



CUSTOMER RELATIONSHIP MANAGEMENT IN BANKING INDUSTRY WITH SPECIAL REFERENCE TO THANJAVUR DISTRICT

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Abstract

CRM is the management approach to build internal and external relationships that increase profit margins and productivity. It is the development and maintenance of mutually beneficial long-term relationships with strategically significant customers. One of the ongoing challenges that to build up successful business to optimize customer satisfaction. Banking organizations are facing many problems like global competition for deposits, loans and underwriting fees. In order to meet these obstacles, strong CRM are required. The main objective of the study is to examine the importance of CRM in banking sector, and its impact on the 'Customer Satisfaction' with a special reference to State Bank of India (SBI) and other nationalised banks. CRM activities are initiated and implemented by the Banks in a serious manner, so that the customers in particular and the society in general benefited a lot. 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.

Introduction

Customer Relationship Management (CRM) is a managerial philosophy that tries to establish and maintain long term relationships with customers. CRM is the management approach to build internal and external relationships that increase profit margins and productivity. It is the development and maintenance of mutually beneficial long-term relationships with strategically significant customers. It is the establishment, development, maintenance and optimization of long term mutually valuable relationships between consumers and the organizations (Nishikant Jha and Shradda Mayresh Bhome, 2013) . Successful customer relationship management 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 organisation's strategy, people, technology and business processes. CRM identifies the present and future markets, selects the markets to serve and identifies the progress of existing and new services.

Importance of the Study

There are various activities of customers in banks, if bank organization maintains CRM; it can store all customers' transactions, customer's data as well as their problems regarding any transactions. Customer need not require to maintain records. The principal theme of CRM is that customers who receive more than they expect from banking organization end up being satisfied. Satisfied customers who develop the history of positive interactions. CRM provides service information to customers; identify customer's expectations in terms of quality and service. It helps to identify potential problems, provide a fast mechanism for handling problems and customers complaints. Customer is a main attribute in the business system and it is the duty and responsibility of every banking organizations to deliver right quality of service and customer should be satisfy with the banking services to deliver maximum benefits (Jnaneshwar Pai Maroor, 2013). One of the ongoing challenges that to build up successful business to optimize customer satisfaction. Banking organizations are facing many problems like global competition for deposits, loans and underwriting fees. In order to meet these obstacles, strong CRM are required.

CRM in Banking Sector

Over the last few decades, technical evolution has highly affected the banking industry. For more than 200 years, banks were using branch based operations. Since the 1980s, things have been really changing with the advent of multiple technologies and applications. Different organisations got affected from this revolution; the banking industry is one of it (Sherif, 2002). In this technology revolution, technology based remote access delivery channels and payment systems surfaced. ATM displaced cashier tellers, telephone represented by call centers replaced the bank branch, internet replaced the mail, credit cards and electronic cash replaced traditional cash transactions, and interactive television will replace face-to-face transactions. In recent years, banks have moved towards marketing orientation and the adoption of relationship banking principles. The key motivators for embracing marketing principles were the competitive pressure that arose from the deregulation of the financial services market particularly in India. This essentially exposed clearing banks and the retail banking market to increased competition and led to a blurring of boundaries in many traditional product markets (Durkin, 2004). The bank would need a complete view of its customers across the various systems that contain their data. If the bank could track customer behaviour, executives can have a better understanding, a predicative future behaviour and customer preferences.

Statement of the Problem

Modern Marketing philosophy advocates the concept of CRM that creates customer delight. This applies to all sectors of Sales and Marketing includes the banking. 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. It is with this background, the researcher has made a modest attempt towards the idea that CRM can be adapted uniformly in the banking industry for betterment of Banking Services (Sanjay Kanti Das, 2012). The role of CRM is quite different and distinguishable to traditional type of Marketing CRM participate not only in Marketing but also in implementing the business as a strategy to acquire, grow and retain profitable customers with a goal of creating a sustainable competitive advantage. 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.

Objectives of the Study

The main objective of the study is to examine the importance of CRM in banking sector, and its impact on the 'Customer Satisfaction' with a special reference to State Bank of India (SBI) and other nationalised banks including UBI, BOB, BOI, UCO, PNB and Allahabad bank. The other specific objectives of the study are:

- To analyse the perception of customer on CRM as a tool of banking sector in retention of customers in general and SBI and other nationalised banks in particular.
- To offer pertinent suggestions based on the findings of the study.

Research Methodology

The present study is a comparative and analytical one through the perceptions of the customers of the selected banks. Primary data were collected through a well structured qualitative questionnaire from the selected banks. A Questionnaire with 21 statements was adapted from different literature with modifications to suit the setting in the banking sector. Perceptions on CRM practices are measured by using 3 point Likert scale as follows: 1= Disagree; 2= Neutral; 3= Agree. A sample of 120 customers of the selected banks, SBI (60 customers) and other nationalised banks (60 customers) of Thanjavur district were selected for the purpose of the study. Data whatsoever collected were processed, tabulated and analysed by using various statistical tools, like, Arithmetic mean, Standard Deviation and 'F' test etc.

Analysis and Discussion

With the advent of new technologies in the business of banking, such as internet banking and ATM'S, now customers can freely chose any bank for their transactions. Private Banks have traditionally viewed themselves as exceedingly "Customer Centric" offering what they believe to be highly personalised services to the High Net Worth Customers. It is also found that the structured approach of CRM can provide various benefits to a bank, namely a distinctive and consistent customer experience, clear identification of the organisation, technological and process-related capabilities. The banking industry is much further along than other industries in recognising the value of CRM and implementing decision support systems to support CRM. Though most of the banks have already focused on tactical point solutions, they're ready for a transition toward strategic, enterprise-wide CRM initiatives that cross major business lines. An effective decision support system for CRM enables to collect data about customer from every touch consolidate this information into a single view of the customer, and use this information for customer profiling, segmentation, cross-selling, up selling and retention efforts. As banks continue to seek a unified understanding of customer relationships across diverse channels, the importance and penetration of CRM is expected to grow like anything. With regard to various aspects of CRM through the opinions of select bank customers the following findings are drawn and shown in Table 1.

Table 1, Customers Perceptions on CRM Constructs

Sl.No	CRM Constructs	SBI		ONB	
		AM	SD	AM	SD
1.	Existence of CRM practices are prevalent throughout all the levels	2.75	10.3	2.68	9.2
2.	CRM objective is to frame customer data base	2.5	8.6	2.8	9.6
3.	CRM attract new customers	2.8	9.7	2.3	7.8
4.	CRM boosts customer's confidence	2.68	9.70	2.51	8.76
5.	CRM benefits to retention of customers	2.33	8.8	2.28	7.6
6.	CRM helps to build customer loyalty	3.0	11.13	2.7	9.52
7.	It ensures basic and key facilities and services	2.55	8.43	3.13	12.18
8.	CRM objective is to increase bank-customer relationship	2.91	10.77	2.61	8.85
9.	Bank itself is interested in CRM activities	2.7	9.3	2.4	8.2
10.	CRM promotes customers awareness	2.61	10.5	2.71	9.8
	F test Value 1.65				
	Tabulated Value 1.543 [df = 42,42 at 5% Level of Significance]				

Source: Primary data



Findings

- From the analysis, it is found that only few customers recognise that there is a change in marketing approach of Banks due to changing business environment. Majority of customers uncertain that the CRM is centered in a particular department very few of the customers have accepted that CRM is prevalent through all the levels in the Banks. CRM undertaken by employee approach to customers is found very poor. It is further observed that the CRM activities are initiated and implemented by the Banks in a serious manner, so that the customers in particular and the society in general benefited a lot. 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.
- It is found that Customer Retention is not a big challenge to Banks as per the opinions of customers of selected Banks. It is found that though CRM activities have not helped to increase the confidence of the customers in meeting the changing needs, it helped to increase the confidence of the customers while rendering services in mean time efficiently. CRM activities of the selected Banks are not up to the mark in retaining the key customers.
- It is beyond doubt that when banks through 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. According to the perception of customers enhancing customer loyalty through different activities is not an absolute activity.
- According to the analysis, it is observed that CRM activities have not helped to increase rapport with the customers of the selected banks as expected. Most the customers have not accepted that the selected Banks are not showing interest in CRM activities with full attention but maintaining the same as a compulsion. Most of the customers are uncertain about the CRM's benefit in building the customer loyalty. It is further observed that CRM activity does not help the Banks to get immediate commercial returns and also to have a favorable public image over the long run unless the CRM activities are taken up by all the departments in the banks.
- All the customers are uncertain about CRM of a Bank that contains creation of complete customer database. Technological advancement adopted by Banks was not useful to get the update and latest information over CRM.
- Through the study, it is observed that the selected Banks' customers are being exposed to the new techniques. It is found that CRM is centered only to a mention in the Annual report, of the public sector Banks. It is also observed that customers are strongly disagreeing and some of them are uncertain about CRM activity is undertaken by e-Marketing by their banks. It is observed that the awareness level of all respondents is less as far as the other modes like advertisement etc. by the Bank is concerned.

Conclusion

The general discussion can be said that the bank is yet to develop an integrative approach which focuses on the customer needs and to deliver to it. As shown by the study, the bank is far from developing a customer centric approach both for the customer as well as for the employees. Thus, for customer relationship management to deliver to its expectations, it should play an integrative role within the bank and ensure that all processes are integrated in the bank global strategy, which is far from reality in the study above. In view of this, to implement a CRM integration strategy, it is essential that the banks should adopt suitable marketing skills rather than depending on the trading skills. Hence, new services should be constantly introduced to ensure the growth of the Banks and to be competitive in the market and to keep up the enthusiasm of the employees and customers etc. And, proper training should be given to the bank personnel regarding the behavioral patterns by the Banks before they come and work in the field. More importance should be given to handling online transaction and using e-commerce and mobile banking services.

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