CUSTOMER PERCEPTION TOWARDS CRM PRACTICES IN BANKING SECTOR
(With Special reference to banks in India)

R. Suryapriya*   Dr. N. Lakshmi**
*Assistant Professor of Commerce, Sri GVG Vislakshi College for Women, Udumalpet.
**Associate Professor of Commerce, Sri GVG Vislakshi College for Women, Udumalpet.

Abstract
Customers play a predominant role in service marketing. Financial services pose a challenging and bear professional skill in designing product/services. Out of other financial service, banking is oldest and important financial service sector. Customer Relationship Management (CRM) has a massive influence in service sector, to win and hold customers for long term efficiency. The present study aims to measure the four main CRM practices like customer acquisition, customer retention, contact management and employee behaviour from customer's perceptive in banks. It is found that, employee behaviour ensure the significant role in effectiveness of CRM. It is suggested that banks has to ensure provision of continuous information, guidance and knowledge about the service offered by banks. Implementation of CRM practices and strategies in banks enrich customer satisfaction. Improvement in customer identification, customer satisfaction and customer retention contributes for the average improvement of banking standards.

Primary sector, secondary sector and service sector dealing with extraction of raw material, manufacturing and support service contributes for the economic growth of the country. Services as a part of economic activities create value by providing benefits for customers. Service marketers face major challenges on understanding customer needs and expectation, making service tangible to customer. Management, customers, employees constitute service marketing triangle to provide interactive marketing and in building, relationship with customers. Customers play a predominant role in service marketing. Service quality depends on ability and willingness of service providers to meet customer expectations. Service quality based on customer perception, evaluation of service organization in meeting customer expectation leads and extent of satisfaction ensured. Customer satisfaction increases the value of service offered and influences in creating customer loyalty. Improvement in customer loyalty increases sales and profit resulting growth of service. Financial service, tourism and travel, telecommunication, health service and information technology play a predominant role in the economic growth of the country.

Statement of the Problem
In India, financial services sector play a predominant role in economic growth after liberalization, privatisation and globalization of economy. Financial services sector has to face great deal of challenge and need professional expertise in designing product/services to meet global standards. Banking is the oldest and most important financial service sector of the economy. Banking dominates other financial sector as commercial banks account more than 60 percent of total assets held by Indian financial system. There are 274 commercial banks constituting of 223 public sector banks and 51 private sector banks([1]Hira Singh & Sandeep Kumar). The present highly competitive environment demands banks to focus on management, operational efficiency, flexibility, superior product designing, higher employee productivity, to strengthen banking sector. Bank marketing as an aggregate function, direct services to satisfy customers financial needs more effectively and efficiently than the competitors. Customer relationship Management (CRM) has a massive influence in banking services, to win and hold customer for long term.

Building strong relationship with customers is a business strategy employed for developing long term growth. CRM technology is used to identify the needs of customers and satisfy them.CRM has a great impact on improving banking performance. Application of CRM includes customer knowledge, sales effectiveness, customer retention, customer acquisition, channel management, customer fulfillment and product presentation. The present study attempts to measure the customer perception on CRM practices. The present research aims to analyse the following key issue of CRM in banking sector.
- How do the demographic functions influence the satisfaction level of CRM practice?
- What factor has more influence on the impact of CRM?
- How far the customers were satisfied on CRM strategies in banks?

Scope of the Study
CRM create a competitive advantage in terms of understanding, communicating, delivering and developing existing customers and creating new customers. Successful customer retention allows organisations to focus more on serving existing customers by building relationship. Banks adopt CRM practices and strategies to ensure better customer relationship. The

study focuses from customers view point on CRM practices and CRM strategies in banks in terms of customer acquisition, customer retention, contact management and employees behaviour.

Methodology
The primary data required for the study was collected through convenient sampling technique using detailed interview schedule/questionnaire from 150 customers of scheduled banks functioning in Coimbatore district of Tamilnadu.

Objectives of the Study
- To measure the customer perception on CRM practices in banks.
- To analyse the impact of CRM practices in banks

Hypothesis
- Analyse the relationship between the demographic variable and CRM practices under study.

Findings of the Study
An analysis of data collected form 150 customers of scheduled commercial banks relating to effectiveness of CRM in terms of reliability, efficiency, communication, multi channel interaction, understanding of customer needs, preference, desires and expectation were tested using Z test, ANOVA, cluster and multi regression brought out the following findings:
Z test is used to compare the mean score of two groups. The significant difference between the mean scores is tested with respect to CRM practices adopted by banks with the demographic variable like gender.

Null hypothesis: Both male and female have an average same opinion on the CRM practices.

Table 1: Z Test between Attitude of Gender and CRM Practices

Factor	Gender	N	Mean	S.D	|Z|	Sig
Customer acquisition	Male	76	26.53	5.19	.017	.986
	Female	74	26.54	4.88		
Customer retention	Male	76	156.59	28.39	.956	.148
	Female	74	163.32	28.24		
Contact management	Male	76	76.67	13.59	.493	.138
	Female	74	80.07	14.27		
Employee behaviour	Male	76	45.91	8.36	.442	.659
	Female	74	45.38	6.13		
CRM Strategies	Male	76	49.62	11.26	.693	.489
	Female	74	48.47	8.78		
Impact of CRM in banks	Male	76	42.24	9.24	.925	.356
	Female	74	40.88	8.73		

From the Table 1, it is understood that, the calculated values were greater than the 5% level of significance and the null hypothesis is accepted. It is inferred that on an average both male and female have the same opinion on the various aspects like customer acquisition, customer retention, contact management, employee behaviour, CRM strategies and impact of CRM in banks. The magnitude of average mean compared on various factors indicated that, both male and female had positive opinion on customer acquisition, customer retention and contact management, employee behaviour, CRM strategies and neutral opinion on impact of CRM.

ANOVA was used to compare the mean score of more than two groups of demographic variables such as age, educational qualification, occupational status and monthly income.

Null Hypothesis: Various categories of age groups have an average opinion on the CRM practices.

Table 2: ANOVA between Age Group and CRM Practices

Factor	Age	N	Mean	S.D	|Z|	Sig
Customer acquisition	Up to 20	25	26.08	4.53	.223	.297
	21-40	65	25.98	5.44		
	Above 40	60	27.32	4.72		

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Customer retention	Up to 20	25	159.56	30.62	.151	.860
	21-40	65	158.65	28.15		
	Above 40	60	161.43	28.20		
Contact management	Up to 20	25	77.64	15.32	.069	.933
	21-40	65	78.18	13.76		
	Above 40	60	78.81	13.89		
Employee behaviour	Up to 20	25	45.04	8.00	.106	.899
	21-40	65	45.70	6.79		
	Above 40	60	45.83	7.69		
CRM Strategies	Up to 20	25	46.80	10.44	.755	.472
	21-40	65	49.63	9.38		
	Above 40	60	49.37	10.73		
Impact of CRM in banks	Up to 20	25	40.72	9.31	.152	.859
	21-40	65	41.89	9.04		
	Above 40	60	41.56	8.93		

From the Table.2, it is understood that, the calculated values were greater than the 5% level of significance and the null hypothesis is accepted. It is inferred that, on an average various age groups have the same opinion on the various aspects like customer acquisition, customer retention, contact management, employee behaviour, customer satisfaction, CRM strategies, impact of CRM, and customer loyalty. The magnitude of average mean compared on various factors indicated that, irrespective of the age group the customers have positive opinion on customer acquisition, customer retention and contact management, employee behaviour, CRM strategies, and had neutral opinion on impact of CRM.

Null hypothesis: Various categories of educational qualification group have an average opinion on the CRM practice.

Table 3: ANOVA between Educational Qualification and CRM Practices

Factor	Educational Qualification	N	Mean	S.D	|Z|	Sig
Customer acquisition	School level	53	26.77	5.19	.100	.905
	Diploma/grad	60	26.45	5.15		
	PG/Prof	37	26.32	4.68		
Customer retention	School level	53	163.49	27.19	.697	.500
	Diploma/grad	60	157.23	30.63		
	PG/Prof	37	159.14	26.50		
Contact management	School level	53	79.02	13.95	.173	.842
	Diploma/grad	60	77.53	15.34		
	PG/Prof	37	78.70	11.87		
Employee behaviour	School level	53	45.36	8.83	.144	.866
	Diploma/grad	60	45.57	6.73		
	PG/Prof	37	46.19	5.92		
CRM Strategies	School level	53	49.42	11.39	.027	.135
	Diploma/grad	60	47.27	9.39		
	PG/Prof	37	51.43	8.89		
Impact of CRM in banks	School level	53	43.36	9.49	.933	.022
	Diploma/grad	60	39.10	8.88		
	PG/Prof	37	43.00	7.61		

From the Table.3, it is understood that, the calculated values were greater than the 5% level of significance and the null hypothesis is accepted. It is inferred that, on an average educational qualification groups have the same opinion on the various aspects of customer acquisition, customer retention, contact management, employee behaviour and CRM strategies. The magnitude of average mean compared on various factors indicated that various educational qualification group have

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positive opinion on customer acquisition, customer retention, contact management, employee behaviour and neutral opinion on CRM strategies. The calculated value is lesser than 5% level of significance and null hypothesis is rejected. On an average, educational qualification groups not have the same opinion on impact of CRM.

Null hypothesis: Various categories of occupational status have an average opinion on the CRM practices.

Table 4: ANOVA between Occupational Status and CRM Practices

Factor	Occupation	N	Mean	S.D	|Z|	Sig
Customer acquisition	Student	27	25.93	4.27		
	Govt employee	10	25.60	3.72		
	Private employee	47	27.17	5.10		
	Business	28	24.92	5.10	.249	.289
	Agriculture	26	27.42	6.09		
	Professional	12	28.00	3.95		
Customer retention	Student	27	161.67	30.01		
	Govt employee	10	157.70	31.68		
	Private employee	47	152.08	26.26		
	Business	28	157.07	29.28	.032	.077
	Agriculture	26	171.26	26.89		
	Professional	12	170.50	25.35		
Contact management	Student	27	79.04	14.29		
	Govt employee	10	77.60	18.00		
	Private employee	47	76.17	13.11		
	Business	28	76.89	13.74	.789	.559
	Agriculture	26	82.31	14.76		
	Professional	12	80.75	12.41		
Employee behaviour	Student	27	45.59	7.28		
	Govt employee	10	44.10	5.25		
	Private employee	47	45.44	7.87		
	Business	28	46.64	7.32	.710	.617
	Agriculture	26	44.31	7.60		
	Professional	12	48.42	6.21		
CRM Strategies	Student	27	47.96	9.76		
	Govt employee	10	48.60	8.59		
	Private employee	47	48.91	11.27		
	Business	28	51.11	10.07	.547	.740
	Agriculture	26	47.88	9.79		
	Professional	12	51.25	8.47		
Impact of CRM in banks	Student	27	40.03	9.92		
	Govt employee	10	37.80	8.34		
	Private employee	47	42.31	9.60		
	Business	28	42.00	8.91	.649	.663
	Agriculture	26	42.24	8.40		
	Professional	12	42.75	6.31		

From the Table.4, it is understood that, the calculated values were greater than the 5% level of significance and the null hypothesis is accepted. It is inferred that, on an average customers occupational status have the same opinion on the various aspects like customer acquisition, customer retention, contact management, employee behaviour, CRM strategies and impact of CRM. The magnitude of average mean compared to various factors indicated that, various occupational group have positive opinion on customer acquisition, customer retention and contact management, employee behaviour, neutral opinion on CRM strategies and impact of CRM.

Null hypothesis: Various categories of monthly income group have an average opinion on the CRM practices under study.

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Table 5: ANOVA between Monthly Income Level and CRM Constructs

Factor	Monthly Qualification	N	Mean	S.D	|Z|	Sig
Customer acquisition	Up to 20,000	71	26.54	5.19		
	20,001-40,000	32	26.26	5.23	.103	.902
	Above 40,000	41	26.78	4.62		
Customer retention	Up to 20,000	71	162.15	28.02		
	20,001-40,000	32	160.15	29.72	.647	.525
	Above 40,000	41	155.80	29.08		
Contact management	Up to 20,000	71	79.57	13.12		
	20,001-40,000	32	79.00	13.55	.103	.335
	Above 40,000	41	75.61	15.71		
Employee behaviour	Up to 20,000	71	46.35	8.03		
	20,001-40,000	32	45.24	6.64	.657	.520
	Above 40,000	41	44.81	6.60		
CRM Strategies	Up to 20,000	71	50.07	10.33		
	20,001-40,000	32	49.34	9.17	.206	.302
	Above 40,000	41	47.02	10.46		
Impact of CRM in banks	Up to 20,000	71	42.38	8.89		
	20,001-40,000	32	42.89	8.80	.526	.083
	Above 40,000	41	38.93	8.97		

From the Table.5, it is understood that, the calculated values were greater than the 5% level of significance and the null hypothesis is accepted. It is inferred that, on an average customers monthly income level have the same opinion on the various aspects like customer acquisition, customer retention, contact management, employee behaviour, CRM strategies and impact of CRM. The magnitude of average mean compared on various factors indicated that various monthly income group have the positive opinion on customer acquisition, customer retention, contact management, employee behaviour, neutral opinion on CRM strategies and impact of CRM.

Cluster Analysis is a statistical tool to classify items/respondents into various groups according to similarity. In this study, the customer retention is a construct. Customers may prefer a particular bank due to various reasons. The interest is to group the customers into different classes according to their preferable reasons or bank functions. Hence cluster analysis is applied. The following agglomeration table helps to get the number of classes:

Table 6: Agglomeration Schedule

Stage	Cluster Combined		Coefficients	Stage Cluster First Appears		Next Stage
	Cluster 1	Cluster 2		Cluster 1	Cluster 2	
1	24	25	100.000	0	0	3
2	11	37	118.000	0	0	10
3	24	34	128.000	1	0	14
4	17	33	128.000	0	0	12
5	13	35	130.000	0	0	10
6	23	32	141.000	0	0	23
7	29	31	144.000	0	0	21
8	26	36	156.000	0	0	17
9	7	10	156.000	0	0	28
10	11	13	159.500	2	5	24
11	3	27	160.000	0	0	33
12	17	21	164.000	4	0	19
13	4	9	167.000	0	0	20
14	24	28	171.667	3	0	23
15	39	42	175.000	0	0	26
16	1	2	182.000	0	0	38
17	19	26	186.000	0	8	24
18	14	20	196.000	0	0	35

19	17	22	199.333	12	0	27
20	4	6	200.500	13	0	28
21	29	30	202.000	7	0	27
22	40	41	204.000	0	0	25
23	23	24	204.750	6	14	29
24	11	19	211.167	10	17	30
25	38	40	217.000	0	22	30
26	39	44	220.500	15	0	34
27	17	29	234.333	19	21	32
28	4	7	244.667	20	9	37
29	8	23	246.000	0	23	32
30	11	38	246.667	24	25	36
31	5	45	255.000	0	0	38
32	8	17	255.755	29	27	37
33	3	12	256.000	11	0	36
34	18	39	258.667	0	26	41
35	14	15	271.000	18	0	39
36	3	11	285.533	33	30	40
37	4	8	290.314	28	32	40
38	1	5	291.500	16	31	42
39	14	43	296.000	35	0	41
40	3	4	299.891	36	37	42
41	14	18	308.500	39	34	43
42	1	3	328.359	38	40	43
43	1	14	347.896	42	41	44
44	1	16	356.818	43	0	0

Looking from the bottom of Table.6 the big difference is found between the stages 41 and 42. This indicates that there are three clusters. The following Dendrogram facilitates to find the three cluster and items in the respective clusters.

Dendrogram using Average Linkage (Between Groups)
Rescaled Distance Cluster Combine
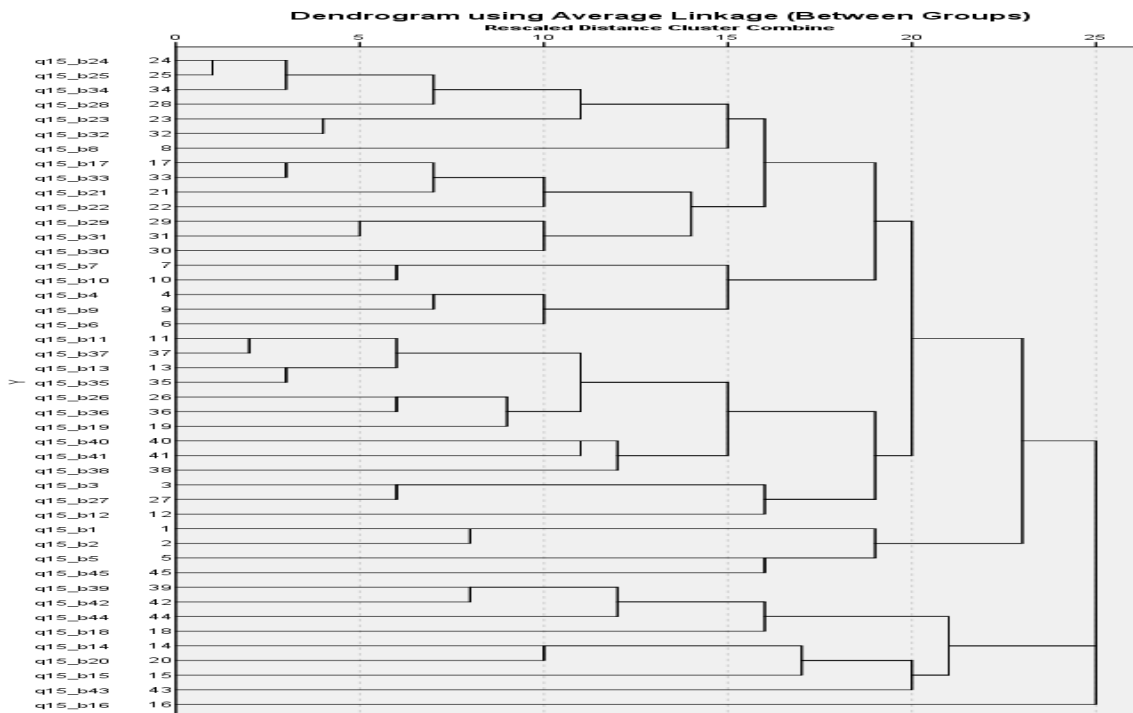
The first cluster contains the following items.

Cluster 1
b24- Checklist of the document for applying loan
b25-Display of exchange and other rates
b34-Educate the function of the cards
b28-Receipt for documents on collateral security.
b23-Education regarding electronic transfer
b8-Compensate for financial loss due to bank mistake
b17-Information regarding dishnour of cheque.
b33-Service guide in booklet form
b21-Advisory service
b22-Procedure to handling safe deposit lockers.
b29-Security on delivering password and pin
b31-Security on internet transaction
b30-Safety in delivering confidential information
b7-Promptness in mistakes corrected
These items may be called in general as "protective & knowledgeable services"

Cluster 2
b10- Method of calculating interest rates.
b4-Information on interest rate
b9-Procedure to increase awareness
b6-Information on change in interest rate
b11-Product suit the needs
b37-Information through communication channel
b13-One month notice before change
b35-Information regarding current transaction limit
b26-Information provide regarding loan sanction.
b36-Information on product performance
b19-Acceptance of stop payment instruction.
b40-Information on repayment schedule
b41-Promptness in dues recovery system
b38-Information regarding credit plans
b3-Proper advertisement
b27-Information regarding reason for loan rejection.

Cluster 3
b1-Display policy and procedure in websites
b2-Display on information in local language
b5-Normal waiting time for every transaction.
b45-Privacy and confidence in collecting dues
b39-Provide financial literacy to customer.
b42-Fair collection policy
b44-Sufficient notice on due collection.
b18-Exchange clean bank notes
b14-Drop box facilities
b20-Detail on outdate and unpaid cheque.
b15-Clearing cycle
b43-Relationship on due collection
b16-Compensation for delay in cheque collection.

Hence it may be inferred that the following are the major factors that influence customer retention
1. Protective & educational services
2. Informative services
3.Privacy services

Multiple Correlation
The customers have given a satisfactory (positive) opinion on effectiveness of CRM. This may be influenced by different banking operations. The banking operations considered are customer retention, contact management and employee behaviour.

To find out which operations significantly influence the effectiveness of CRM, Multiple Regression method is applied. The following Table.6 gives the multiple correlation between the dependent variable-effectiveness of CRM with three independent variables-customer retention, contact management and employee behaviour.

Table 7: Multiple Correlation

Model	Multiple correlation R	Co-efficient of determination R^2	Adjusted R^2	Std. Error of the Estimate
1	.371[a]	.138	.132	8.16244
2	.426[b]	.181	.170	7.98193
3	.474[c]	.225	.209	7.79319

R2=0.225, the co-efficient of determination, indicates that 22.5% of change in effectiveness is due to the change in employee behaviour, customer retention, contact management. These three constraints only significantly influence effectiveness of CRM which ensured by CRM which ensured by the following Table.8.

Table 8: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2571.168	3	857.056	14.112	.000[d]
	Residual	8867.125	146	60.734		
	Total	11438.293	149			

The significant value 0.000<0.05 ensures that regression model fit is good one. The following Table.6 helps to construct regression equation.

Table 9: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	Effectiveness of CRM	17.512	4.558		3.842	.000
	Employee behaviour	.401	.100	.335	3.991	.000
	Customer retention	.148	.037	.481	4.042	.000
	Contact management	-.220	.077	-.352	-2.865	.005

The multiple regression equation is:
Effectiveness of CRM=17.512+0.401(Employee behaviour)+0.148(Customer retention)+0.220 (Contact management)
Three constructs customer retention, contact management and employee behaviour, have the impact on CRM in banks. Among that, employee behaviour ensure the significant role on effectiveness of CRM.

Conclusion
Implementation of CRM practices and strategies in banks enrich customer satisfaction. Building of a shared vision, designs to achieve high performance and for implementing continuous improvement, CRM is an effective tool.CRM ensure a customer friendly climate and as a key for success. Customer identification, customer satisfaction and customer retention leads to improvement in banking standards and help in identifying right customer. CRM is the effective technique that reduces the cost, attain growth and improve customer loyalty.
- Both male and female had positive opinion on customer acquisition, customer retention and contact management, employee behaviour, CRM strategies and neutral opinion on impact of CRM.

- It is found that, irrespective of the various categories of age group, the customers has positive opinion on customer acquisition, customer retention and contact management, employee behaviour, CRM strategies, and had neutral opinion on impact of CRM.
- It is found that, irrespective of the various categories of educational qualification group, the customer have the positive opinion on customer acquisition, customer retention, contact management, employee behaviour, neutral opinion on CRM strategies.
- It is found that, irrespective of the various categories of occupational group has positive opinion on customer acquisition, customer retention and contact management, employee behaviour, neutral opinion on CRM strategies and impact of CRM.
- It is found that, irrespective of the various categories of monthly income group has positive opinion customer acquisition, customer retention, contact management, employee behaviour, neutral opinion on CRM strategies and impact of CRM.
- It is inferred that, the protective & educational services followed by informative services and privacy services are the major factors that influence customer retention.
- It is found that, among the three constructs namely customer retention, contact management and employee behaviour, employee behaviour has more impact on CRM.

Suggestion
- Banks should utilise proper channel to communicate with customers.
- Staff should be given special training in dealing with customers. Proper training programmes have to be organized for the employees that help in customer retention.
- Banks should ensure efficient CRM practices to retain customers.
- Banks has to provide continuous knowledge, information and guidance about service offered by banks
- Customers should be educated through advertising campaign.

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