



CUSTOMER RELATIONSHIP MANAGEMENT IN URBAN COOPERATIVE BANKS WITH REFERENCE COIMBATORE REGION IN TAMIL NADU

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Abstract

Customer Relationship Management has become inevitable for growth and profitability of Urban Cooperative Banks in the competitive world. It is the strategy for building, managing and strengthening loyal and long-lasting customer relationships. The CRM practices are adopted to generate better understanding of the customer relationship for product development, segmentation, appropriate targeting, campaign management and maintenance of long term profitable and mutually beneficial relationships with customers. In the present Indian Banking Scenario, two prominent phenomena are the focal point to emerging practices and policies. This paper exhibits the customer relationship management in Urban Cooperative banks.

Keywords: CRM, Urban Cooperative Banks, Strategies.

Introduction

Customer Relationship Management has become inevitable for growth and profitability of Urban Cooperative Banks in the competitive world. It is the strategy for building, managing and strengthening loyal and long-lasting customer relationships. The CRM practices are adopted to generate better understanding of the customer relationship for product development, segmentation, appropriate targeting, campaign management and maintenance of long term profitable and mutually beneficial relationships with customers. In the present Indian Banking Scenario, two prominent phenomena are the focal point to emerging practices and policies. These are 'Technology' and 'Relationship Marketing'. Customer Relationship Management is the integration of these two cornerstones of Indian banking viz. technology and relationship marketing. It has a potential to bring about dynamic changes in marketing practices of banks in near future, with the objective of business growth through managing customers as assets, Systematically collecting, analysing and disseminating customer information and use of this customer information for acquiring, retaining and better servicing customers. 'Relationship Marketing' is seen as the only differentiating factor given the almost commoditisation of banking services. On observation of the recent restructuring, rebranding and reengineering efforts of many banks, we find that the key motive towards these is to utilise customer centricity as a strategy. Further, catalysing the importance of Technology and Relationship marketing is the Core Banking Solution (CBS).

Although significance of Relationship Marketing practices and optimising and maintaining customer relationships across diverse customer segments has been realised and practiced by all banks and Cooperative banks in India, the technology enabled CRM is still at a developing stage. Different Banks are at different levels of CRM adoption and implementation and majority of them can be considered to be at preliminary stages. Operational CRM is the most wide spread, but collaborative CRM is most evident in internet banking, mobile banking, ATM functions, POS devices and initiatives like availability of pass book printing machines to enable customers to update their passbooks themselves. Also SMS alerts at various significant customer service events are proliferating. Analytical CRM is being utilised but not by all banks.

Statement of the Problem

The Urban Cooperative Banks were started in India with the prime objectives of catering to the banking and credit requirements of the urban and semi-urban middle class people such as, small traders, business man, the artisan, the factory workers, the salaried employees, etc., with a limited fixed income in urban areas. The bank accepts deposits from the public as well as the members at various levels, viz., savings account, current account, recurring account and fixed deposits and thereby affords facilities for investment to person of small means. Besides protecting the middle classes and men of modest means from clutches of money lenders, this movement facilitates the habits of thrift and savings among the urban masses for better socio economic standard of living of members

too. At this juncture, it is very essential to fulfill the expectations of the customer relationship management in UCB, Satisfaction of customer leads to survival fitness, Whether customer satisfaction on the services provided by the bank? Whether timely response for member enquires? What are the personal attentions to the customers? What are the members information with regard to status enquiry? What are the steps taken for improving the members' satisfaction? If there is possess the required knowledge and skill to manage effective members relationship? What are the steps taken for enhancing the customer retention? Therefore, few issues have risen. Hence this study.

Objectives of the study

The main objectives of the study are;

1. To examine the CRM practices of UCBs.
2. To suggest suitable measures for improving the CRM in the UCBs.

Methodology

The study is analytical and empirical. The CRM in Urban Cooperative Banks was analysed in detail with appropriate statistical tools. Primary data was used for the study. The primary data were gathered from customer. In the study, it was decided to select 120 members at random from each of six UCBs giving representation to each bank. Totally 720 members were selected with the help of Convenient Sampling Procedure was adopted from the Coimbatore Region. It covers The Nilgiris, Tiruppur and Coimbatore. The data collected were tabulated and analyzed with the help of appropriate statistical tools. SPSS (Statistical Package for Social Sciences) and analysis were used for data analysis by using Likert's five point scale for the study.

Table -5.15.1: Customer Relationship Management of the Urban Cooperative Banks

Banks Particulars	CCCUB	MCUB	TCUB	UCUB	CNCUB	UMCUB	Total
Satisfaction on the services provided by the bank							
Highly satisfied	57	51	77	27	14	27	253
Satisfied	25	20	25	71	31	68	240
Neutral	19	40	15	21	72	25	192
Dissatisfied	19	9	3	1	3	0	35
Highly dissatisfied	0	0	0	0	0	0	0
Total	120	120	120	120	120	120	720
Timely response for member enquires							
Highly satisfied	83	39	55	40	20	37	274
Satisfied	25	31	39	65	54	61	275
Neutral	4	24	6	9	41	14	98
Dissatisfied	8	24	17	6	3	8	66
Highly dissatisfied	0	02	3	0	2	0	17
Total	120	120	120	120	120	120	720
Personal attention to the members							
Highly satisfied	49	34	71	31	27	29	241
Satisfied	24	20	26	73	33	73	249
Neutral	8	28	7	14	52	10	119
Dissatisfied	22	23	14	2	4	8	73
Highly dissatisfied	17	15	2	0	4	0	38
Total	120	120	120	120	120	120	720
Member information with regard to status enquiry							
Highly satisfied	68	59	80	41	30	41	319
Satisfied	24	21	26	61	36	59	227
Neutral	9	26	11	18	48	18	130

Dissatisfied	19	14	3	0	6	2	44
Highly dissatisfied	0	0	0	0	0	0	0
Total	120	120	120	120	120	120	720
Steps taken for improving the members satisfaction							
Highly satisfied	48	55	45	82	32	81	338
Satisfied	44	24	57	18	8	26	177
Neutral	9	36	13	18	74	12	162
Dissatisfied	19	10	5	2	6	1	43
Highly dissatisfied	0	0	0	0	0	0	0
Total	120	120	120	120	120	120	720
Steps taken for regularly arranging member meet							
Highly satisfied	49	26	57	20	14	34	200
Satisfied	48	56	53	84	49	70	361
Neutral	4	30	8	15	52	15	124
Dissatisfied	19	8	2	1	4	1	35
Highly dissatisfied	0	0	0	0	0	0	0
Total	120	120	120	120	120	120	720
Bankers response to members needs							
Highly satisfied	48	26	57	18	23	24	196
Satisfied	46	61	38	70	38	71	355
Neutral	5	26	3	22	56	15	127
Dissatisfied	21	7	3	4	3	4	42
Highly dissatisfied	0	0	0	0	0	0	0
Total	120	120	120	120	120	120	720
Steps to improve the quality of life of the member							
Highly satisfied	69	54	63	52	21	36	297
Satisfied	28	32	29	73	35	71	268
Neutral	5	22	6	15	55	9	112
Dissatisfied	18	12	4	1	5	3	43
Highly dissatisfied	0	0	0	0	0	0	0
Total	120	120	120	120	120	120	720
Possessing the required knowledge and skills to manage effective member relationship							
Highly satisfied	51	22	67	29	8	28	205
Satisfied	39	33	39	70	31	83	315
Neutral	10	30	10	20	70	5	145
Dissatisfied	20	15	4	1	11	4	55
Highly dissatisfied	0	0	0	0	0	0	0
Total	120	120	120	120	120	120	720
Steps taken for enhancing the member retention							
Highly satisfied	77	68	111	1	0	3	258
Satisfied	8	7	0	119	11	114	259
Neutral	2	47	3	0	107	3	162
Dissatisfied	33	0	3	0	2	0	38
Highly dissatisfied	0	0	0	0	0	0	0
Total	120	120	120	120	120	120	720

The above table reveals that the analysis of the customer relationship management of the Urban Cooperative bank. With regard to customer relationship management on satisfaction on the services provided by the bank most of the respondents (253) are highly satisfied. With regard to timely response for member enquires 274

respondents are highly satisfied, followed by 241 respondents were personal attention to the members, 319 respondents were having highly satisfaction on member information with regard to status enquiry, 338 respondents with steps taken for improving the members satisfaction, 361 are satisfied with steps taken for regularly arranging members meet, 355 respondents are satisfied with bank response to member needs, 297 members respondents having highly satisfied with steps to improve the quality of life of the members, 315 respondents are satisfied with possessing the required knowledge and skills to manage effective members relationship and 259 are satisfied with steps taken for enhancing the member retention.

Factor Analysis

In order to check the appropriateness of factor analysis, Kaiser-Meyer-Olkin(KMO) and Bartlett's test have been used. The results are shown in the below table. The Factor influencing the service related to customer relationship management with bank respondents were examined with help of factor analysis. The rating on the importance of variables influence to customer relationship management with bank respondents has taken for analysis. Initially, the KMO measures of sampling adequacy and Bartlefts test of sphericity have been conducted to test the validity of data for factor analysis.

Table-5.16.1: Factor Analysis

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.846
Bartlett's Test of Sphericity	Approx. Chi-Square	3.846E3
	df	45
	Sig.	.000

For factor analysis, a statistical analysis tool has been used as a data reduction method. KMO and Bartlett's test has been conducted to reveal adequacy of sampling and validity of factor analysis. The results reveals that a chi-square value of 3.846E3 with 846 as degrees of freedom and 0.000 level of significance. Kaiser Meyer Olkin Measure of sampling adequacy value is 0.596 reveals the validity of factor analysis.

Communalities		
	Initial	Extraction
Satisfaction on the services provided by the bank	1.000	.801
Timely response for members enquires	1.000	.827
Personal attention to the members	1.000	.705
Member information with regard to status enquiry	1.000	.647
Steps taken for improving the members satisfaction	1.000	.723
Steps taken for regularly arranging member meet	1.000	.744
Bankers' response to members needs	1.000	.713
Steps to improve the quality of life of the member	1.000	.825
Possessing the required knowledge and skills to manage effective member relationship	1.000	.784
Steps taken for enhancing the member retention	1.000	.637
Extraction Method: Principal Component Analysis.		

Result of Communalities

Communalities represent the proportion of variance, that is explained by the underlying components. The communality of a variable in this case is the variance the given variable share with all the other variables and the value of which ranged between 0 and 1. The communalities are all 1 in the initial column, since principal component analysis uses the initial assumption that all variance is common. After extraction some of the information is lost and the communalities in the extraction column show the amount of variance. If the communalities after extraction exceed the value of 0.25 the variable can be considered as a part of the principal component. With the help of principal component method and through normalization the communalities of the variables are extracted from the correlation matrix and shown in the aforementioned table. The result of the principal–component analysis is shown in the following table. The initial eigen values of the variables and its per cent of variance for all the cases are sequenced in decending order. The extraction is made with the help of the eigen values obtained by the variables. The variables that scored the eigen value of more than one is extracted and the per cent variance and its cumulative percentages are estimated.

Based on factor analysis reduction method, factors are classified into three compnents. They are as follows

1. Five components are loaded on factor first. It has been labeled as customer relationship management related on banks.
2. Two components are loaded on factor second. It has been labeled intensity and depth of services, enhancement of technology capability.
3. Three components are loaded on factor third. It has been labeled as steps taken for enhancing the member retention, possessing the required knowledge, and skills to manage effective members’ relationship and steps to improve the quality of life of the members.

Total Variance Explained						
Comp onent	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% Variance	of Cumulative %	Total	% Variance	of Cumulative %
1	4.825	48.252	48.252	4.825	48.252	48.252
2	1.444	14.442	62.695	1.444	14.442	62.695
3	1.135	11.353	74.048	1.135	11.353	74.048
4	.647	6.473	80.521			
5	.501	5.011	85.531			
6	.373	3.733	89.264			
7	.337	3.366	92.630			
8	.298	2.982	95.612			
9	.235	2.351	97.962			
10	.204	2.038	100.000			
Extraction Method: Principal Component Analysis.						

It is observed from the above table shown above that the principal component method has grouped the total variable under study into three components with the help of Eigen values that is one greater than one. The components are sequenced in a way that the factor with maximum Eigen value is extracted first and factor with the next maximum value placed second likewise the entire components are extracted. The component is extracted with the maximum Eigen value of 4.825, the second components Eigen value is estimated at 1.444 and the third component with the Eigen value of 1.135. The rest of the components are extracted with a minimum difference in their Eigen value. Further extraction of variables comes under each component made with principal

component methods and by using varimax rotation and Kaiser Normalization. All the 10 variables are grouped into three components and are shown in the following table:

Component Matrix^a			
	Component		
	1	2	3
Satisfaction on the services provided by the bank	.659		
Timely response for members' enquires	.719		
Personal attention to the members'	.740		
Member information with regard to status enquiry	.711		
Steps taken for improving the members' satisfaction	.727		
Steps taken for regularly arranging member meet		.166	
Bankers' response to member needs		.438	
Steps to improve the quality of life of the member			.247
Possessing the required knowledge and skills to manage effective member relationship			.261
Steps taken for enhancing the member retention			.512
Eigen Value	4.825	1.444	1.135
Percentage of Variance	48.252	14.1442	11.353
Cumulative Variance	48.252	62.695	74.048

The rotated component matrix above shows the grouping of variables into three factors of different nature. The first factor consists of five variables with an Eigen value of 4.825 explains 1.444 percentages of variance. The variables included in the first factor are satisfaction on the services provided by the bank, timely response for members' enquiries, personal attention to the member, members' information with regard to status enquiry and steps taken for improving the members' satisfaction.

The second factor includes nine variables namely, steps taken for regularly arranging member meets (0.166) and bankers' response to members needs (0.438). The cumulative percentage of variance up to second factor is observed as 48.252 per cent. The cumulative percentages of variance up to 62.695 percent.

The last factor is extracted with the variable sense of customer relationship management among employees with an Eigen value of 1.135 and the per cent variance is 11.353. The cumulative percentage of these entire factors is estimated as 74.048 which show that the present study identified the customer relationship management as good in all urban cooperative banks during this period of study.



Conclusion

As far as Customer Relationship management practices in Urban Cooperative Banks in the Coimbatore Region in Tamil Nadu, the results indicated that satisfaction on the services provided by the selected Urban Cooperative banks, timely response for members enquires, personal attention to the customers, information provided by the banks, customer satisfaction and bankers response to the customers were highly influenced. Further, the study suggested that a separate counter may be open, all the information to be placed in the notice board, grievances redressed programme to be conducted frequently and to conduct weekly meeting among the customers.

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