Customer Relationship Management in Private Sector Banks

Shalini Agrawal

Department of Economics, Banasthali University, Banasthali, Rajasthan, India

Abstract

Customer Relationship Management is a business strategy in this competitive scenario.CRM is being used as a tool to enhance a business and a firm profit. Banks are giving much emphasis on CRM to maintain old customers and make new customers. Present study focuses on CRM. Customer relationship management (CRM) is a business strategy in public sector banks. Geographical region Jaipur (Rajasthan) in India has been selected for this research paper. Multiple choice questionnaires is drafted and random sampling is used for this study. 86 private sector banks customers have been selected- 43 ICICI bank customers and 43 AXIS bank customers. Mean and percentage have been used for data analysis. After data analysis findings show that customers are satisfied from service factors, staff factors, environment factors apart from promotional factors. By promotional factors customers are less satisfied.

1. Introduction

A human being, who opens an account in a bank and maintains it, is a bank customer. Customers are being aware for retail banking. Customers deposit their money, which they get after hard work, want its safety and take money from banks for their different needs. Customers confirm first that in which bank they are going to open an account, is adopting customer Relationship Management (CRM) policies or not. To observe the customer awareness, banks are emphasizing on CRM. Customer Relationship Management is a good policy to business, firms, banks, industries, enterprises etc. Banking industry has public sector banks, private sector banks and foreign banks. In this competitive time banks prefer CRM very much to maintain healthy competition with their counterparts. Banks are adopting different dimensions of CRM. Banks maintain data of customers very well. Banks explore how to enhance more and more customer relationship management. There are the problems in front of banks- How can be banks ahead in the present competitive time as well as how can they maintain their reputation and CRM is the solution of these problems.

2. Customer Relationship Management

Corresponding Author,
E-mail address: 2010shaliniagrawal @gmail.com

Nowadays customer relationship management is used as a business tool and business strategy. The aim of CRM is to maintain customers, their data and enhance their profit. "CRM is a 'core business strategy' that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. It is grounded on high quality customer related data and enabled by information technology." (Buttle p. 15)

In the present time CRM is used to maintain good relations with the people.   CRM helps to maintain healthy environment in this competitive scenario.

"CRM has gained popularity in recent times as on approach to developing bonding with individual constituents of the value chain of a firm operating in the industry to gain a competitive edge in an increasingly cut throat maker condition, players are using it is a competitive marketing weapon." (Garikaparthi p. 36)

CRM increases the value of company's products or services which help in maintaining a long term relationship with the customers. CRM must be implemented as a long lasting business technique.

"CRM is about cultivating a long term relationship with the customer by enhancing the value of a company's product or services. Therefore

the process of implementing CRM should be approached as a long- term strategy."(Sharp p. 15)

Customer relationship management is very important in the market and banks. It is very essential to inform customers about the products and many offers with the products. The importance of this information is that the customer takes his decision very easily and shortly. " Analyzing CRM processes from any customer perspective is obviously of value to an organization that is serious about CRM One problem facing customer today is that they have too many options to choose from – information, advice, offers – with little time to make intelligent decision." (Sharp p. 45)

3. Banks & retail banking

Sundaram V. defined "bank can be defined as an institution which accepts deposits from public and lends money. People want to deposit their money for the sake of safety and to earn interest. Bank in return, lends that money at higher rate of interest and earns profits." (p.83)

Banks are the backbone of an economy. Banks play an important role for the proper development of an economy. Banks are very helpful in poverty alleviation.

"Banks have come to play a significant role in the development of economy. They are essential institutions for mobilizing savings and for the purpose of lending. Development countries of today owe their gratitude to banking for the most direct as well as indirect role played by the banks in their economic development" (Sundaram p.90)

"Retail banking has become an extensively researched and debated subject in the present day world; unique issues are arising in the context of banks and financial institutions. In the developing countries initially did not quite receive the attention they certainly deserved but in the overarching context of economic liberalization the potential role of retail banking has increasingly come to the force. Banks are better placed to cash in on their retail boom because of risk dispersion and better quality assets." (Sharma p. 28) "Retail banking offers such products- Loans, deposit, credit card, debit card etc. In recent times, retail banking has generally been considered synonymous with retail lending, but retail banking includes operations both on the deposit and loan side." (Sharma p. 125)

4. Literature Review

Krishan Rajeswari (2005) revealed that customer relationship Management is helpful to achieve the bank targets- customer identification, cross selling or up selling, customer acquisition, customer retention, customer satisfaction and delight. Chaudary Koushiki, Avinandan mukherjee & Ashish Banerjee (2001) suggested that the strategies are very helpful for Indian banks to make long term relationship with customers in present highly competitive scenario. Managers and 224 customers were interviewed and questioned respectively. By enhancing ATM services, the crowd of banks' branches may be reduced.15 service quality factor in four dimensions (competence, tangibles, orientedness, convenience) were discussed in this study. Mittal R. K. & Rajeev Kumara (2001) considered that the success of banking in the changing atmosphere depends on three elements- technology, people and customer. E-CRM is one of the effective tools for the development of banks.

5. Objective

- To know that customers are satisfied with service factor by ICICI bank and Axis bank.
- To know that customers are satisfied with staff factor by ICICI bank and Axis bank.
- To know that customers are satisfied with promotional factor by ICICI bank and Axis bank.
- To know that customers are satisfied with environment factor by ICICI bank and Axis bank.

6. Hypothesis

- H1 Customers are satisfied with service factor by ICICI bank and Axis bank.
- H2 Customers are satisfied with staff factor by ICICI bank and Axis bank.
- H3 Customers are satisfied with service promotional factor by ICICI bank and Axis bank.
- H4 Customers are satisfied with environmental factor by ICICI bank and Axis bank.

7. Methodology

For this research paper multiple choice questionnaires was designed. For collection of data questionnaires were filled up by ICICI bank and AXIS bank customers (respondents). Mean, percentage, slandered deviation were used for data analysis. Findings of this research paper have been defined and explained with the help of bar diagram and pie charts. For the analysis of data, advanced statistical analysis software SPSS has been used.

8. Data Collection and Sample Size

This research paper is based on primary data. Data was collected by the customer (respondents) of ICICI bank and AXIS bank .The sample size of customers was taken of 86- 43 customers from ICICI bank and 43 customers from AXIS bank. The sample was classified based on age, gender, income level, occupation and most preferred delivery channel. Random sampling has been used in this research paper.

9. Scale

For this research paper variety of questions has been used to find out complete and proper information about the topic. Multiple choice questionnaires were prepared using 5 point liker scale.

10. Geographical Region

- Respondents (customers) have been selected from ICICI bank and Axis bank.
- Jaipur (Rajasthan in India) as a geographical region has been selected for this research paper.

Data analysis and discussion of findings

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Female	37	43	43	43
Male	49	57	57	100
Total	**86**	**100**	**100**	

Table: 1. Classification of respondents Based on gender
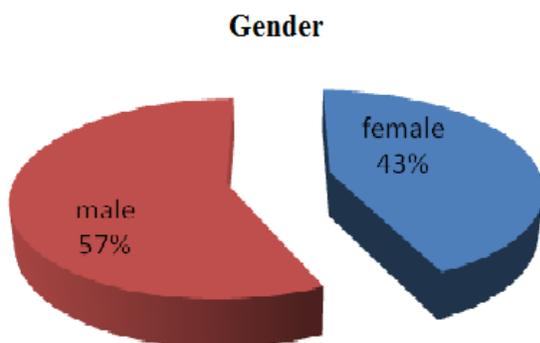

Table-1 presented that from 86 respondents female respondents were 37 (43%) and male respondents were 49 (57%). Number of male was more than that of female.

Profession	Frequency	Percent	Valid Percent	Cumulative Percent
service	49	57.0	57.0	57.0
business	37	43.0	43.0	100.0
Total	86	100.0	100.0	

Table: 2. Classification of respondents Based on profession

In table-2 profession of respondents had shown 49 respondents (57%) were from service class and 37 respondents (43%) were from business class.
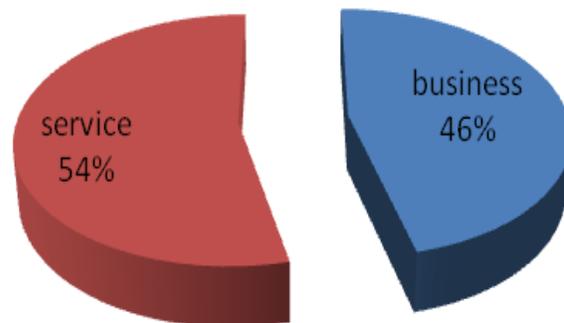
In table-2 profession of respondents had shown 49 respondents (57%) were from service class and 37 respondents (43%) were from business class.

Age	Frequency	Percent	Valid Percent	Cumulative Percent
25-30	33	38.4	38.4	38.4
31-36	25	29.1	29.1	67.4
37-42	13	15.1	15.1	82.6
43 and above	15	17.4	17.4	100.0
Total	**86**	**100.0**	**100.0**	

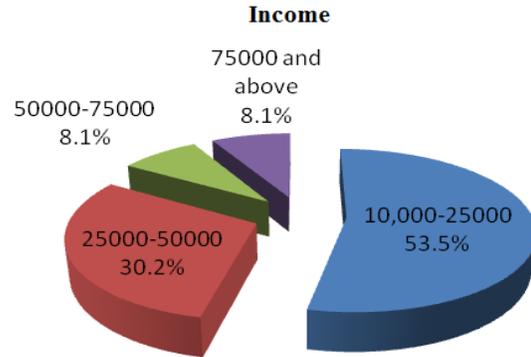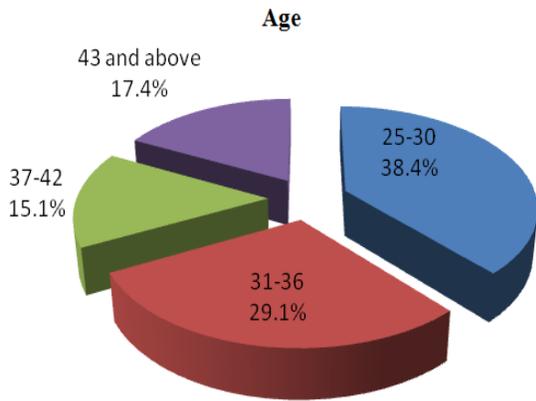**Table: 3.** classification of respondent's base on age

Table-3 displayed the age of respondents .25-30age group respondents were 33(38.4%),31-36age group respondents were 25 (29.1%), 37-42 respondents were 13 (15.1), 43 and above age group are 15 (17.4). Table presented that bulk of respondents were from 25-30 age group.

In table- 4 it has been observed that respondents of earning group10000-25000 were 46 (53.5%), respondents of earning group 25000-50000 were 26 (30.2), respondents of earning group 50000-75000 were7 (8.1), respondents of earning group 75000 and above were 7 (8.1)

Income	Frequency	Percent	Valid Percent	Cumulative Percent
10,000-25000	46	53.5	53.5	53.5
25000-50000	26	30.2	30.2	83.7
50000-75000	7	8.1	8.1	91.9
75000 and above	7	8.1	8.1	100.0
Total	**86**	**100.0**	**100.0**	

Table: 4. Classification of respondents Based on income
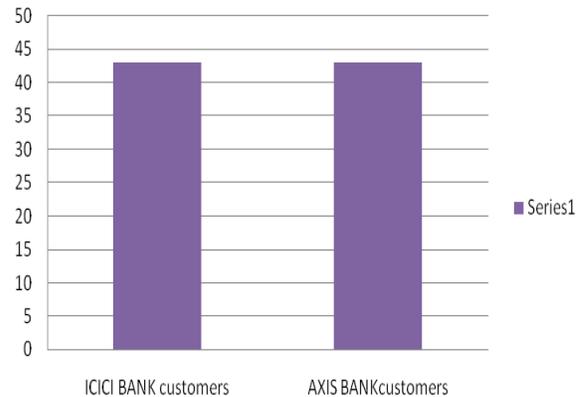
For this research paper 86 respondents were selected. 43 ICICI bank customers and 43 AXIS bank customers were selected as respondents.
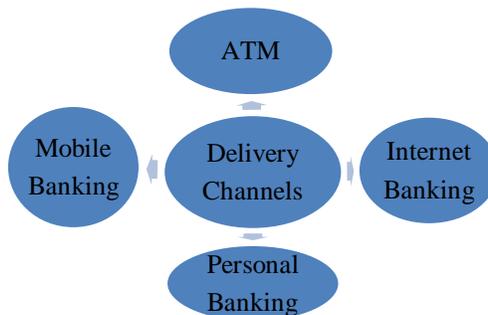

**Fig: 1.** Delivery Channels of Banks

ATM, internet banking, mobile banking, personal banking, are the delivery channels of banks. People like ATM most due to its convenience.

Bank Delivery Channel	Frequency	Percent	Valid Percent	Cumulative Percent
mobile banking	10	11.6	11.6	11.6
Atm	46	53.5	53.5	65.1
internet banking	22	25.6	25.6	90.7
Personal banking	8	9.3	9.3	100.0
Total	86	100.0	100.0	

Table: 6. Most preferred delivery channel

In table 6 it had been demonstrated, which delivery services were most preferred by respondents .10(11.6) respondents preferred mobile banking, majority of respondents 46 (53.5%) preferred ATM.

22 (25.6) respondents preferred internet banking. 8 respondents (9.3%) proffered personnel banking which was quite low.

Bank Delivery Channel
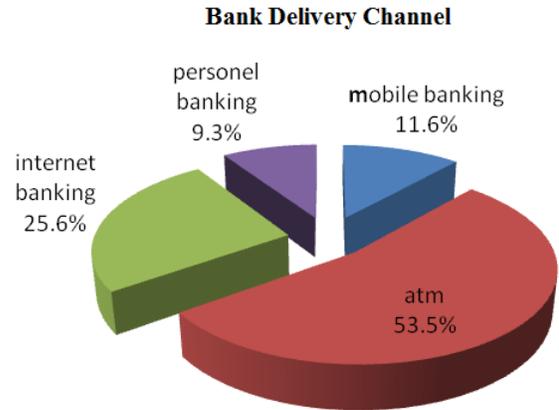
11. CRM in Private Sector Banks

CRM has many dimensions. Service factors, staff factors, promotional factor and environment factor are the factors on which CRM depends.

Fig: 2. Effective Factors of CRM

❖ $\overline{x}$ = 1- 1.50 = *Dissatisfies*

❖ $\overline{x}$ = 1.51 -2.50 = *less satisfied*

❖ $\overline{x}$ = 2.51 – 3.50 = *Satisfied*

❖ $\overline{x}$ = 3.51 -4.50 =*very much satisfied*

❖ $\overline{x}$ = 4.51 – 5.00 = *highly satisfied*

Table: 7. Mean Scores and Dimensions of Satisfaction labels

For Analysis the data Mean has been used. Different Mean show the different label of satisfaction in the above table.

S. no.	Service factors	Mean	S.D.	Satisfaction level of bank customer
1	Deposit service processing speed	3.38	1.05	Satisfied
2	Degree of ease in account Opening	3.25	1.17	Satisfied
3	Deposit Safety	4.27	.915	Very much satisfied
4	Easy of applications for credit card issuing	3.46	1.11	Satisfied
5	Credit card issuing processing speed	3.32	1.06	Satisfied

Table: 8. Service Factors

That highest mean in table-8 is 4.27, which indicates respondent are very much satisfied. Respondents are satisfied from deposit service processing speed (3.380), degree of ease in account opening speed (3.38), easy of applications for credit card issuing (3.45), credit card issuing processing speed (3.32).

> **H1 is accepted that customer are satisfied with service factor by ICICI bank and Axis bank.**

S. No.	Staff factors	Mean	S.D.	Satisfaction level of bank customer
1	Friendliness and politeness of employee	3.61	.909	Very much satisfied
2	Accuracy of employee	3.56	.833	Very much satisfied
3	Individual attention to customer	3.09	1.00	satisfied
4	The helpfulness of bank employee	3.47	.877	Satisfied

Table: 9. Staff Factors

Table-9 indicates that respondents are very much satisfied from friendliness and politeness of employee (3.61), and accuracy of employee (3.56). Respondents are satisfied from individual attention to customer (3.09), and the helpfulness of bank employee (3.47).

> **H2 is accepted that Customers are satisfied with staff factor by ICICI bank and Axis bank**

S. No.	Promotional factors	Mean	S. D.	Satisfaction level of bank customer
1	Bank advertising regarding services	2.46	0.97	Less satisfied
2	Bank publication regarding services	2.45	0.79	Less satisfied

Table: 10. Promotional Factors

Table-10 indicates that respondents are less satisfied from bank advertising regarding services (2.46) and bank publication regarding services (2.45).

> **H3 is rejected that Customers are satisfied with promotional factors by ICICI bank and Axis bank**

S. No.	Environment factors	Mean	S. D.	Satisfaction level of bank customer
1	Location of the bank	4.00	1.08	Very much satisfied
2	Atmosphere of the bank	3.83	.733	Very much satisfied
3	Décor of the bank	3.88	.899	Very much satisfied
4	Drinking water facility	3.40	1.33	Satisfied
5	Parking facility	3.06	.904	Satisfied

Table: 11. Environment Factors

Table-11 indicates that respondents are very much satisfied from location of the bank (4.00), atmosphere of the bank (3.83) and the décor of the bank (3.88). Respondents are satisfied from the drinking water facility (3.40) and parking facility (3.06).

H4 is accepted that Customers are satisfied with environment factor by ICICI bank and Axis bank.

Private sector banks are maintaining CRM but by focus more and more customers might be very much satisfied by service factors, staff factors and environment factors. Customers might be satisfied by promotional factors to enhance CRM policies.

12. Conclusion

It may be concluded that private sector banks (ICICI & AXIS Bank) are giving emphasis on customer relationship management. Banks are making positive efforts to maintain old customers and to make new customers. Private sector banks are achieving their target by enhancing CRM. They are giving all the suitable facilities which a customer wants. Private sector banks are following CRM dimensions to create their good reputation. Private sector banks have healthy environment and staff members are friendly and helping. As well as services are fast of these banks. Customers are satisfied with CRM factors and policies.

References

[1] Buttle, Francis, "Customer Relationship Management. Rutledge Taylor & Francis group", New York, 2013

[2] Chaudary Koushiki, Avinandan mukherjee & Ashish Banerjee, "Relationship Marketing Strategies and customer Perceived Service quality a study Of Indian Banks", 2001

[3] Jagdish N sheth, Atul Parvatiyar, G Shainesh (eds.), customer Relationship Management, Emerging concepts, Tools and Applications. Tata McGraw-Hill Publishing Company Limited, New Delhi.

[4] Garikaparthi, Madhavi, "CRM in Educational Institutions. In Madhavi Garikaparthi (ed.)", CRM in Public Sector, A Practical Approach. The ICFAI University Press, Hyderabad, 2005.

[5] M. N. Gopinath, "Banking Principles and operations". Snow White Publications Pvt. Ltd, Mumbai, 2013.

[6] Krishanan, Rajeswari, "Banking-CRM makes the Difference. In Madhavi Garikaparthi (ed.)", CRM in Public Sector, a Practical Approach. The ICFAI University Press, Hyderabad, 2005.

[7] R. K. Mittal, Rajeev Kumara, "E-CRM IN INDIAN BANKS. Delhi Business Review", 2 (1), Retrieved from http://www.dbr.shtr.org, January- June 2001.

[8] Sharma, Manoranjan, 'Studies in Money Finance and Banking. Atlantic publishers and distributors, new Delhi", 2005

[9] E. Duane Sharp, "Customer Relationship Management system Handbook", Auerbach Publications, United States of America. 2002.

[10] V. Sundaram, "Money Banking and Public finance AIFA Publications", New Delhi, 2009.