ABSTRACT

Customer Relationship Management in banking is a key element that allows a bank to develop its customer and sales capacity. Retaining customers is a major concern for banking institution which shows the importance of CRM practices. In present time CRM is most essential activities done by the banks because of to develop strategy, growth, profitability and competitiveness of bank. Better CRM activities help to know the needs of the customers and proper development of product. As competition increased the focus on CRM also increased because of to maintain the present customers and to attract the new customers with the help of CRM activities. 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 banks’ users were surveyed with given 35 different statements regarding CRM practices adopted by top public sector banks. The survey data was collected from Surat city of Gujarat state. The purpose of this survey is to assess the level of understanding of Customer Relationship Management in top private sector banks. This valuable feedback may be helpful to the different organizations toward getting fair idea about importance of CRM practices.

KEYWORDS: Customer Relationship Management Practices, Private Sector Banks, Retail Banking, Surat Region-India

INTRODUCTION

This research study was carried to measure the customer perception and employee attitude towards customer relationship management practices perform by private Indian commercial banks. It may also helpful to describe the relationship between CRM practices and customer loyalty for taking decision regarding making larger investments towards applying maximum CRM practices. In present CRM is most essential factor 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.

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.

The organized banking system in India can be broadly classified into three categories: (i) Commercial Banks (ii) Regional Rural Banks and (iii) Co-operative banks. The Reserve Bank of India is the supreme monetary and banking authority in the country and has the responsibility to control the banking system in the country. It keeps the reserves of all commercial banks and hence is known as the “Reserve Bank”.

**Theoretical Concept**

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.

Customer Relationship Management is a comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer. It involves the integration of marketing, sales, customer service, and the supply-chain functions of the organization to achieve greater efficiencies and effectiveness in delivering customer value. It can also be described as a business strategy comprised of process, organizational and technical change to better manage business around customer behaviors.

Well managing customer relationships is crucial and most valuable for any of the business. The effectiveness depends on the level of understanding of the different customers’ needs at the different time. The ability of banks to personalization on customization feels the customers more valuable rather than offering the same services as a part of large number of customers.

Customer relationship requires managing customers’ knowledge. Both practicing CRM and managing customers’ knowledge are directed towards effectively delivering good services to the customers.

The three components customer, relationship and their management are most important in serving customer better with using CRM practices. Out of these three components firms’ customer are always at the center in organization's processes and activities. CRM practicing helps management to deal with customer needs, concerns and service issues. CRM also helps in maintaining database of valuable customers and providing better services as require by individual customer.

Now a day more and more companies are adopting and performing customer-centric strategies, tools, and technologies because they are realizing the need for necessity of customer knowledge to build cooperative and
partnering relationships with customers. In today’s competitive time performing CRM practices in banking are gained importance because of objectives like maximum customer acquisition and retention. That leads the banks to adopt various CRM initiatives and also directing the activities towards customer centric rather than organisation centric. Banking activities includes issuance of cheque book and bank cards, account statements, online and mobile banking etc. Also taking in consideration that performing CRM in banking industry are always be different than other service sectors like healthcare, education, insurance because banking industry includes pure financial services which always needs to create the trust. Well establishing customer care staff and services, providing timely information regarding account balance and interest payments, issuing ATM card, various online m-banking and e-banking services, helps to increase customer value.

LITERATURE REVIEW

- **Ramkelawan Bhisham (2010)** surveyed on “Customer Relationship Management as an Integrated Approach in the Banking Sector: A Case Study of a local bank in Mauritius.” The main **objective** is to analyze the level of customer centric CRM practices from both customer and employee point of view. **Points covered** are like Internal CRM, perception of the bank to the general public, electronic CRM issues, service quality issues, complaints management. Researcher found that Bank is very far from developing customer centric approach both for the customer and employees and the sole customer in the CRM is not considered in the strategy implementation.

- **Das Kallol et al: (2009)** surveyed on “customer relationship management (CRM) best practices and customer loyalty: a study of Indian retail banking sector” the main **objective** is to measure the extent of deployment of CRM best practices across the retail banking segments of Indian commercial banks in Surat city. **Points covered** are like Customer loyalty and Selected 29 CRM best practices, which may be helpful to the organizations toward achieving comprehensive CRM deployment. Researcher found that there is no perfect bank which has deployed all the 29 CRM best practices to the fullest extent and there is no strong association between deployment of CRM best practices in scheduled commercial banks and loyalty level of customers.

- **Kabiraj Sajal (2004)** surveyed on “customer relationship management practices in retail banking: an Indian experience” The main **objective** is to develop and design strategic business models for CRM for retail banking in India, for gaining sustainable competitiveness in retaining, acquiring and servicing customers. For that respondents covered are like top corporate and bank executives, retail bank customers and CRM vendors. Researcher developed the model - value proposition of the model is defined in terms of “reward” Retain existing customers, Entertain customers with efficient, secure & speedy transactional tools, Widen and improve the gamut of services / product offerings, Acquire new customers, Regain customer confidence, trust and loyalty, Diligent and intelligent use of technologies.

- **Chantal Rootman et al (2004)** surveyed on “the influence of bank employees on bank customer relationship management” the main **objective** is to investigate the influence of employees on the customer relationship management (CRM) of banks. The **points covered** dependent factor:- customer loyalty and independent factors:- employee knowledgeability, attitude. Researcher found that there is a significant positive relationship exists between both the knowledgeability, and attitude of bank employees and a bank’s CRM and it is important for banks to increase their CRM by improving the attitude and knowledgeability of their employees.
Significance of Study

This research proposal focuses only on the Indian retail banking segment of scheduled private sector commercial banks. For matters of convenience to collect the data, this research study was restricted only to Surat region. The industry provides a significant opportunity for strategically planned for CRM. This study is proposed to measure customers’ perception towards customer relationship management practices.

Problem Statement

In the past there are many research has done to measure effectiveness CRM practices in banking sector.

The researchers aimed to answer the following research question:

Whether the customers are marginally satisfied with the CRM practices done by the Indian banks?

Research Objectives

To study the customers’ attitude towards customer relationship management practices of Indian private commercial banks.

Proposed Research Methodology

- **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.

- **Method of Data Collection:** The primary data will be collected through questionnaire by face to face contact.

- **Sampling Technique:** For the purpose of this research study, Non-probability convenient sampling technique will be used.

- **Sampling Area:** Surat region.

- **Sample Size:** Sample size was 300 respondents.

- **Data Collection Procedure:** 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 collected through reference books and past research survey reports were analyzed and study to make questionnaire to collect primary data.

- **Analysis of Data:** Appropriate statistical tools and techniques will be used for the research study. Propose to do data analysis through tabulation, cross tabulation, charts/graphs, Chi Square test, Correlation, Regression, T-test as applicable. The use of various statistical techniques for analysis of data will be depended upon the type of the data that would be collected. Thus the exact statistical tests would be determined after preparation of data collection instrument and actually data for the research will be collected. SPSS will be used for statistical analysis of data.

- **Research Instrument:** Questionnaire would be used for the purpose of the data collection as the research instrument. The questionnaire would be consisting various closed ended question including scales. To develop a
questionnaire for the research study, review of literature would be done and based on these review CRM statements will developed.

RELIABILITY TEST OF AN INSTRUMENT

Purpose of This Test

Reliability Analysis address the ability of the measure to produce the same results under the same conditions by the same set of instrument. To be valid the instrument must first be reliable. The easiest way to assess reliability is to test the same group of people twice: a reliable instrument will produce similar scores at both points in time. To know whether this instrument will produce the same result each time, it is administered to the person in the same setting. In other words, this test is used to know the reliability of the instrument which saws whether the instrument would useful in same type of survey in the future.

<table>
<thead>
<tr>
<th>Statements</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Sig. (2-Tailed)</th>
<th>Mean Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank treats me as a very special customer</td>
<td>3.86</td>
<td>0.956</td>
<td>.000</td>
<td>.860</td>
</tr>
<tr>
<td>Bank keeps my information confidential</td>
<td>3.56</td>
<td>1.12</td>
<td>.000</td>
<td>.560</td>
</tr>
<tr>
<td>Bank deliver an excellent service to me at any point of contact</td>
<td>3.48</td>
<td>1.021</td>
<td>.000</td>
<td>.480</td>
</tr>
<tr>
<td>Bank always hear my complaints and resolve quickly</td>
<td>3.35</td>
<td>1.204</td>
<td>.001</td>
<td>.347</td>
</tr>
</tbody>
</table>
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 gives SMS/ Call alert to me for any due
- Bank's higher authority also gives me response
- Bank even answering me on call

CONCLUSIONS 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. 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 kind of research can be done by taking data of individual banks which helps to compare one banks” performance with another.
same approach can be extended to other business organizations and to commercial customers.

REFERENCES


