Customer Relationship Management Practice in Measuring Performance of Selected Banks

Miss. Maitri Ketulkumar Sheth

College:- Sheth P.T. Mahila College of Arts & Home Science, Surat

Ty B.A.

ABSTRACT

The research study explores the customers' perception towards personal/customer relationship management (CRM) practices in Indian retail banking sector. In present CRM is most essential factors as well as strategy for success, growth, profitability and competitiveness of banks because of cut-throat competition, technological advancement and changing customers' needs and preferences. Adopting CRM practices is useful to get better understanding of the customer needs and for proper product development. It also helps in effective segmentation, targeting, positioning, complaints management, maintaining long term profitable and mutually beneficial relationships with customers. For this study private and public banks' users were surveyed with given 27 different statements regarding CRM practices adopted by different banks. The survey data was collected from Surat (Gujarat) region. This survey also helps to measure the actual perception of service users towards CRM practices of each bank and also for comparative analysis. This valuable feedback may be helpful to the different organizations toward getting fair idea about importance of CRM practices.

Key words:
Personal/customer relationship management Practices
Retail banking
Surat region
India

INTRODUCTION

This research study surveyed to know the customer perception towards CRM practices. It may also helpful to describe the relationship between CRM (personal/customer relationship management) practices and customer loyalty towards commercial banks in retail banking segment in India. This study helps organizations to know the customer perception and for taking decision regarding making larger investments towards applying maximum CRM practices. The paper begins with an introduction to Indian banking industry and the measurement of customer perception is describe in data analysis and findings.

In presents scenario the banking sector groom up with new technologies and applications. The benefits are beginning to reach the large pool of customers. Now the banking is also moving towards individual marketing. So the topic emerge that is "relationship marketing". After 1991 many foreign banks jumps in Indian retail banking sector with heavy investments in technology for giving memorable customer services. Now a large segment of the urban population requires minimal time and space for its banking needs.

It is very necessary to bring dynamic changes in marketing practices of banks in present, with the objective of business growth with effectively managing customers as organizations' assets, systematically collecting, analyzing and disseminating customer information and use of this customer information for acquiring, retaining and better servicing customers. Although significance of Relationship Marketing practices and optimizing and maintaining customer relationships across diverse customer segments has been realized and practiced by all banks in India. Different Banks are implemented CRM practices at different levels. ATM functions, initiatives like availability of pass book printing machines, SMS alerts at various significant customer service events are the few examples of these practices.

THEORETICAL FRAMEWORK

CRM is the strategy for building, managing and strengthening loyal and long-lasting customer relationships. CRM is a customer centric approach. Its' ultimate objective is towards 'Personalized' handling of customers as distinct entities through the identification and understanding of their differentiated needs, preferences and behaviors.

According to Philip Kotler, CRM is the process of carefully managing detailed information about individual customers and all customer 'touch points' to maximize customer loyalty.

It can also be described as a business strategy comprised of process, organizational and technical change to better manage business around customer behaviors.

LITERATURE REVIEW

- Chantal Rootman: 2004 argued that significant positive relationships exist between both the knowledgeability, and attitude, of bank employees and a bank's CRM. These relationships imply that more extensive knowledgeability of bank employees and bank employees with more positive attitudes lead to improved, maintained relationships between a bank and its clients. In addition, the empirical investigation revealed that CRM positively influences the service quality of banks. This relationship implies that if a bank successfully maintains relationships with its clients, the bank's level of perceived service quality would increase.

- Yatish Joshi and Ehtesham Ahmad: 2013, argued that heavy competition threatening banks' revenues and putting downward pressure on operating margins and profits, so retail banks are facing increasing pressure to Increase their growth rate and they are using CRM as a Main tool for this purpose. The domain of CRM helps into many areas of banking. Including strategic decision making, marketing and selling financial products, helping banking industry to enable its marketing to identify and target their best customers, managing market campaigns and generating quality leads. Technology-enabled improvements and a desire to improve earnings stability have led many banks to enter new markets (global and national) driving increased competition in local markets by the adoption of new technology.

- Kabiraj sajal et al: 2002, argued that the facilities offered to the customers by the private sector banks is much more than the public sector banks and the facilities offered by the bank to the customer has really increased after implementation of CRM strategy. Researcher proved that the customers of private sector banks are more satisfied than the public sector banks; the degree of satisfaction has increased to a large extent among the customers after CRM strategy implementation. Level of satisfaction among customers of private sector banks has increased because of the increased facilities offered by the bank after implementation of CRM strategy. As a result marketer's marketing model is changing from the product-centered to the customer-centered. Retail bank customers are demanding a different relationship with bankers and suppliers of financial than the traditional sales and transaction model. The new database technologies enables retail bankers to get the knowledge of who the customers are, what they bought and when they bought, and even predictions based on the historical behavior.

- Ramkelawon Bhisham: 2010, argued that banks are realizing that CRM is the magic bullet that helps financial institutions to build stronger and more profitable relationships. As such CRM can enable banks to enjoy competitive advantage by delivering high value to the right customer. But they surveyed that the employees are not motivated enough to be part of the company and which may in turn affect the company

ability to provide a better customer service to its customers. Research concluded that the right level of commitment is not derived from employees that affect bank ability to provide an excellent service to its customers. There is very low customer centric culture within the company.

- Das Sanjay: 2012, argued 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. Argued that CRM practices adopt 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. It is found that though CRM activities have not helped to increase the confidence of the customers in meeting the changing needs CRM activities of the selected Banks.

- Parvatiyar Atul & Sheth Jagdish N, 2001:02, argued that the domain of personal/customer relationship management extends into many areas of marketing and strategic decisions. Its recent prominence is facilitated by the convergence of several other paradigms of marketing and by corporate initiatives that have developed around the theme of cooperation and the collaboration of organizational units and their stakeholders, including customers. CRM refers to a conceptually broad phenomenon of business activity, and if the phenomenon of cooperation and collaboration with customers becomes the dominant paradigm of marketing practice and research, CRM has the potential to emerge as the predominant perspective of marketing. From the corporate implementation point of view, CRM should not be misunderstood to simply mean a software solution implementation project. Building relationships with customers is a fundamental business of every enterprise, and it requires a holistic strategy and process to make it successful.

- Adele Berndt et al.: 2005, argued that the issues of CRM and customer service are vital in the developing environment as customer expectations increase. This is especially the case in developing countries where changes in customer expectations are linked to increasing educational standards and literacy. This study has indicated that the implementation of a one-to-one marketing of financial services in emerging markets do not differ from the way in which it would be implemented among customers in other economies. This requires organization in developing environments to pay attention to the issues of customer needs and differentiation in order to building long term customer relationships.

SCOPE OF STUDY:

This research study focuses only on the Indian retail banking segment of scheduled commercial banks of both sectors private as well as public sector. For matters of convenience to collect the data, this research study was restricted only to Surat region.

OBJECTIVES OF STUDY:-

Primary objective:- Measuring performance of banks' on personal/customer relationship management practices.

Secondary objectives:-

1. To know the parameters are more important to build good   relationship between banks and their service users.
2. To know the activities needed immediate improvements by focusing customers' needs.

RESEARCH DESIGN:-

At initial stage, the research design is exploratory because the research statement was developed on the basis of the literature that was available on internet, in books and journal. After framing the research statement, the research design becomes descriptive, here will use a primary data collection method which is suitable.

SAMPLE DESIGN:

- o *Sampling method*:- Here non-probability convenience sampling method has been used.
- o *Sample size*:- The sample size were 300 respondent.
- o *Sampling unit*:- The sampling units comprises the respondent who are service users or customers of different banks in surat region.
- o *Choice of survey method*: Here face-to-face personal interview method used.
- o *Sampling detail:* The population for this research study consists of service users of different banks. Businessmen, professionals and servicemen were contacted with face to face interview method through questionnaire.

RESEARCH INSTRUMENT:-

Questionnaire is using for the purpose of the data collection as the research instrument. The questionnaire consisted of closed ended question including scales. Based on the pilot study, some statements are revised and the questionnaire was finalized with 27 statements. The statements were given with a likert scale range from 1 to 5; from strongly disagree to strongly agree.

RELIABILITY TEST OF AN INSTRUMENT:-

Purpose of this test:-

Reliability Analysis addresses the issues of whether this set of statements will produce the same result each time; it is administered to the person in the same setting.

Reliability Statistics
(Table no-1)

Cronbach's Alpha	N of Items
.960	27

Reliability analysis was done with using Cronbach's alpha for the set of 27 CRM practice statements and it was found to be 0.960, which is very much higher than the desire value of 0.65. It proves that the set of statements were valid and reliable.

DATA COLLECTION METHODS:-

Primary data collection method: Primary data were collected through questionnaires filled up by service users of different banks. Questionnaire was considered the most effective to collect primary data for fulfilling the purpose to measure the performance of banks on CRM practices.

Secondary data collection method: Reference books and past research survey reports were analyzed and study to make questionnaire to collect primary data.

Type of questionnaire: Open ended and closed ended question were used in the questionnaire. Respondents were asked with 27 different statements on likert scale to know respondents' actual perception towards CRM practices. Demographic questions were asked for measuring strong co-relationship if applicable.

DATA ANALYSIS AND FINDINGS

For Primary Objective

Primary objective:- Measuring performance of banks' on personal/customer relationship management practices.

To achieve this objectives the instrument was used with 27 different statements with likert scale for measuring performance on CRM practices.

*One-sample T test for **private banks***

Null Hypotheses (Ho): There is no significant difference between the calculated sample mean for individual service parameter and hypothesized mean (3.00). In other words, it means that we hypothesized that individual respondents are at least neutral with the given statement.

$$H_o: \bar{x} = \mu = 3 \bar{x} = \mu = 3$$

Alternative Hypothesis (H₁): There is significant difference between the calculated sample mean for individual service parameter and hypothesized mean (3.00). In other words, it means that here hypothesized that individual respondents are not neutral with each statement. It is to be possible that customers are might be more than neutral or less than neutral.

H_1: $\bar{x} \neq \mu = 3 \bar{x} \neq \mu = 3$

Significance level: Here test of hypothesis is at 95% confidence level i.e. the chance of occurring type-1 error is 5%.

One-Sample Statistics
(Table no-2) (Private Banks)

Statements	Mean	Std. Deviation	Sig. (2-tailed)	Mean Difference
Bank treats me as a very special customer	3.86	0.956	.000	.860
Bank keeps my information confidential	3.56	1.12	.000	.560
Bank deliver an excellent service to me at any point of contact	3.48	1.021	.000	.480
Bank always hear my complaints and resolve quickly	3.35	1.204	.001	.347
Bank services performance are consistent to me	3.60	1.074	.000	.600
Bank provide online services to reduce my service costs	3.47	1.133	.000	.467
Bank gives SMS/Call alerts for new offers	3.30	1.174	.002	.300
Bank gives me guarantees against service failures	3.34	1.128	.000	.340
Bank give me a call in case if deficit in my account before clearing the cheques	3.27	1.086	.002	.273
Bank take suggestion from me to design or improve products	3.27	1.133	.005	.267
Bank takes my feedback seriously and reply to them	3.30	1.041	.001	.300
Continuously maintains, updates and monitors my account information	3.38	1.185	.000	.380
Bank provides customized services and products to me	3.38	1.121	.000	.380
Bank frequently exchanges information with me	3.27	1.146	.004	.273
Bank gives me individual attention	3.20	0.983	.014	.200
Bank's service department always gives me priority	3.27	1.055	.002	.273
Bank's employees are willing to help me in a responsive manner	3.25	1.063	.004	.253
Bank's employees are not too busy to respond to me	3.23	1.108	.011	.233
Bank sometime change policies & procedures for me	3.50	1.174	.000	.500
Bank gives SMS/ Call alert to me for any due	3.15	1.073	.082	.153
I do not have to stand in a queue for getting services	3.19	1.052	.031	.187
Bank also provide me services at home	3.25	1.265	.015	.253
Bank's higher authority also gives me response	3.15	1.077	.097	.147
Bank send me calendar, diary and other tangible gifts	3.18	1.331	.100	.180
Bank greets me anniversary, birthday wishes	3.31	1.176	.002	.307
Bank helps me to reduce paper works	3.19	1.041	.024	.193
Bank even answering me on call	3.19	1.228	.065	.187

Here the result is tested at 95% confidence level. A low significance value (typically below 0.05) indicates that there is a significant difference between the test value vond the observed mean. Or can say that for the significant value less than 0.05, the null Hypothesis Ho is rejected or the alternative Hypothesis H1 is accepted. For the significant value greater than 0.05, the Null Hypothesis Ho is failed to reject.

Here the statements were found out which have high significance value or significance value more than 0.05. A high significance value (typically more than 0.05) indicates that there is no significant difference between the test value and the calculated mean. It means that for these statements the hypothetical mean and calculated mean are same.

- Bank gives SMS/ Call alert to me for any due

- Bank's higher authority also gives me response

- Bank even answering me on call

One-sample t test for public banks

Here the H0, H1 and significance value are taken as same as earlier.

One-Sample Statistics

(Table no-3) (Public Banks)

Statements	Mean	Std. Deviation	Sig. (2-tailed)	Mean Difference
Bank treats me as a very special customer	3.51	.96757	.000	.50667
Bank keeps my information confidential	3.74	1.06456	.000	.74000
Bank deliver an excellent service to me at any point of contact	3.33	.92444	.000	.33333
Bank always hear my complaints and resolve quickly	3.29	1.19589	.003	.29333
Bank services performance are consistent to me	3.56	1.01320	.000	.56000
Bank provide online services to reduce my service costs	3.45	1.13242	.000	.44667
Bank gives SMS/Call alerts for new offers	3.48	1.21909	.000	.48000
Bank gives me guarantees against service failures	3.45	2.72347	.043	.45333
Bank give me a call in case if deficit in my account before clearing the cheques	3.35	1.08768	.000	.35333
Bank take suggestion from me to design or improve products	3.18	1.14147	.055	.18000
Bank takes my feedback seriously and reply to them	3.11	1.10239	.210	.11333
Continuously maintains, updates and monitors my account information	3.39	1.10997	.000	.38667
Bank provides customized services and products to me	3.32	.99879	.000	.32000
Bank frequently exchanges information with me	3.32	1.00549	.000	.32000
Bank gives me individual attention	3.23	1.13010	.015	.22667
Bank's service department always gives me priority	3.16	1.14153	.088	.16000
Bank's employees are willing to help me in a responsive manner	3.29	1.15012	.002	.29333
Bank's employees are not too busy to respond to me	3.23	1.13171	.013	.23333
Bank sometime change policies & procedures for me	3.31	1.05638	.000	.31333
Bank gives SMS/ Call alert to me for any due	3.34	1.12226	.000	.34000
I do not have to stand in a queue for getting services	3.33	1.09708	.000	.33333
Bank also provide me services at home	2.75	1.30532	.022	-.24667
Bank's higher authority also gives me response	3.51	1.11480	.020	.21333
Bank send me calendar, diary and other tangible gifts	3.74	1.30682	.575	.06000
Bank greets me anniversary, birthday wishes	3.33	1.22226	.040	.20667
Bank helps me to reduce paper works	3.29	1.04751	.044	.17333
Bank even answering me on call	3.56	1.23384	.022	.23333

Here the result is tested at 95% confidence level. A low significance value (typically below 0.05) indicates that there is a significant difference between the test value and the observed mean. Or can say that for the

significant value less than 0.05, the null Hypothesis Ho is rejected or the alternative Hypothesis H1 is accepted. For the significant value greater than 0.05, the Null Hypothesis Ho is failed to reject.

Here the statements were found out which have high significance value or significance value more than 0.05. A high significance value (typically more than 0.05) indicates that there is no significant difference between the test value and the calculated mean. It means that for these statements the hypothetical mean and calculated mean are same.

- Bank take suggestion from me to design or improve products
- Bank takes my feedback seriously and reply to them
- Bank's service department always gives me priority
- Bank send me calendar, diary and other tangible gifts

For Secondary Objectives:-
1. To know the parameters are more important to build good relationship between banks and their service users.
2. To know the activities needed immediate improvements by focusing customers' needs.

Here the statements are found out which are favorable to particular type of bank. This will helps to compare the performance on CRM practices with compare to other types of banks. This will also helps to improve performance on specific CRM practices.

Statements in which customers' perception were more favorable to private banks
(Table no-4)

	Statements	Public sector banks	Private sector banks
1	Bank treats me as a very special customer	3.51	3.86
3	Bank deliver an Excellent service to me at any point of contact	3.33	3.48
4	Bank always hear my Complaints and resolve quickly	3.29	3.35
10	Bank take suggestion from me to Improve products	3.18	3.27
11	Bank take my Feedback seriously and reply to them	3.11	3.30
13	Bank provides Customized services and products to me	3.32	3.38
16	Bank's Service department. Always gives me priority	3.16	3.27
19	Bank sometime Change policies and procedures for me	3.31	3.50
22	Bank also provide me Service at home	2.75	3.25
23	Bank's Higher authority also gives me response	3.21	3.85
24	Bank Send me calendar, diary and other tangible gifts	3.06	3.73
25	Bank greets me Anniversary, birthday wishes	3.21	3.65
26	Bank helps me to Reduce paper works	3.17	3.73
27	Bank even Answering me on call	3.23	3.71

Statements in which customers' perception were more favorable to public banks
(Table no-5)

	Statements	Public sector banks	Private sector banks
2	Bank keeps my Information confidential	3.74	3.56
7	Bank give me SMS/Call alerts for new offers	3.48	3.30
8	Bank gives me guarantee against Service failures	3.45	3.34
9	Bank gives me a call in case of deficit in my account before clearing the cheques	3.35	3.27
20	Bank gives SMS/Call alert to me for any due	3.34	3.15
21	I do not have to stand in Queue for getting services	3.33	3.19

Statements in which customers' perception were very much nearer for both types of banks
(Table no-6)

	Statements	Public sector banks	Private sector banks
5	Bank Service performance are consistent to me	3.56	3.60
6	Bank provide Online services to reduce my service cost	3.45	3.47
12	Continuously maintains, updates and monitors my Account information	3.39	3.38
14	Bank frequently Exchange information with me	3.32	3.27
15	Bank gives me Individual attention	3.23	3.20
17	Bank's employees are willing to help me in a Responsive manner	3.29	3.25
18	Bank's Employees are not busy to respond to me	3.23	3.23

CONCLUSION AND FUTURE DIRECTION

The current paper develops a list of 27 statements, which may be helpful to retail banks' toward performing best on various CRM practices. Based on data analysis it is concluded that private banks' performance on CRM practices is more satisfactory than public sector banks. And parameters are also found out by focusing on these banks can modify or improve their performance on CRM. Banks that introduced CRM have to make effective modifications in their organization to attract more customers. Banks can also try to adopt other innovative tools related with the CRM.

This survey was done in surat region only, future survey can be done in wider geographical area with taking more respondents. The statements can be increased and can be measuring employees' perception for and attitude towards performing CRM activities. Also same kinds of research can be done by taking data of individual banks which helps to compare one banks' performance to another. The same approach can be extended to other business organizations and to commercial customers.

REFERENCES

1. Das Kallol et al: Personal/customer relationship management (CRM) Best Practices and Customer Loyalty: A Study of Indian Retail Banking Sector European Journal of Social Sciences – Volume 11, Number 1 (2009) pp. 61-85

2. Joshi Yatish and ehtesham ahmad, personal/customer relationship management in banks vsrd international journal of business and management research, vol. 3 no. 6 june 2013, e-ISSN : 2231-248X, p-ISSN : 2319-2194 pp253-256

3. Kabiraj et al: 2002, personal/customer relationship management practices in retail banking: an indian experience, vol. 1, no. 1, june 2004 ISSN 1547-3708, pp 1-21

4. Durkin, m. (2004). In search of the internet-banking customer. The international journal of bank marketing, 22 (7), 484-503.

5. Das Sanjay kanti, personal/customer relationship management in banking sector: a comparative study of sbi and other nationalised commercial banks in india , arth prabhand: a journal of economics and management vol.1 issue 6, september 2012, ISSN 2278:0629

6. Ramkelawon Bhisham, personal/customer relationship management as an integrated approach in the banking sector: a case study of a local bank in mauritius, international research symposium in service management, ISSN 1694-0938, august 2010