CUSTOMER RELATIONSHIP MANAGEMENT (CRM) PRACTICES IN BANKS – A STUDY WITH SPECIAL REFERENCE TO THENI DISTRICT

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Abstract: *CRM in the banking sector is of strategic importance today. The intensifying competition, declining market share, deregulation and smarter and more demanding customers have put tremendous pressure on banking industry to adopt CRM strategy. It is as a holistic strategy that can help the banks to become customer oriented and implement customer focused strategies, which in turn help them build long lasting relationship with the customers and increase their profits.*
Key Words: Customer Relationship Management; private and Public Sector banks; Customer Opinion.

Introduction

Customer Relationship Management (herein after referred to as CRM) has gained widespread recognition in the world of business due to rapid changes in technology and customer's everyday life in the field of marketing during twentieth century. Researchers in the academic and the practitioners in the business field enthusiastically have shared their view points and experiences in applying CRM in the field of marketing. Modern banks by implementating CRM strategy have started reaping its benefits. But banks have their own approach in adopting such strategy as they differ in their type, size and management. As a result the outcome of their CRM strategy adopted is also at variance. This has become a hot and potential area of research leading to investigate the effectiveness of CRM practices in banks. Several research studies appeared and continue to emerge investigating the status and effectiveness of CRM practices in the field of banking, which is still in its evolutionary stage.

Role of Employees in Implementing CRM Practices

The biggest asset of any organization is their people. A sound CRM system may be evolved and put into practice, but its success lies in the role of employees who are the final arms of implementing that system. For banks to really reap the benefits of CRM implemented, everyone in the bank has to accept it, use it and make it a part of their

everyday working lives. It is the responsibility of executive leadership to ensure all departments and employees working together towards their goal of CRM strategy. After the basics of the system are understood by all the employees, their feedback may be received and discussed. Burdensome tools or systems that detract a seamless experience can be frustrating for employees and customers 'alike, deflating enthusiasm and tarnishing the product or service. Banks have to ensure that the CRM implemented is as simple as possible for what the employees need.

Need for the Study

Banking being the customer-oriented service, the key focus is on customer. As competition between banks becoming intensive, the effective tool to compete with their competitors is to have customer orientation in their services. Therefore, the banks are now trying to establish an effective CRM system and ensure the sound CRM practices present in their organizations. It finally leads to achieve customer satisfaction and customer loyalty.

Review of Literature

EracMangunyietal et.al., (2018) investigated the mediating role of Customer Satisfaction (CS) in the electronic customer relationship management (e-CRM) and customer's loyalty (CL) relationship, using data from the customers of one of the largest retail banks in Kenya. The principal contribution of this study was that it supplies unique learning to bank managers and scholars alike through conceptualizing and subsequently empirically verifying the path e-CRM and e- loyalty via Customer Satisfaction and that Customer Satisfaction does not mediate the relationship between the above-mentioned constructs.

Zarema Plasksij (2018) reported that the main problems that stand in the way of CRM success are very much related to the organizational culture, lack of strategy and business goals, and most importantly, the people involved, who are accounted for 42 percent of problems. She further reported that CRM technology has provided some better tools, but is still people who do the work of the bank are ultimately responsible for its success.

Objectives of the Study

1. To present the overview of CRM in banking sector at a glance.

2. To find the profile of study area, selected banks and respondent-customers and employees.

3. To measure the level of impact of CRM outcomes in relation to profile variables of customer-respondents.

4. To analyse the status of CRM-practices implemented and its impact on CRM outcomes to

banks, from the perspective of employee-respondents.

Hypotheses for the Study

The broader null hypotheses for the study are:

1. There is no difference in mean perception of customer respondents on the variables of CRM factors identified.

2. There is no significant association between the selected profile variables of customer-respondents and their level of CRM outcomes.

Collection of Data

The present study is based on both primary and secondary data.

The primary data was collected from both customer and employee-respondents by using structured and pre-tested questionnaires. In respect of customers, data relating to their perception on CRM practices of banks and their impact on CRM outcomes were collected by using Five-Point Likert Scale. The scores range from 'Strongly Agree-5,Agree-4,No Opinion-3,Disagree-2,and Strongly Disagree-1'.The responses from customer-respondents on the impact of CRM factors on CRM outcomes were also collected, by using the same method of Five-Point, Linkert Scale.

In respect of employee-respondents also, data relating to their perception on CRM practice-factors implemented in their banks and also the effectiveness of such factors on the expected CRM outcomes were collected by using five-point Likert Scale procedure.

The data collected on the profile variables of respondents of both customers and bank employees were used to measure the level of impact of CRM outcomes across such variables.

Population of the Study

The populations for the study are of two types. One is bank customers, who are residing in Theni district and having accounts with banks and the other is bank employees. The population of the customers could not be ascertained as the banks were unwilling to provide the customer data. In case of population of bank employees, the data was collected from banks which stood at 1386.

Sampling framework of the Study

The sampling framework is explained here for both 'customers' and 'employees' taken for the study. It consists of determination of sample size and the distribution of sample among the banks.

For the purpose of analysis, banks customers are classified into 'household' and

'business customers'. As the total number of bank customers are not available, the sample size for customers, namely'household'customers and ''buisness'customers are determined by the following formula

$$N= (z \, \alpha/D)2 \text{ where}$$

N=Sample size= Z statistics at five percent level of 1.96. α= Std deviation on customer satisfaction at pilot study.D= Error acceptance=0.05.The sample size determined for 'both 'customers are given in Table 1

Table 1
Determination of Customer Sample Size

S.No	Customers	Formula	Sample size	Respondents on Questionnaire (in percent)	Final Sample size
1	Household	(1.96*0.52/0.05)2 = 415.51	416	74.28	309
2	Business	(1.96*0.43/0.05) 2= 284.12	284	80.63	229
			700	77.46	538

Source: Computed data

Table 1 shows the final sample size for customers which has stood at 538, of which household are 309 and business customers are 229

To select sample customers from banks the sample so fixed for 'household 'and 'bisiness' customers are again distributed to each bank based on their number of branches in the district. The distribution of sample customers for the study is presented in Table 2

Table 2
Distribution of Customer- Respondents Among Banks

S.No	Bank	No of Branches	No of Respondents (Household)	No of Respondents (Business)	Total
1	State Bank of India	36	88	65	153
2	Canara bank	22	54	40	94
3	Indian Bank	08	19	14	33
4	Uco bank	06	15	11	26
5	Bank of India	08	19	14	33
6	Indian Overseas bank	09	22	16	38
7	Bank of Baroda	06	15	11	26
8	Central Bank of 1ndia	10	24	18	42
9	Karur Vyusa bank	12	29	21	50
10	Tamilnad mercantile bank	10	24	18	42
		127	309	229	538

Source: Annual Credit Plan, Lead Bank 2015-2016.

The researcher by following judgment sampling, samples from each bank was selected for the study. In this regard, the oral information provided by respective branch managers are highly useful.

The sample size for 'bank employees' is fixed based on the number of banks and

their employees. The number of both public and private sector banks has stood at 127. Those banks having 5 branches and more were only considered for the study and the samples were drawn from their employees.

Gender of Customer-Respondents

The distribution of respondents based on their gender is presented in Table 3

Table 3

Gender of Customer-Respondents

Sl. No.	Gender	HC	BC	Total
1	Male	224	101	325
		(72.50)	(44.10)	(60.4)
2	Female	85	128	213
		(27.50)	(55.90)	(39.6)
Total		309	229	538
		(100.00)	(100.00)	(100.00)

Source: Primary data, figures in bracket indicate percentages to the total

It is understood from Table 3 that out of 538 respondents, 325 (60.4%) and 213 (39.6%) are male and female respectively. Among the household customers, 224(72.50%) and 85 (27.50%) belong to male and female category. Among the business customers, 101(44%) and 128(55.90%) belong to male and female respectively. It is found that among the household customers, 'male' are dominating, while in case of business customers 'female 'are dominating.

Age of Customer-Respondents

The distribution of respondents based on their age is presented in Table 4

Table 4

Age of Customer-Respondents

Sl. No.	Age of Respondents	HC	BC	Total
1	Below 25	89	78	167
		(28.8)	(34.1)	(31.0)
2	Between 25 and 50	122	100	222
		(39.5)	(43.7)	(41.3)
3	Above 50	98	51	149
		(31.7)	(22.3)	(27.7)
Total		309	229	538
		(100.00)	(100.00)	(100.00)

Source : Primary Data, figures in bracket indicate percentages to the total

It is understood from Table 4 that out of 538 respondents, 167 (31.0%), 222(41.3%) and 149(28%) belong to the age category of'Upto 25''Between 25 and 50' and 'Above 50'respectively.

Among the household customers,89 (29%),122 (40%) and 98(32%) belong to the age

category of 'Upto 25''Between 25 and 50' and 'Above 50' respectively.

Among the business customers, 78(34.1%),100(43.7%) and 51(22.3%) belong to the age category of 'Upto 25''Between 25 and 50' and 'Above 50' respectively.

It is found that, among both categories of respondents, those belongining to the age category of 'Between 25 and 50' are dominating the sample.

Table 5

Level Of Impact Of CRM Outcomes On Customer-Respondents

S.No	CRM Outcome	Customers	Level of Overall Impact			Total
			Low	Medium	High	
1.Customer Interaction		HC	-	270	39	309
		BC	86	98	45	229
		Combined	86	368	84	538
2.Customer Trust		HC	35	217	57	309
		BC	69	109	51	229
		Combined	104	326	108	538
3.Customer satisfaction		HC	15	220	74	309
		BC	68	107	54	229
		Combined	83	327	128	538
4.Customer Retention		HC	76	193	40	309
		BC	39	154	36	229
		Combined	115	347	76	538
5.Customer Loyalty		HC	35	239	35	309
		BC	49	113	67	229
		Combined	84	352	102	538

Source: Computed data

It is found from Table 5 that in respect of all the CRM outcomes, the respondents who had medium level of impact are at majority.

It is, therefore, inferred that at overall level, the impact of all the CRM outcomes on customers is at moderate level.

Findings

The profile of customer respondents has shown that-

- In sample customer respondents of 538, 'household' customers are 309 (57%) and business customers are 229(43%).

- It is found that in respect of gender, males are majority (73%) in 'household customers' and females are majority (56%) in 'business customers'. In combined customers, male are in majority (60%).

- It is found in respect of age, that those belonging to the age category of 'between 25-50' are in majority in 'household' customers and the same age category of respondents are also in

majority in 'business' customers. In combined customers also, the same age category are in majority (44%).

Suggestions

The study reveals that the level of perception of 'household' customers and 'business' customers on CRM practices of banks differ from each other and within the groups also. It is suggested in this regard that the bank management should pay special attention to design and introduce different CRM strategy for household and business customers, separately keeping their specific requirements in mind.

Conclusion

The present study is a modest attempt which explored the effectiveness of CRM practices followed in banks of the study area. The investigation from both the perspective of customers and employees have revealed certain 'areas' to be corrected in implementing and practicing CRM practices in banks for which suitable suggestions are given by the researcher.

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