



A STUDY ON CUSTOMER RELATIONSHIP MANAGEMENT IN BANKS

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ABSTRACT:

Customers are the focal point in the development of successful marketing strategy. Customer retention assumes significance in revenue analysis of various organization. The success of CRM process depends on the active involvement of all managers and employees in the banking field a unique 'Relationship' exists between the customers and the bank. But because of various reasons and apprehensions like financial burdens, risk of failure, marketing inertia etc., many banks are still following the traditional ways of marketing and only few banks are making attempts to adapt CRM. Providing service to customers has been identified as the prime responsibility of the Banks and therefore, Banks considered that CRM is the best tool to perform the job of rendering good services. CRM activity attend the needs of customers without delay in time, the banks can create more awareness to customers and can create a customer data base very significantly.

KEYWORDS:

CRM, BANK, CUSTOMER.

INTRODUCTION

Customer relationship management is one of the strategies to manage customer as it focuses on understanding customers as individuals instead of as part of a group. CRM manages the relationships between a firm and its customers. CRM and knowledge management are directed towards improving and continuously delivering good services to customers, to understand more in customer relationship management, we first need to understand three components which are customer, relationship and their management. Managing customer relationship is important and valuable to the business. Today, many businesses such as banks, insurance companies, and other service providers realize the importance of Customer Relationship Management and its potential to help them acquire new customers retain existing ones and maximize their lifetime value. Banking sector is a customer oriented service where the customer is the KEY focus. Research is needed in such sector to understand customers need and attitude so as to build a long relationship with them. Customer relationship Management includes all the marketing activities, which are designed to establish, develop, maintain, and sustain a successful relationship with the target customers.

The effective relationship between customers and banks depends on the understanding of the different needs of customers at different stages. The objective is to effectively analyse all the available data about the customer. The analysis of such data helps a firm assess a customers, current and potential profitability satisfaction and loyalty. The ability of banks to respond towards the customers' needs make the customers feel like a valuable individual rather than just part of a large number of customers and prospects, and devotes time and attention to expanding

account relationship with those customers through individualized marketing, reprising, discretionary decision making, and customized service all delivered through the various sales channels that the bank uses. In order to succeed with strategic organizational change banks should also communicate the change to customers in a way leading them to alter their behavior and attitudes accordingly.

STATEMENT OF THE PROBLEM

Banking sector has always been the focus of society due to its essential role in the finance world and the well being of world's economy. In the banking field a unique 'Relationship' exists between the customers and the bank. But because of various reasons and apprehensions like financial burdens, risk of failure, marketing inertia etc., many banks are still following the traditional ways of marketing and only few banks are making attempts to adopt CRM. It is with this background, the researcher has made a modest attempt towards the idea that CRM can be adopted uniformly in the banking industry for betterment of banking services. Particularly in banking sector, the role of CRM is very vital in leading the banks towards high level and volume of profits. So there is a need to study the role of CRM in development and promotion of banking sector through the sidelines of the practices, problems and impact of the CRM on banking sector all the time.

OBJECTIVE OF THE STUDY

1. To analyse the perception of customer on CRM as a tool of banking sector in retention of customers in general.
2. To study the role of E-CRM strategies in bringing customer satisfaction.
3. To offer valuable suggestion and findings.

REVIEW OF LITERATURE

ALOK MITTAL, ET AL., (2003) presented an article on “An exploratory study of CRM orientation among Bank employees”. The paper aimed at exploring the aspects of the CRM orientation among banks employees of the public and the private sector banks. The finding of the research highlighted that there is need for improvement on some of the components of the CRM such as customer communication, customer orientation, customer care and handling of complaints in both public and private sector banks. The aged employees in the public and private banking institutions need to improve their CRM skills in order to complete with their younger counterparts.

TAPAN, (2003) in his article “creating customer lifetime-value through effective CRM in financial service industry”. Has stressed the importance of the CRM in financial services industry. Customer data management gives clues about the probability of customer demand and technology helps in tracking the characteristics and categorization of customers depending on their past behavior. He concluded that with increased competition and customers moving very fast from firm to firm another, it is essential to have an integrated CRM strategy across the whole organization for generating higher customers’ life-time value.

METHODOLOGY

The present study is concerned with the customer relationship management in banks. Data were collected from both primary and secondary sources. The primary data were collected from CRM in banks means of interview schedule and questionnaire. Secondary data have been collected from published sources like books, Journals, research dissertations, documents, reports of banks.

SAMPLING DESIGN

The study aims at analyzing the customer relationship management in banks. A total of 150 samples were taken for the study. Convenient sampling method has been used to collect the data.

TOOLS FOR ANALYSIS

Data are analyzed by using SPSS package. It was used for quantifiable variables. Then the tables were prepared by using statistical techniques such as visualization percentage analysis, Chi-square test, Garrett Ranking.

DATA ANALYSIS AND INTERPRETATION

Garrett Ranking Technique is used to rank the CRM policies. For this the researcher identified 10 factors and asked the customers to rank the factors in the order of influence.

TABLE 1 GARRETT RANKING OF CUSTOMERS SCORE

S. No	Factors	Total scores	Average	Rank
1	Customer recognition	8254	55	IV

2	Quick response	8407	56	III
3	Retention strategy	7579	51	VII
4	Technology based services	8157	54	V
5	Personnel assistance	8697	58	II
6	Transparency in cost	8953	60	I
7	Grievance redressal	7872	52	VI
8	Information on new service	7223	49	VII
9	ATM services	7212	48	IX
10	Online banking service	7105	47	X

Source: Primary data

Table shows that the main reasons for using for CRM polices transparency in cost, personnel assistance, quick response and customer recognition are respectively in the second, third and fourth places.

ASSOCIATION BETWEEN THE OPINION AND E-CRM IN BANKS

The E-CRM is an independent variable that may influence the opinion of the customers. Hence an attempt has been made to analyze whether there is any significant relationship between the customers Relationship management in banks and their level of satisfaction in banks.

E-CRM AND LEVEL OF SATISFACTION OF SAMPLE RESPONDENTS

S.No	E-CRM	Opinion Level			Total
		Low	Medium	High	
1	Internet banking	8	18	20	46
2	ATMs	12	22	10	44
3	Mobile banking	10	8	3	21
4	Smart cards	3	12	6	21
5	Fund transfer	2	8	8	18
	Total	35	68	47	150

Source: computed from primary data

NULL HYPOTHESIS

There is no significant relationship between the E-CRM and level of satisfaction in banks. The chi-square test was applied to examine the null hypothesis and the computed results are given below.

CHI-SQUARE TEST

Calculate value	15.86
Table value at 5 percent	15.5
Degree of freedom	8
Inference	Significant

Source: computed data

It is evident from Table that the table value at 5 percent level is higher than the computed value. Therefore the null hypothesis is rejected. It is concluded that there is significant relationship between the E-CRM and level of satisfaction in banks.

FINDINGS

1. CRM polices transparency in cost for first place and personnel assistance, quick response and customer recognition are respectively in the second, third and fourth places.
2. There is significant relationship between the E-CRM and level of satisfaction in banks

CONCLUSION

This study strongly supports the fact that CRM is need of an hour and no business may be it is banking business; retailing or something else can ever survive without proper introduction of CRM. This study strongly supports the connection that consumer were more satisfied with professional service provider who engaged in both courteous expressions and personal connections forms of sociality. Moreover, finding revealed that regardless of services context customers expect service provider to be courteous usually, most conversation begin or end with a courtesy expression and includes some form of personal connection content. The important point is that sociality communication can play a pivotal role in moving the provider and consumer for mere encounters to higher degree of relational development.

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