

Customer Relationship Management in Banking Industry- A Study of Kadapa District

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ABSTRACT: Advent of liberalization, Privatization and Globalization paved the way for customer oriented marketing where customers are choosy in selection of the product or service which they are purchasing. Marketers are facing challenge of attracting new customers and retaining existing customers. Marketing experts are continuously thriving to develop new strategies for recognizing customer changing needs and satisfy them. Customer relationship management gained importance and is attracting the marketers, researchers to engage the customers.

In banking sector Customer relationship management need continuous attention to arrest customer attrition, develop new customers and grow volumes of business. Today banking sector is under severe pressure of attracting motivating and retaining customer. The study is focused on assessing the customer relationship management effectiveness in the banks through customers and throw light on how CRM influences customer attitude, customer retention and customer satisfaction.

The study is intended to fill the gap in the service quality rendered by banks by adopting CRM practices and the service quality as expected and perceived by the customers.

I.INTRODUCTION

Today's banking industry faces several challenges, increased competition, stricter regulations and customers who are increasingly sophisticated, prize conscious and discriminating in a evaluating bank services. Before we begin to examine the conceptual foundations of customer relationship management, defining what C.R.M would be useful. In the marketing literature the terms C.R.M. and relationship marketing are used inter changeably.

C.R.M is the establishment, development, maintenance and optimization of long term mutually valuable relationships between customers and organization. Successful C.R.M focuses on understanding the needs and desires of the customers and is achieved by placing these needs at the heart of the business by integrating them with the organization strategies, people, and technology and business process.

C.R.M is the comprehensive approach for creating, maintaining and expanding customer relationship; it provides seamless coordination between customer services at the heart of a perfect C.R.M strategy is the creation of mutual value for all the parties involved in the business process. It is about creating a sustainable competitive advantage by being the best at understanding, communicating, and delivering and developing existing customer relationship in addition to creating and keeping new customers. From the bank's point of view it is the management process or approach of acquiring, retaining and growing.

A. OBJECTIVES OF THE STUDY

- 1) To study the socio-economic characteristics of bank customers and its influence on CRM practices in selected Public banks in Kadapa district.
- 2) To study the relationship between the CRM practices and the attitude of the customers towards factors contributing to services quality.
- 3) To study the customers perception towards CRM techniques in selected Public sector banks.
- 4) To offer suitable measures for improving the CRM practices in selected public banks.

II. REVIEW OF LITERATURE

Krishnamoorthy et al., 2013 in this study determined the impact of customer relationship management on customer loyalty. The data was collected from the customers of private sector bank and public sector bank through questionnaires. Statistical tools such as multiple regression, factor analysis were used for data analysis. The study shows that there is an impact on customer relationship management and customer loyalty. The study also noticed that banks words and promises are reliable; bank fulfills its obligation to customer, offering advice on how to invest are the predominant variable which has impact on customer loyalty. So the banking sector needs to focus more on these factors, thereby increasing customer loyalty

Anu Putney et al., 2013 in their study on the Role of Customer Relationship Management (CRM) in the Indian banking Sector said that Customer Relationship Management is becoming an important factor in Indian banking sector. And felt that factors influencing banking sector to implement CRM are increasing competition; proliferating customer contact; intensifying attacks on customer information; rising customer expectations and identifying new marketing opportunities are going to play a very significant role between bank and customer.

Irene Akuamoah Bosteng et al., 2014 study examined the effect of customer relationship management (CRM) on some selected banks' performance in Accra, Ghana. Factors used were based on the dimensions of CRM and how each of them affects the performance and retention of customers to the selected banks. Statistical package for social sciences was used in running the outcomes of the study. Inferences were later drawn from Pearson's correlation coefficient outputs based on which discussions of findings were made.

A positive relationship was established among most of the dimensions with some having effect on the performance of the selected banks. Among the four dimensions considered, (Customer orientation, Knowledge management, Technology –Based CRM and CRM organization), customer orientation was identified as the dimension with the highest association with banks' performance and customer loyalty.

III. RESEARCH METHODOLOGY

NEED AND IMPORTANCE OF THE STUDY

The banks are facing lot of difficulties in acquiring new customers and in retaining the existing customers as a result of the advancement of banking technology and computerization and networking of bank branches, the customers are becoming more and more dynamic and less loyal in their behaviour.

Most of the banks are concentrating more on retaining the existence customers rather than going for new customers. Implementation of C.R.M poses a greater challenge to the bank after acquiring the customers.

METHODOLOGY: Research methodology is a study of systematically solving the problem. The validity of any research is based on the systematic method of formulating the objectives, data collection, analysis and interpretation.

RESEARCH DESIGN: This study falls under descriptive research and hence descriptive research design was followed.

METHODS OF DATA COLLECTION:

a) Primary data: The present study is based on primary data. Questionnaire was the main tool for collecting the primary data. The questionnaire was designed in a systematic way of covering adequate and relevant almost all aspects of the study. The data collected from the primary sources were arranged sequentially and tabulated in a systematic manner.

b) Secondary data: Secondary data required for the study was collected from books, journals, , past research, reports and various websites.

SAMPLING METHOD: probability convenience sampling techniques was used to select a sample of 100 Respondents of public sector bank customers in Kadapa urban area.

A. HYPOTHESIS FORMULATED FOR THE STUDY

❖ H₀: there is no significant association between gender and overall attitude of customers towards CRM practices of selected private sectors banks.

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- ❖ H0: there is no significant association occupational status between and overall attitude of customers towards CRM practices of selected private sectors banks.
- ❖ H0: there is no significant association between the selected private sectors banks and overall attitude of customers towards CRM practices of selected private sectors banks.

B. LIMITATIONS OF THE STUDY:

- This study is very much limited to customers of 3 selected Public sector banks in Kadapa district which may fail to give a correct picture of the study.
- This study is limited to 100 respondents, a small sample in size which represents the whole universe of users of CRM techniques.
- The researcher faces some difficulty due to the lack of co-operation from some respondents.

DATA ANALYSIS AND INTERPRETATION

Table 1: Overall Attitude towards CRM Practices towards CRM Practices of selected public sector banks

Gender * Overall Attitude towards CRM Practices towards CRM Practices of selected public sector banks
Crosstabulation

			Overall Attitude towards CRM Practices towards CRM Practices of selected public sector banks					Total
			Strongly satisfied	Satisfied	Neutral	Dissatisfied	Strongly Dissatisfied	
Gender	Male	Count	21	7	7	3	4	42
		Expected Count	16.0	13.9	5.9	4.2	2.1	42.0
	Female	Count	17	26	7	7	1	58
		Expected Count	22.0	19.1	8.1	5.8	2.9	58.0
Total		Count	38	33	14	10	5	100
		Expected Count	38.0	33.0	14.0	10.0	5.0	100.0

Table:2

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly satisfied	38	38.0	38.0
	Satisfied	33	33.0	71.0
	Neutral	14	14.0	85.0
	Dissatisfied	10	10.0	95.0
	Strongly Dissatisfied	5	5.0	100.0
	Total	100	100.0	100.0

The above table shows that male are 42 and females are 58.among the all Respondents 38%% are strongly satisfied with CRM practices and 5% are strongly dissatisfied with CRM practices. So the most of the respondents are satisfied with the CRM Practices of selected public sector banks.

In order to find whether gender is significantly associated with the overall attitude of customers towards CRM practices of selected Public sector banks, the following hypothesis was framed and tested.

Table 3: Chi - Square Test H0: There is no significant association between gender and overall attitude of customers towards CRM practices of selected public sector banks
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Monte Carlo Sig. (2-sided)		
				Sig.	99% Confidence Interval	
					Lower Bound	Upper Bound
Pearson Chi-Square	72.504 ^a	2	.000	.000 ^b	.000	.000
Likelihood Ratio	92.257	2	.000	.000 ^b	.000	.000
Fisher's Exact Test	86.771			.000 ^b	.000	.000
N of Valid Cases	100					

From the above table, it is clear that Chi – Square significance Value is 0.000 which is less than that of 0.05 at 5% level of significance, thus the null hypothesis is rejected. Therefore there is significant association between gender and overall attitude of customers towards CRM practices of selected Public sector banks.

Table 4: Chi - Square Test H0: There is no significant association occupational status between and overall attitude of customers towards CRM practices of selected Public sector banks
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Monte Carlo Sig. (2-sided)		
				Sig.	99% Confidence Interval	
					Lower Bound	Upper Bound
Pearson Chi-Square	17.000 ^a	8	.030	.025 ^b	.021	.029
Likelihood Ratio	19.884	8	.011	.018 ^b	.015	.022
Fisher's Exact Test	16.869			.018 ^b	.015	.021
Linear-by-Linear Association	.117 ^c	1	.733	.775 ^b	.764	.785
N of Valid Cases	100					

From the above table, it is clear that Chi – Square significance Value is 0.025 which is less than that of 0.03 at 3% level of significance, thus the null hypothesis is rejected. Therefore there is significant association between occupational status and overall attitude of customers towards CRM practices of selected public sector banks.

Table 5: Association of Bank * Overall Attitude towards CRM Practices towards CRM Practices of selected public sector banks Cross tabulation

			Overall Attitude towards CRM Practices towards CRM Practices of selected public sector banks					Total
			Strongly satisfied	Satisfied	Neutral	Dissatisfied	Strongly Dissatisfied	
Association of Bank	SBH	Count	5	14	0	0	0	19
		Expected Count	7.2	6.3	2.7	1.9	1.0	19.0
	SBI	Count	25	7	12	2	0	46
		Expected Count	17.5	15.2	6.4	4.6	2.3	46.0
	VIJAYA BANK	Count	8	12	2	8	5	35
		Expected Count						

Total	Expected Count	13.3	11.6	4.9	3.5	1.8	35.0
	Count	38	33	14	10	5	100
	Expected Count	38.0	33.0	14.0	10.0	5.0	100.0
	Count						

The above table shows that among SBI respondents 17.5% are strongly satisfied with CRM practices and 2.3% are strongly dissatisfied with CRM practices. Among VIJAYA BANK respondents 13.3% stated that they are strongly satisfied with CRM practices and 1.8% has said that they are strongly dissatisfied with CRM practices. Among SBH bank respondents 14% stated that they are Satisfied with CRM practices and 0% has said that they are strongly dissatisfied with CRM practices. In order to find whether the selected private sector banks is significantly associated with the overall attitude of customers towards CRM practices of selected Public sector banks, the following hypothesis was framed and tested.

Table 6: Chi - Square Test H0: There is no significant association between the selected public sector banks and overall attitude of its customers towards the CRM practices of their bank

	Value	df	Asymp. Sig. (2-sided)	Monte Carlo Sig. (2-sided)		
				Sig.	99% Confidence Interval	
					Lower Bound	Upper Bound
Pearson Chi-Square	47.603 ^a	8	.000	.000 ^b	.000	.000
Likelihood Ratio	50.402	8	.000	.000 ^b	.000	.000
Fisher's Exact Test	41.225			.000 ^b	.000	.000
Linear-by-Linear Association	11.303 ^c	1	.001	.001 ^b	.000	.001
N of Valid Cases	100					

From the above table, it is clear that Chi – Square significance Value is 0.000 which is less than that of 0.05 at 5% level of significance, thus the null hypothesis is rejected. Therefore there is significant association between the selected public sector banks and overall attitude of its customers towards the CRM practices of their bank.

Table 7: Correlations on CRM Practices and customer attitude on factors contributing service quality

		Customer interaction management practices	Customer Retention management practices	Customer Service strategies practices	Customer contact Programme	customer attitude on factors contributing service quality
Customer interaction management practices	Pearson Correlation	1	.647**	.639**	.764**	.517**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	100	100	100	100	100
Customer Retention management practices	Pearson Correlation	.647**	1	.401**	.697**	.363**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	100	100	100	100	100
Customer Service strategies practices	Pearson Correlation	.639**	.401**	1	.514**	.390**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	100	100	100	100	100

Customer contact Programme	Pearson Correlation	.764**	.697**	.514**	1	.529**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	100	100	100	100	100
customer attitude on factors contributing service quality	Pearson Correlation	.517**	.363**	.390**	.529**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	100	100	100	100	100

** . Correlation is significant at the 0.01 level (2-tailed).

The above table shows that all the variables such as Customer interaction management practices, Customer retention management practices, Customer service strategies, and Customer contact programs Customer attitude on factors contributing service quality are positively correlated. The variables which are positively correlated indicate that they are significant and show that customers are very much satisfied with CRM practices and the factors contributing to the service quality.

Table 8: Mean Ratings of Customer Relationship Management Practices in Selected Public Sector Banks

Descriptive Statistics			
Customer relationship management items	N	Mean	Rank
Market leader in Strategies	100	2.41	9
Innovative Services	100	2.35	5
Effective Complaint management system	100	2.39	8
Total employee involvement	100	2.50	10
Special Events	100	2.38	7
Value added services	100	2.33	6
Advanced technology	100	2.29	3
Lower charges	100	2.23	1
Safety	100	2.29	4
Customer feedback	100	2.27	2

1=strongly satisfied, 2= Satisfied 3= Neutral 4= Dissatisfied 5=Strongly Dissatisfied

The mean scores for different factors influencing the customer relationship management vary between 2.23 and 2.50. The lowest mean score was found for the factor low charges (2.23) and the highest mean score is found for the factor total employee involvement (2.50). The mean scores indicate that, the level of agreeability on various factors that affects customer relationship management practices in selected public sector bank is higher for the reason lower charges when compared to other factors influenced in maintaining customer relationship management.

IV. FINDINGS

It is identified that the most of the female respondents are satisfied with CRM practices compare to male respondents with CRM practices of selected public sector banks in Kadapa district. Hence there is significant association between gender and overall attitude of customers towards CRM practices of selected public sector banks. But there is significant association between occupational status and overall attitude of customers towards CRM practices of selected public sector banks. Among SBI respondents 17.5% are strongly satisfied with CRM practices and 2.3% are strongly dissatisfied with CRM practices. Among VIJAYA BANK respondents 13.3% stated that they are strongly satisfied with CRM practices and 1.8% has said that they are strongly dissatisfied with CRM practices. Among SBH bank respondents 14% stated that they are Satisfied with CRM practices and 0% has said that they are strongly dissatisfied

with CRM practices. In order to find whether the selected private sector banks is significantly associated with the overall attitude of customers towards CRM practices of selected Public sector banks, the following hypothesis was framed and tested. The study also implies that there is positive correlation between the Customer interaction management practices, Customer retention management practices, Customer service strategies, customer contact Customer attitude on factors contributing service quality. The most important factor which influenced the attitude of customers towards CRM practices is high low charges on the banking transactions. Thus this study helps the bankers to identify the extent to which they are able to maintain customer relations and the measures they can take to improve their relationship.

V. SUGGESTIONS

- ❖ Bankers should educate and inform customers about the various services offered to the customer through customer meets.
- ❖ Today's competitive environment, customers' expectations are reaching the heights that bankers are unable to predict. To overcome this, banks have to strive to attract and retain existing and new customers by innovating and developing differentiated products and services.

VI. CONCLUSION

The service sector in India is fast growing and their contribution to economic development is really impressive due to advancement in information technology. Among various services in service sector, banking services occupies a key role both in the development of individual customer in their business and in social life. The study will be useful to the banking to understand the banking perception and expectation of customer in relation to the service rendered by them. Bankers can further identify the extent to which they are able to maintain customer relations and the measures they can take to improve their relationship. Hence the concept of „CRM“ may be emphasized so that the customers are treated royally in relation to bank services. To be successful a bank need to be not just high tech but high touch as well.

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