women only Bank became the first that estimated the increased role of the Arab women in financial management of family and their high potential as investors.

FrauInvest also relied on providing to wealthy women an access to investment services, however, unlike Masrafy Bank, it performed it under secular law. It was based by two women who made successful career in "regular" financial institutions and the first that began to consider psychological features of "female" approach to investment.

Also the countries of the European Union have successful practice in opening separate "female" departments. For the first time in 1964 the National Commercial Bank of Scotland realized the idea of separate service of women, it opened experimental "female" branch in Edinburgh. It used such elements, as exclusively female service personnel and "house" interior (abundance of flowers, tea sets, etc.).

At that time this practice didn't get due distribution, however much later Austrian Raiffeisenbank realized this practice, in 2006 "female" department was opened in ski resort Gastein. The special "female" interior of negotiation and the game room is provided there allowing clients to make financial decision, without worrying about the children coming with them. Results of the research conducted by request of bank by the consulting company "Emotion Marketing" (Aigner B., 2006) became a push for opening of specialized department. They showed high interest of inhabitants of Austria to "female" financial services and their readiness to pay more for service considering to their requirement.

It is also necessary to note banks of the USA which among others provide also so-called "female" financial products: "fragrant" credit cards, soft "female" credits and insurance policies. Thus service of women in their departments doesn't differ from service of all other clients.

Thus, the experience of specialized bank servicing women stored in world practice can be divided into the following categories:

1. The specialized banks created for ensuring gender equality and stimulation of economic growth in developing countries.

2. Banks and specialized departments in the Islamic countries, urged to provide to women access to financial services according to norms of Sharia.

3. Banks and specialized departments in the countries of the European Union, considering by providing to women banking products of their social and psychological differences from men.

4. The banks limited with inclusion in the product line of "female" products, without changing thus standards of servicing customers of this category.

Russian credit organizations take the fourth way, they begin to implement specialized products for women. 10 similar products (table 2) are provided in the Russian banking market.

Table 1. The commercial banks specializing on service of women

Country	Bank	Founda-tion year	Specialization
India	SEWA Bank	1974	Service of female entrepreneurs
Bangla-desh	Grameen Bank	1983	Microfinancing for rural women
Pakistan	First Women Bank	1989	Service of female entrepreneurs
Ghana	Women's World Banking Ghana	1993	Service of female entrepreneurs
Germany	FrauInvest	1996	Investment service for women (savings retirement plans, savings for large purchases, etc.).
India	Mann Deshi Mahila Sahakari Bank	1997	Microfinancing for rural women
Venezuela	Banco Nacional de la Mujer	2001	Microfinancing for women
Tanzania	Covenant Bank for Women Tanzania	2002	Service of female entrepreneurs
Bahrain	Masrafy Bank	2006	Investment services for Islamic women
Tanzania	Tanzania Women's Bank	2007	Service of female entrepreneurs

Table 2. The banking products for Russian women

Year of launch	Bank	Product name	Features of a product	Target group
2002	Gazprombank	Debit card «Lady's Card»	Special design, discounts in boutiques and beauty shops.	Young women
2003	Uniastrum Bank	Debit card "Visa Pour les Dames"	Special design, discounts in "female" shops.	Young women
2007	Alpha-Bank	Debit and credit cards «Cosmopolitan – Visa»	Special design, discounts in "female" shops, extra card Cosmopolitan Visa mini.	The young girls, who follow fashion
2007	Surgutneftegasbank	Consumer loan "Ladies"	Unsecured loan on the small amount (to 100 thousand rubles) and short term (till 1 year).	Women with low-income
2008	Orient express bank	Express credit "Female car loan"	Opportunity to arrange the credit, without having the driver's certificate (to raise claim addressed to the spouse or the relative), lower credit rate.	The women who get trained in driving school and purchase the first car
2009	Asian-Pacific Bank	Deposit "Female look"	The possibility of multiple withdrawal without lowering the interest rate (within a minimum balance)	All women
2010	Raiffeisenbank	Debit and credit cards «ELLE-Raiffeisenbank»	Special design, discounts in "female" shops, the service "Concierge lady" (twenty-four-hour information on transport, hotels, restaurants, car rental and vacation spots, order and booking of services).	Young women who follow fashion
2011		Credit "Lady Spark"	The credit for Chevrolet Spark purchase with reduced interest rate	Women purchase Chevrolet car
2011	Center-Invest Bank	Business loan for female entrepreneurs	The credit for the small amount (up to 1 million rubles) and short term (till 1 year) with preferential interest rate	Women – owners or heads of small businesses
2012	Alpha-Bank	Debit card Visa Platinum "Privilege Card"	The concierge service of Quintessentially Lifestyle club (discounts and exclusive conditions of servicing in boutiques worldwide, participation in private fashion shows, attending closed entertainment, etc.)	Rich women
Year of launch	Bank	Product name	Features of a product	Target group

According to analysis of table 2, a half of the considered products are bank cards with special "female" design and a set of discounts in clothing stores, beauty shops, SPA centers, etc. There is also a partnership with the "fashionable" edition, such as Cosmopolitan (Alfa Bank) and ELLE (Raiffeisenbank) as an additional option. Target clients of such products are the young women spending considerable part of the earnings for spontaneous purchases.

The second most popular is the so-called «female» car loans. Their emergence is caused by rapid growth of number of women as auto motorists and the tendency of banks to take a significant share of this market.

Meanwhile, it should be noted that 9 of 10 considered products are oriented to low and middle-income women. Only for wealthy clients it is possible to have exclusive Visa Platinum "Privilege Card" issued by Alfa Bank at year-end of 2012. Thus the bank didn't begin to change technology of servicing of VIP clients and specialized on the concierge service and change of tactics of this product promotion on the market (separate website, advertizing in business editions, etc.).

Determination of a target segment which the specialized program will be directed on, showed essential differences between world and Russian markets. So, according to the annual rating published by the Forbes magazine (table 3), within the last 3 years there were at least 10 women at the list of 100 owners of the largest capital of the world.

At the same time in Russia during all analyzed period only one woman E. Baturina was on the similar list, whose successful business activity was explained by a high position of her husband. The last speculation is confirmed by that after resignation in September, 2010 of Yu. Luzhkov E. Baturina's business suffered, and within 3 years her position in the Forbes list was lowered from the 27th to the 86th spot.

Table 3. Representation of women in the list of the wealthiest people according to the Forbes

Indicator	2010	2011	2012
Number of women in the first top hundred of Forbes world list	10	13	12
Number of women in the first top hundred of Forbes world list	1	1	1

In turn, Russian women are much better represented in a management of the companies. So, according to research of the consulting company Grant Thornton International (Thornton G., 2012) in 2012 46% of total number of top managers of domestic-owned firms belonged to women. For the

comparison, the similar indicator in the countries of G7 made up 18%, BRIC countries – 26%, the world average – 21%. Such high indicators are explained by the tradition of gender equality, supported from the Soviet times, as well as attaching to a number of traditionally female positions of chief accountant, Personnel Director and partly Chief Financial Executive

While in the supreme bodies of management presence of the Russian women is much more modest. So, according to research of the consulting company McKinsey & Company (Borisova D., Sterkhova O., 2012), women in boards of directors make up only 8%, in comparison with 15% in the USA and France, 13% in Germany. Meanwhile, the share of women in the composition of boards of the index of Russian companies (11 %) is only slightly lower than the USA (14 %) and significantly greater than in France (7 %) and Germany (2 %).

These data differ from the results of the study authors, where they analyzed the gender composition of the leadership of the 28 largest public companies in Russia according to the Forbes (table 4).

Analysis of table 4 shows that none of the largest Russian companies is headed by a woman. Thus, their share made up 8.6 % of the total number of boards and 6.5 % of the boards of Directors. Differences with the results of McKinsey & Company study due to the fact that the majority of largest Russian companies operate in the traditionally male-dominated industries (oil and gas, metallurgy, electric power). However, even the results obtained indicate considerable numbers of well-paid women leaders.

Thus, in contrast to international practice, in Russia practically there are no women owners of big business. Thus promising sector perspective segments for specialized servicing are women as top managers of the largest companies.

Focusing on this target segment, you can identify the main elements of specialized service of VIP-clients of female: staff, branches, products, promotion.

The most important of them is the staff with high level of competence of servicing wealthy women. It is based on personal managers presented exclusively by women aged 30 years. No doubt, the clients of the target segment used to communicate freely with any business partners, and the sex of the interlocutor doesn't matter. However, due to specifics provided by the concierge service, only women are able to identify and effectively meet the needs of VIP clients. So, the man hardly knows the specific features of the style of the client and can make a mistake at forming of order on branded accessories, which are urgently required for an important business meeting. Besides it is much easier for VIP client to relax in the

bank department if she is sure that there is no man in a zone of VIP-service. It is naturally that men-employees can take part in application process of VIP-

client, but only personal manager is able to have constant contact with the client.

Table 4. Gender structure of the largest public companies of Russia in 2012

N	Company	Industry	Company Executive		Board		Board of Directors	
			man	woman	total	including women	total	including women
1	Gazprom	Oil and gas	1	0	17	3	11	1
2	Lukoil	Oil and gas	1	0	16	1	11	0
3	Rosneft	Oil and gas	1	0	10	1	9	0
4	Sberbank	Banking	1	0	13	2	17	2
5	TNK-BP	Oil and gas	1	0	-	-	11	1
6	Surgutneftegas	Oil and gas	1	0	-	-	9	1
7	Bank VTB	Banking	1	0	11	1	12	0
8	Norilsk Nickel	Metallurgy	1	0	7	1	13	2
9	Joint-stock financial corporation "System"	Telecommunications	1	0	12	2	13	0
10	Rusal	Metallurgy	1	0	-	-	18	3
11	Tatneft	Oil and gas	1	0	16	0	15	1
12	Transneft	Oil and gas	1	0	9	0	7	1
13	Novatek	Oil and gas	1	0	8	1	9	0
14	Rostelecom	Telecommunications	1	0	14	2	11	0
15	NLMK	Metallurgy	1	0	12	1	9	0
16	Russian Grids	Power industry	1	0	5	0	15	1
17	Rushydro	Power industry	1	0	13	0	13	0
18	Fsk-ees	Power industry	1	0	10	0	11	1
19	Severstal	Metallurgy	1	0	-	-	10	0
20	Mechel	Metallurgy	1	0	-	-	9	0
21	Magnit	Retail trade	1	0	4	1	7	0
22	Uralkali	Chemical industry	1	0	-	-	9	1
23	Magnitogorsk Iron and Steel Works	Metallurgy	1	0	15	1	10	2
24	X5 Retail Group	Retail trade	1	0	2	0	7	0
25	Bank of Moscow	Banking	1	0	9	1	12	2
26	Inter RAO Group	Power industry	1	0	10	1	11	0
27	Polyus Gold	Metallurgy	1	0	-	-	9	1
28	TMK	Metallurgy	1	0	8	0	11	0
	Total		28	0	221	19	309	20
	Share of women, %		x	0,0	x	8,6	x	6,5

Age requirements of a manager are connected with the fact that, as a rule, women get highlighted earlier target segment (i.e. get high position in large companies) by 30-40 years old and a young girl is unlikely to become a worthy interlocutor for such client.

In addition, an important factor is the stability of the staff to provide service of the VIP client by the same personal manager for many years. However, in the age before 30 years old, there is a high probability of career breaks of personal manager because of parental leave.

Another essential condition is the knowledge of quite specific financial products, in the first place it is necessary to consider the "female" concierge service. Personal Manager must focus on the world of haute couture, styles of fitness, yoga and Pilates, know specialization of the main SPA clinics

of the world and so on. In order to achieve such level of knowledge it is necessary to have special training in the companies, providing the concierge service, and occasionally advanced training.

The second element of specialized service is special requirements to design of bank departments. Women are more sensitive to the appearance of the premises, therefore open layouts must replace the negotiating narrow booth and the atmosphere must become more emotional and colorful.

This can be a light-colored, round and soft forms, the home decoration which are more suitable for the home environment (relaxing armchairs, flowers, coffee sets etc). It is thus recommended to hire professional designer who will be able to develop a unified concept of «female» VIP-zone for each of the departments.

The following elements are included in the category «bank products», the most important of them is the concierge service focusing on women. Its necessary development is caused by the fact that the needs of wealthy women in the field of financial services significantly differ from the standards formed for VIP-men-clients.

Thus, most women are not interested in assistance in the composition of wine collections, acquisition of expensive yachts and racing cars, booking of VIP-boxes on the top sporting events. Thus they have the specific needs connected with own health, fashion, child care, etc.

Table 5. Specific needs of wealthy women the concierge service

Sphere of interests	Needs
Health	- recommendations to choice clinics, health clubs and fitness centers; - organization of the best nutritionist's advice, personal trainings with the best fitness, yoga, Pilates coaches.
Style	- delivery of clothes, footwear, accessories from boutiques of the whole world (including in office or the room of the hotel); - purchase invitations to fashion shows in Paris, Milan; - arrangement of visits to the best makeup artists, cosmetologists and stylists.
Children	- recruitment of baby-sitting; - recruitment of private tutor, the attendant children to pastime lessons (horse riding, sports group, etc.); - organization of children recreation (trip to the Disneyland, tickets of the musical, circus show, etc.); - opportunity to take the child in business trip along (accompanying on an absence time, the organization of entertainment program).
House	- organization of meetings with known interior designers and decorators; - recruitment of persons supervising renovation.
Recreation	- recruitment of the dancing master; - organization of attendance of the Oscars ceremony, Cannes film festival and other world events; - provision of shop assistants, delivery of purchases in hotel or house.

Services related to VIP-client children are the most important of them. Successful career is constantly associated with the lack of time and frequent business trips, which does not allow the client to pay due attention to their immediate relatives and friends. The women take this fact hard. Therefore, provision of services, that allow to release client from small duties duties (purchasing tickets to the zoo, payment of sports clubs, etc), and pay more attention to directly communication with children, will lead to the essential growth of client's loyalty to bank.

Special products were worked out within the chosen concept taking into account the individual needs of women (table 6).

Table 6. Special products for VIP clients - women

Individual needs	Special product	Description
To ensure maintenance of general material welfare for the period of child birth	Savings program with the possibility of crediting	In the accumulation period sum of money is deposited entirely or by regular deposits. Payment of the accumulated amount starts after taking VIP customer maternity leave and lasts to her appearance at work. Expenditure of funds of service payment in clinic is allowed, where childbirth, treatment of mother and the child will be hold. By nulling account it is possible to keep monthly installments at the expense of proceeds of credit (to a half of previously accumulated amount). When VIP-client returns to work chosen loan and added interest are repaid in equal installments over the next 24 months.
Financial provision of immediate relatives	The pension plan for the third parties	At the expense of the fund created by the VIP client (one-off payment, or regular payment) client performs regular deposits to the specified persons (aged parents, grandmothers, grandfathers, etc.). The expenditure of fund begins when the receiver of payments is retired, or in any time specified by the VIP client.
Financial provision of children	Children's trust fund	VIP client deposits money fund into the special account and it can be directed only on education, or treatment of his/her children.

Urgency of the first product is connected with the fact that the birth of children inevitably interrupts the career of young successful women. Thus at the same time the income of the client is

reduced and expenditures are increased (clinic service payment, renovation, etc.). Worked out product helps to accumulate a sufficient sum, due to it while leaving maternity VIP-client is able to maintain usual

material welfare. In case if client returns to work later, than it was planned, the bank provides opportunity to use proceeds of credit and not to reduce level of monthly receipts.

Pension plan for the third parties is based on the increased responsibility of women in relation to members of the family and immediate relatives. The VIP client has opportunity to create one tranche or to save up money fund which will be directed on maintenance of immediate relatives (for example, aged parents) during certain time.

Formation of special children fund has the same principle and this fund is intended for financing client's children education, both in Russia, and abroad.

Naturally, gender differences of women should be taken into account by realization of investment services:

1. The vast majority of women differs low risk tolerance. Taking into consideration this fact they are recommended to offer packs with a low risk level and high diversification of investments (unit investment fund, bond funds, etc.).

2. Women are more stable to external shocks and rarely become panic-stricken in case of significant fluctuations in the market. Therefore, you can successfully sell a long-term product that doesn't need to have active shifting of funds from one portfolio to another.

3. Women typically have tendency to be stable, to plan their life. As a result, they form a high demand for products, providing regular deposits (pension plans, savings accounts etc).

4. Women take information through personal communication; therefore, priority should be given to personal consultation with personal manager.

It is especially important to take into account the peculiarities of socio-psychological behavior of VIP women clients by promotion of banking services.

As a rule, well-to-do women don't like active sales and they prefer to trust the recommendations of people from sphere. That is why efforts concentration to obtain complete satisfaction of wealthy women served by the Bank is priority of the implementation phase of specialized service. They must become active «sellers» of services of the Bank for their colleagues and friends

It is undoubtedly to have advertizing support. However it should be narrowly targeted and concentrate on the main business TV channels (RBC, Russia 24), printing editions (Kommersant, Forbes) and professional networks (LinkedIn). Specialized editions for women (for example, Forbes Women) also should be drawn attention to.

Partnership with the producers of elite goods for women (brand clothes, watches, jewelry, and etc) is useful for the promotion of specialized bank services. Accompanied mutual programs (for example, discount) can be realized, any social projects can be financed.

As a whole, implementation of the offered elements of specialized bank servicing of VIP women clients should promote considerable expansion of client base and increase of bank income.

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