

CUSTOMER RELATIONSHIP MANAGEMENT PRACTICES IN BANKING SECTOR IN VIRUDHUNAGAR DISTRICT

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Abstract

In a competitive marketplace where businesses compete for customers, Customer Relationship Management is seen as a key differentiator and increasingly has become a key element of business strategy. Organizations are increasingly interested in retaining existing customers while targeting non-customers; measuring customer satisfaction provides an indication of how successful the organization is at providing products and/or services to the marketplace. This paper explores the modern approaches to implementing CRM projects in the banking sector. It also highlights the overall CRM practices of banking sector. Additionally, this research provides the essential insight into the relationship management practices of this revolutionary concept.

Keywords: Customer, Banking Sector, Attitudes, Perception, Satisfaction.

Introduction

CRM is a business model that aligns product and sales strategies with customer requirements and preferences. Services are then provided in a timely manner using the channels that are preferred by the customers. Effective CRM starts by focusing on the development of business strategies and by aligning an organization to serve customers. These business strategies are then executed using CRM technology solutions. The most successful business strategies are developed only after an organization learns about customers' behavior patterns and attitudes. Behavior studies show what products or services have been purchased in the past and what products or services are currently being bought. Attitudes studies show what customers are thinking and feeling about future buying decisions. Uncovering a customers' behavior patterns and attitudes involve collecting relevant transactional and survey data, placing the data into a data repository, and then applying analytical techniques. After the information is collected from the data, an actionable business plan can be developed to create the multi-channel customer contact strategies that offer the optimal products or services. There is an evolutionary approach to CRM that focuses heavily on "customer equity" assets management. This approach begins with business strategy development. Next, a data infrastructure is created that supports customer interactions. Then, a technology infrastructure is designed to produce CRM results. Finally, customer communication channel strategies are created, and strategy execution technology is used to create an on-going dialog with the customers.

Review of Literature

Thirumoorthi., (2015) in his study entitled “Customer Relationship Management (CRM) practices in Regional Rural Banks in India”, found that the managing customer relationships is a very important factor for their success in the long-run. Customer Relationship Management (CRM) is a strategy that can help them to build long-lasting relationships with their customers and increase their profits through the effective customer relationship management system and the application of customer-focused strategies. CRM strategy in the banking sector is of strategic importance. This paper to study about the CRM Practices in Regional Rural Banks in India.

Tarannum., (2015) in his study entitled “Customer Perception Towards CRM Practices in Private Banks in Indore”. The study takes an overall view of private sector banks in Indore. Banks should adopt innovative practices and latest technology and make banking as an overall delightful experience. Thus we can conclude that the future of banking lies with the impanation of CRM structure as an ongoing and continuous process. If the CRM structure is well executed it can give a competitive edge and can work for building long term customer relationship.

Mahesh Agnihotri., (2015) in his study entitled “Impact of the customer relationship management practices on the profitability of UAE Public and Private sector banks - A comparative study”, made an attempt to study the Customer Relationship Management (CRM) Practices in UAE Banks with certain objectives i.e to examine the existing Customer Relationship Management practices and services in Banking Sector, to analyze the effect of CRM Practices on the profitability of banks, to identify the challenges faced by the banks in the implementation of CRM practices. The study may provide the banking industry an insight on successful implementation of CRM Practices in Banking Sector effectively with the available resources, budget and time.

Anbuoli Parthasarathy., (2015) in his study entitled “A Study On Customer Relationship Management Practices in Canara Bank Branches in Tamilnadu”, found that the various facets of customer relationship management practices adopted by Canara bank in Tamil Nadu. The research design in this study will consist of exploratory research whereby different aspects with regards to CRM in the Canara bank have been extracted from existing studies and tested on a sample of customers. This study examined demographic profile of customers, customer awareness on CRM policies, customer perception on CRM practices, factors influencing CRM practices and role of E-CRM measures of Canara bank in customer satisfaction. This study utilized 100 samples in various parts of Tamil Nadu. The data for the study have been collected through questionnaire. The statistical tools like simple percentage, chi-square, t-test, cronbach alpha, factor analysis and multiple regression analysis was used in this study. This study revealed that the customer relationship management practices followed in Canara bank is satisfactory to the customers.

Rashmi., (2015) in her study entitled “A study on customer relationship management practices in banking sector in India”, found that the theoretical foundations of customer relationship management with reference to the Indian banking sector. More detailed, our analysis will focus on the customer perspective of facing CRM policies respectively in the banking system. So, in this paper, i have tried to point out Indian banking Sector. The aim of this paper is to analyze the design and implementation banking environment for CRM in the bank, identify the benefits and challenges, as well as the success factors of the implementation and develop a better understanding of impact of CRM on banking competitiveness as well as to provide a greater understanding of what constitutes good CRM practices.

Statement of the Problem

Before Internet era, consumers largely selected their banks based on how convenient the location of bank’s branches was to their homes or offices. With the advent of new technologies in the business of bank, such as Internet banking and ATMs, now customers can freely choose any bank for their transactions. Thus the customer base of banks has increased, and so has the choices of customers for selecting the banks. Thus, Non-traditional competition, market consolidation, new technology, and the proliferation of the Internet are changing the competitive landscape of the retail banking industry. Today’ banking sector is characterized by following:

- a. Multiple products (deposits, credit cards, insurance, investments and securities)
- b. Multiple channels of distribution (call center, branch, internet and kiosk)
- c. Multiple customer groups (consumer, small business, and corporate)

Today, the customers have many expectations from bank such as

1. Service at reduced cost
2. Service “Anytime Anywhere”
3. Personalized Service

With increased number of banks, products and services and practically nil switching costs, customers are easily switching banks whenever they find better services and products. Banks are finding it tough to get new customers and more importantly retain existing customers.

Objectives of the Study

The following are the major objectives of the study.

- a. To examine the concept of CRM and its importance in the banking sector.
- b. To analyze the factors influencing the overall customers’ satisfaction towards the Customer Relationship Management of banks in Virudhunagar district.
- c. To offer suitable suggestions based on the findings of the study.

Research Methodology

Data Sources

The study has been collected data from both primary data and secondary data. The primary data include questionnaire, opinions collected from respondents and the secondary information has been sourced from the internet and from business related magazines, journals, published books and newspapers.

Sampling Design

In Virudhunagar district, there are 8 Taluks, from each taluks four public and four private sector banks are taken into consideration, among the banks 8 customers are selected by simple random sampling method. Total sample size is 512.

Hypothesis of the Study

Ho: There is no significant relationship between gender, age, educational qualification, occupation, income and type of bank with overall customer satisfaction towards CRM Practices.

Statistical Tools

Percentage analysis, Chi square test and T-test are the tools which are used for this study.

Limitations of the Study

1. The survey is limited to Virudhunagar District only.
2. The views expressed by the consumers may not be 100 percent True or accurate.

Results and Discussions

Analysis of Demographic Profile

Demographic profile of customers and its frequency is listed in Table-1.

Table - 1 Analysis of Demographic Profile

Characteristics	Distribution	Frequency	Percentage
Gender	Male	326	63.67
	Female	186	36.33
Age	25 and below	56	10.93
	26-35	60	11.72
	36-45	272	53.13
	46 and above	124	24.22
Monthly Income	Below Rs. 15,000	171	33.40
	Rs.15,001- Rs.25,000	283	55.27
	Rs.25,001- Rs.35,000	24	4.69
	Above Rs.35,000	34	6.64
Educational Qualification	Up to Primary level	78	15.23
	SSLC	95	8.56

	Hr. Sec. School	76	14.84
	UG Degree	132	25.78
	PG Degree	35	6.84
	Professional	96	18.75
Occupation	Government Employee	43	8.40
	Private Employee	150	29.30
	Business	223	43.55
	Professional	46	8.98
Nature of Bank	Others	50	9.77
	Public Bank	256	50
	Private Bank	256	50

Source: Primary Data

Table 1 shows the results of customers' profile, majority of the customers are male, aged between 36-45 years. 55.27% of the customers' monthly income falls between Rs.15,001 - 25,000, 25.78% of customers have UG qualifications. The outcome of the occupation shows that 43.55% are business people. From the aspect nature of bank in which they hold account shows that 50% of customers are having their account in public sector banks and remaining 50% are holding in private sector banks.

Overall Satisfaction about CRM Practices

The following Table is presented to understand the customers' satisfaction towards overall CRM practices of the banks.

Table-2 Overall Satisfaction about CRM Practices

Sl. No.	Level of Satisfaction	Frequency	Percentage
1.	Highly Satisfied	224	43.75
2.	Satisfied	109	21.29
3.	Dissatisfied	179	34.96
	Total	512	100.00

Source: Primary Data

Table 2 shows that, out of 512 customers surveyed, 43.75% of customers are considering banks CRM Practice is good and highly satisfied to them, 34.96% of the customers are opined that CRM Practice is not good and dissatisfied with it and 21.29% of the customers are satisfied with their banks' CRM practices. It is clearly indicates that most of the customers are highly satisfied with their banks' CRM practices, that can easily enhance customer loyalty.

Customers Overall Satisfaction towards CRM Practices and Demographic Factors -Application of Chi-Square Test: In order to test the significance between the overall CRM practice and demographic factors, researcher has applied the Chi-Square test. The results are displayed in the Table-3.

Table-3 Computed Chi-Square Test Output

Details	Test Variable	Chi-Test Value	D.F.	P. Value	Hypothesis
Overall CRM Practices - Satisfaction	Gender	30.13	2	0.010	Significant
	Age	28.54	6	0.000	Significant
	Education	43.57	10	0.0213	Significant
	Occupation	36.95	8	0.0019	Significant
	Income	27.14	6	0.000	Significant
	Nature of Bank	29.10	2	0.023	Significant

Source: Primary Data

Table 3 shows that, there is a significant relationship between customers overall satisfaction of commercial bank customers based on gender, age, education, occupation, income, nature of bank. Therefore the null hypothesis framed was rejected.

Customer Relationship Management Practices

The true banking business is to keep and satisfy customers, CRM has caught the attention of practicing commercial banks. This research provides the essential insight into the relationship management practices of this revolutionary concept. This study provides 12 variables of CRM practices followed in commercial banks in Virudhunagar district, such as, courtesy of employees, ambience of bank, environment of bank, facilities in the bank, customer friendly products, promptness in services, ability to help customers, knowledge of customer complaint redressed, familiarity of the customer, ATM locations, working hours and execution of service. The application of t-test is to evaluate the computed mean value based on the perception of customers. In this t-test the computed mean value of the customers is compared with hypothesized mean value 3 to get the significance or insignificance value. The results are depicted in the following Table-4

Table-4 Customers Perception on CRM Practices (N = 512)

Variables	Mean	Std. Deviation	Std. Error Mean	t-value	Sig (2 tailed)
CRMP1	3.7935	1.1357	0.3674	13.679	.000
CRMP2	4.5623	0.6465	0.4257	36.794	.000
CRMP3	4.4675	0.6873	0.2675	23.588	.000
CRMP4	3.6426	1.1531	0.5278	12.689	.000
CRMP5	4.8153	1.2648	0.3426	-10.099	.000
CRMP6	2.7383	1.0676	0.3899	22.098	.000
CRMP7	2.0653	1.0354	0.4973	-12.985	.000
CRMP8	4.2558	0.9742	0.5296	-19.591	.000
CRMP9	3.7479	1.0222	0.5824	22.565	.000
CRMP10	3.6156	0.5637	0.2367	16.295	.000
CRMP11	2.7615	1.2135	0.3795	17.934	.000
CRMP12	2.8695	1.2641	0.3966	14.462	.000

Source: Primary Data

It is found in the Table 4 that the mean value of the CRM practice variable range from 2.0653 to 4.8153. In particular, it is identified that the variable number from CRMP1 to CRMP4, and from CRMP8 to CRMP10 the mean values are strictly greater than 3. It is found that the bank customers are strongly agreed the t-values are greater than '3' that is, 13.679, 36.794, 23.588, 12.689, 22.098, 22.565, 16.295, 17.934 and 14.462 which are statistically significant at 5% level. The customers are disagreed that the t-values are 10.099, 12.985, and 19.591. Therefore it could be concluded that the CRM practices followed in both commercial banks are agreed by the customers.

Findings

The following are the important findings of the study

- A majority (63.67%) of the customers are male and most of the customers (53.13%) are aged between 36-45 years
- Most (55.27%) of the customer's monthly income falls between Rs.15,001 - 25,000
- Most (25.78%) of customers have UG qualifications
- Occupation shows that most (43.55%) are business people
- nature of bank account hold, each 50% of customers are public sector banks and remaining are private sector banks
- Most (43.75%) of the customers are highly satisfied with their banks' CRM practices, that can easily enhance customer loyalty
- There is a significant relationship between customers overall satisfaction of commercial bank customers based on gender, age, education, occupation, income, nature of bank

Suggestions

- Still more awareness can be created among the customers of the bank in carrying out the financial transactions through Internet/Online banking so as to reduce the customers waiting time and rush in office hours. Bankers can establish a net forum through which the customers can transact effectively and the bankers can make note of the number of transactions that take place every day through online
- When a customer complaints and if the complaint cannot be resolved quickly, feedback has to be given to the customer regarding the status of the complaint. After the problem has been settled, the bank can send a letter to the customer indicating that the problem has been solved to his satisfaction.

Conclusion

In this modern technology era, when the customer is having access to a variety of products and services it is fetching very difficult for banks to endure. In this circumstances, when customer inquiries are not met easily or transactions are convoluted, the customer

will asks for new levels services, and only choose those banks who are making a real effort to provide a high level of quality, fast and efficient service through the bank touch points, ATMs, and other e-banking services. Hence the commercial banks are considering this fact with the maintenance of good relationship.

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