



Customer Relationship Management- A Study of Selected Private Sector Banks in Ambala District (Haryana)

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ABSTRACT

Customer relationship management is the establishment, development and maintenance of long term relationship between customer and Organization. In order to retain its position in the market, every organization has to follow customer centric approach. Customer relationship management is customer centric approach which helps every organization to maintain good relationship with the customers. The present study is to analyze the impact of customer relationship management in selected Bank at Ambala (Haryana) district. The study is based on the primary data, analyzed with the help of appropriate statistical tool. In this paper satisfaction level of customers and methods of improvement related to different customer related services provided by private banks to maintain continuous and long term relationship with the customers are studied.

Keywords: Customer relationship management, Customer satisfaction, Customer perception, Employees performance and Customer trust.

CUSTOMER RELATIONSHIP MANAGEMENT

Every business organization has to do business in a very highly competitive and complex market, so it is the customer, according to whom the nature of product and services offered in the market are decided. For a bank to survive, succeed and to gain profits, there is no option left but to learn from and actively respond to customer's requirement. Therefore to survive in the world of cut throat competition, banks need to change their attitude from product - centric approach to customer - centric approach. The bankers, to be highly successful in today's competitive environment need to put in place a system of customer relationship management that addresses the core issue of profit through building good long term relationship with them. With effective implementation of customer relationship management the banks can easily and efficiently serve customer's unspoken needs. Now banks have realized that their future lies in the patronage of the customers. Enhancing lifetime value of customers and developing a relationship with profitable customers have become the central focus of bank's strategy. Due to cooperative and collaborative process with customers, the bank's are able to reduce transaction cost as well as development costs and ultimately, it helps in increasing profits. Thus future of banking depends up to what extent banks are able to manage their relationship with the customers. This is a major challenge to the banks and they have to manage with it.

WHAT IS CRM

Customer Relationship Management is the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction.

1. Provides means and methods to enhance the experience of the individual customer so that customer will remain loyal.
2. Provides technical and functional tools for customer identification, capturing and retention.
3. Provides an integrated view of the customer across the enterprise. [1]

According to PWC consulting, “ CRM is a business strategy that aims to understand, anticipate, manage and personalize the needs of an organization’s current and potential customer. ”

CRM help business people to have always understood relationship between happy customers that come back again and again and creating long term , sustainable profitability.CRM is a company wide business strategy, one that puts the customer at the heart of the business.

Jackson says, “CRM is marketing oriented towards strong lasting relationships with individual accounts”

CRM FOLLOW CONCEPTS

- Customer satisfaction
- Customer loyalty
- Customer retention
- Lifetime value
- Service quality

CRM IN BANKING

Traditionally, the banking business used to mean lending of money, advancing money for loan and money remittance only. In the present scenario, the banks are providing much more services and schemes, than earlier. Along with the traditional services, the banks are now providing many specialized designed services and schemes to cater the specified needs of the customers. Banking sector has become most likely, the fore most important financial sector, not simply in terms of turnover, profits and the employment but also in its outstanding impact on other spheres of the economy. Hence, the industry plays a great role in the economic development.

Banking is essentially a high contact service industry and there is a close interaction between service providers and the customer are required. The real indicator to the performance of the bank is that up to what extent banks are capable of maintaining the connections with its clients that is building long term connections with its clients and understanding their needs and responding through products and services through multiple channels. If banks have good relationship with its clients, it will help them in increasing their goodwill.

Now a days, banking is extremely important in the world’s economy. The banking functions are the routine functions of one’s life. In the recent scenario the banking industry has witnessed drastic change.

Banks now a day’s plan to give more stress on consumer banking, with a view to achieve higher market penetration and profitability. In earlier stage the banking was assumed as a task that every body would want to finish as soon as possible. Today the scenario is totally different. Banks driven by the ever-growing cut throat competition have improvised on existing features and created new facility that is more customers friendly. Private Banks provide their customer such facility that would help them to operate their account at any time , from any place, at their own convenience.

Thus, all the banks have now realized that to attract large number of customers, to retain them and to gain profits from them, they are required to adopt for CRM.

How Can CRM Help Banks?

CRM can help banks in the following ways:

- **Campaign management:** CRM helps the bank in identifying customers, design products and services according to the demands of customers and selling these products to them through campaign management. Campaign management helps the banks in analyzing the data (both internal and external applications) to evaluate customer profitability and designing comprehensive customer profiles according to individual lifestyle preferences, income levels and other related segments. Based on these profiles, banks can identify most lucrative customers and customer segments and through efficient marketing campaign will be able to reach these customers and maximize the lifetime value of those relationships. CRM helps the banks in increasing the productivity of customers, partners and bank employees.
- **Removal of operational inefficiency:** Operational inefficiencies in bank could be eliminated with the help of CRM. CRM supports different channels of customer interaction like telephone, fax, e-mails, ATMs, wireless devices and face-to-face contacts with bank personnel. It also links these customer touch points to an operation center and connects the operation center with relevant internal and external; business partner.
- **Contact center:** CRM helps customer care centers of banks to provide uniform services across multiple channels such as phone, internet, e-mail, fax.
- **360-degree view of the company:** The banks should be aware of the interaction of all the concerned parties whom the banks need to communicate. CRM help the banks to remove inconsistencies of data that would the client interaction processes smooth and efficient, thus helps to get increased customer satisfaction.
- **CRM with Business Intelligence:** CRM also helps banks to segment their customer, which would help them to calculate net present value of a customer segment over a given period of time which would ultimately help in determining customer lifetime value. With such knowledge, bank can efficiently differentiate between most and unprofitable customers, which in turn facilitates allocation of resources accordingly.
- **Enhanced productivity:** CRM can help in increasing the productivity of banks by removing different types of operational inefficiencies.
- **Activity Management:** CRM help bank managers to assign and track the activities of all parties involved like employees, partners and customers. Thus, CRM helps in improving efficiency.

LITERATURE STUDIED ON CRM PRACTICES

Reinartz, Manfred and Hoyer, Wayne D. (2004), observed that organizations are now adopting a marketing strategy that incorporates more of a customer-centric approach than a product or brand centric. [2]

Ravi Kumar Sharma (2005) in his study related to CRM in health care sector observed that while the sector has immense potential, the need of the hour is to become customer-centric by adopting customer relationship management (CRM). [3]

V.V. Gopal (2005), studied that implementing the right CRM tools can enhance customer satisfaction leading to business growth. Banks must implement CRM to meet the emerging demand of “universal banking.” [4]

B.C. Saraswathy (2006), instead of trying to maximize profit from each individual transaction, CRM focuses on maximizing profits over the lifetime value of customers. Undoubtedly CRM is a important tool in sustaining and increasing sales in this era of hyper competitive world. [5]

Surbhi Chaturvedi & Rishnu Roy (2007), have studied and gave their views that customer relationship management is a strategic orientation which is required for long term customers and help in developing a understanding of these customers whom can be retained.[6]

Sudhir Sharma & Akash Kumar (2008), observed in his study that CRM is not just a business strategy but it should become corporate mission and this mission should pass through at all levels of organization to solve the different issues related to customers.[7]

Mahendrasing Gangasing Rathod (2012), CRM makes every bank capable of responding to every customer’s requirement through customized products and services. [8]

P. Anbuoli, T. R. Thiruvengkraj (2013) observed that the success of CRM process depends on the active involvement of all managers and employees in banking field. [9]

N. Sudhakaran, N. Ranu(2014), CRM in bank has given many benefits Like customer retention, loyalty and customer satisfaction . [10]

Sanjay Keshav Rao katait (2015), studied that the ability of banks to meet the needs of customers make them feel like a valuable individual instead of a part of large number of customers. [11]

S Gayathry (2016), Relationship marketing maintains a relationship between bank and customer and gives a chance to banks to convert a customer into a loyal customer. [12]

RESEARCH METHODOLOGY

NEED OF THE STUDY

CRM consists of those aspects of business , which relate to techniques and methods for attracting and retaining customers . CRM stands for customer relationship management . It is the process or methodology used to learn more about customer’s needs and behaviour in order to develop stronger relationship with them.

The study has been undertaken to access the concept of customer relationship management in private sector banks , i.e. whether CRM is applicable and effective in private sector banks or not.

OBJECTIVES OF THE STUDY

- To study CRM in private sector banks operating in Ambala (Haryana) District.
- To exploit the usage of CRM in private sector banks.
- To look over whether the banks using CRM have an edge over other banks or not so far with regard to customer satisfaction level is concerned.

SAMPLING DESIGN PROCESS:

- I. **Defining of population:** For the collection of data, firstly the population is defined which is, all customers having bank Accounts in private banks at Ambala (Haryana) distt..
- II. **Sampling unit:** Persons having their Accounts in private banks in Ambala (Haryana) distt. It includes business man, salaried people, housewives and students.
- III. **Sample size:** A representative sample of 100 respondents has been taken into consideration for the collection of data.

IV. **Types of sampling design:** For the present study, a convenience sampling technique which is a type of non-probability sampling design has used. Convenience sampling technique has used.

DATA COLLECTION: The present study is based on both primary as well as secondary data.

- **A. Collection of secondary data:** The secondary data has been collected from different books, journals, newspapers, magazines and websites of different banks.
- **B. Collection of primary data:** For the present study, the questioning approach is followed. Data has been collected from persons having their accounts in private banks in Ambala (Haryana) distt by filling up well-structured close-ended questionnaire. Structured close-ended questionnaire has been used because in it all the question are strictly pre-arranged order and all the respondents reply the same questions and they will have no difficulty in answering the question.

Construction of Questionnaire:

To achieve the objective of the study a structured questionnaire was prepared including yes/no option, optional and 5-point scale question. The questionnaire was distributed to 100 respondents who were directly or indirectly having relations with bank.

ANALYSIS AND FINDINGS

The present study is designed to explore the usage of customer relationship in management in private banks at Ambala (Haryana) Distt. In order to fulfill the objectives of the present study, the obtained data has been analyzed with the help of different statistical techniques such as percentage, mean and standard deviation. The results obtained through these statistical techniques have been presented as under:

THE SAMPLE

To make the sample a representative one, customers of different sex, occupation and income level have been taken into consideration. The following table represents the characteristics of respondents taken as sample for the present study.

Table-1

DISTRIBUTION OF SAMPLE – GENDER WISE

Gender	No .of respondents	% of respondents
Male	86	86%
Female	14	14%
Total	100	100%

Table-2

DISTRIBUTION OF SAMPLE – OCCUPATION WISE

Occupation	No .of respondents	% of respondents
Business	26	26%
Service	66	66%
Student	4	4%
Housewife	4	4%
Total	100	100%

Table-3

DISTRIBUTION OF SAMPLE INCOME -WISE:

Income level	No .of respondents	% of respondents
Low income	78	78%
Middle income	14	14%
High income	8	8%
Total	100	100%

TABLE –4

CUSTOMERS SATISFACTION ABOUT EMPLOYEES RESPONSE WHILE OPENING OF AN ACCOUNT IN THE BANK

Sr. No.	Particulars	Mean	Standard Deviation
I	The knowledge of the employees about services	3.98	.81
II	Helping nature of employees	3.98	.95
III	Services charges	3.60	.98
IV	Paper formalities	3.78	1.04

The above table shows the satisfaction factor which influences the decision to have an account in the private bank. The respondents are more satisfied with the knowledge of the employees about services with maximum mean score of 3.98 and least standard deviation score is 0.81 and comparatively less satisfied with helping nature of employees with mean score of 3.98 and standard deviation 0.95 and are less satisfied from the services charges with mean score of 3.60 and standard deviation is 0.98 and from paper formalities with mean score of 3.78 and standard deviation is 1.04.

TABLE –5

SATISFACTION LEVEL REGARDING GENERAL BANKING SERVICES

Sr. No	Services	Mean	Standard deviatio
1	Deposits	1.38	.52
2	Withdrawal	1.50	.61
3	Updating of passbook	1.90	.67
4	Issuing of cheque book	1.54	.50
5	Accuracy of interest calculation	1.64	.56

The above table highlights the satisfaction level of respondents regarding general banking services provided by private banks. It is inferred from the table that the respondents are satisfied with service of updating of passbook facility with the mean score of 1.90. Respondents are satisfied with accuracy of interest calculation with the mean score of 1.64. Satisfaction level of customers regarding deposits, withdrawals, and issuing of cheque books are low with the mean score of 1.38, 1.50, 1.54 respectively. As far as standard deviation is concerned, issuing of cheque book is having the least score, i.e. 0.50, which is more closely related with the mean, and updating of passbook is having the maximum standard deviation score, i.e. 0.67, which is having more spread from the mean.

TABLE- 6

BEHAVIOR SKILLS OF EMPLOYEES WHILE DEALING WITH THE CUSTOMERS

Sr. no.	Skills	Mean	Standard deviation
1.	Politeness	3.96	1.00
2.	Amicability	3.86	.92
3.	Cooperativeness	4.02	.79
4.	Rudeness	1.76	1.03
5.	Carelessness	1.76	.99

The above table shows the behaviour skills of employees. The table shows that the cooperativeness in employees behaviour is maximum with the mean score of 4.02 and least standard deviation score of 0.79, politeness and amicability are comparatively less with the mean scores of 3.96, 3.86 and standard deviation score of 1.00 , 0.92 respectively. Out of politeness and amicability, amicability is more considered due to less standard deviation. Carelessness and Rudeness is also there with the mean score of 1.76 each and standard deviation score of 0.99 and 1.03. Therefore in the private banks employees the behavioural skills such as Co-cooperativeness, politeness, amicability are more than the rudeness and carelessness for better Implementation of CRM. Relationship quality can be improved through presentations of good behaviour by employees for making the long term and continuous relationship with customers.

TABLE – 7

FACTORS THAT INFLUENCE CUSTOMER TRUST TOWARDS PRIVATE SECTOR BANK

S. No	Skills	Mean	Standard deviation
1	Services	4.00	.94
2	Safety in transactions	3.98	.84
3	Interest rates	3.62	.89
4	Convenience	3.52	1.20
5	Goodwill	3.88	.99

From the above table it is inferred that the most important factor that influence the Customers trust toward private sector banks is services provided by private sector banks with the mean score of 4.00. Safety in transactions and goodwill are relatively less considerable with the mean score of 3.98 and 3.88 respectively. Interest rates and convenience with mean scores of 3.62 and 3.52 respectively also effect the trust of customers towards private banks. As far as standard deviation is concerned safety in transaction is having least score i.e. 0.84 which more closely related with mean and convenience is having maximum standard deviation score i.e. 1.20 which is having more spread from mean.

Therefore, it is concluded that services and safety in transactions are the main factors that enhance customer’s trust towards private banks. Private banks should try to enhance their goodwill and also provide more interest rates and more convenience.

TABLE – 8

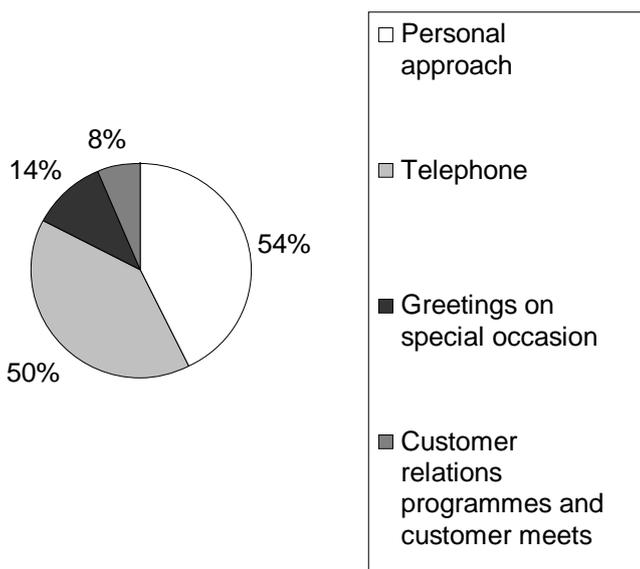
SATISFACTION REGARDING THE ATM SERVICES PROVIDED BY PRIVATE BANKS

S. No	Services	Mean	Standard deviation
1	Transaction slip	3.38	1.68
2	Bill payment	3.34	1.58
3	Transfer of funds	3.20	1.69
4	Request for cheque books	3.28	1.69

The above table highlights the the satisfaction level of respondents regarding services provided by private banks through ATM. It is inferred from the table that the that the respondents are more satisfied with service of transaction slip provided by bank with the mean score of 3.38 and standard deviation score of 1.68, Bill payment , Request for cheque book and transfer of funds with the mean scores of 3.34, 3.28 and 3.20 and standard deviation score of 1.58,1.69 and 1.68 respectively are other services offered through ATM by private banks. It can be said that that the respondents are less satisfied with service of requesting of cheque book from ATM.

CHART-1

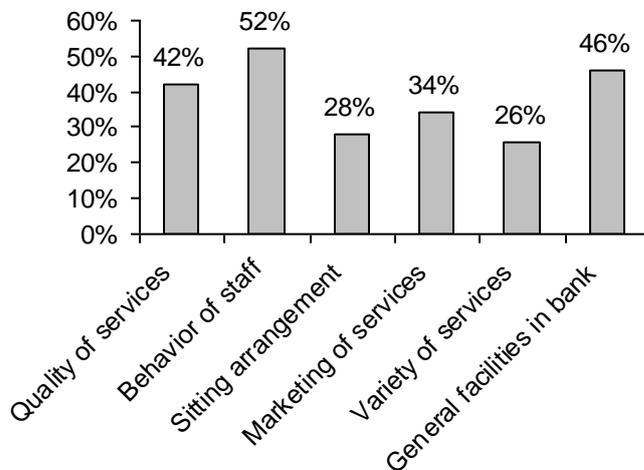
VARIOUS WAYS USED BY THE BANKS TO MAINTAIN CONTINUOUS RELATIONSHIP WITH THE CUSTOMERS



The above chart depicts the various ways used by bank to maintain continuous relationship with customers .The chart shows that 54% of the respondents have given their responses in the favor of personnel approach and 50% gave their response in favour of telephone. Other ways used by private banks are greeting on special occasion and customer relation programmes and meets with respective percentage of 14% and 8% for making long term and continous relation programme and it is inferred that private banks are more using the personal approach. Banks are comparatively less using the customer Relation Programmes and customer meets and presenting greeting to customer.

CHART-2

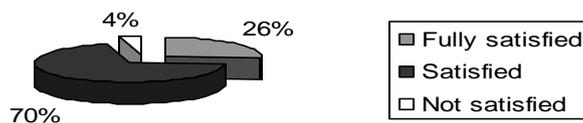
IMPROVEMENT REQUIRED IN CUSTOMER SERVICES



The chart shows that 52% customers says that behaviour of staff should be improved, 42% says that quality of services should be improved and 34% says that marketing of services should be improved. It is depicted from the study that majority of respondents say that behaviour of staff , general banking facility, quality of services should be improved and as well as marketing of services so that they will able get more and more customers and retaining the customers with them for long run.

CHART-3

OVERALL CUSTOMER SATISFACTION LEVEL



The chart shows that 70% customers are fully satisfied ,26% are satisfied and only 4% are not satisfied with the services provided by private banks. Although percentage of not satisfying customers are not very much high yet private banks have to make efforts to fully satisfy all the customers.

SUGGESTIONS

In essence, private banks are implementing CRM but for better implementation of CRM they have to apply all concepts more effectively. Following are the suggestion for better and effective implementation of CRM in private banks.

- “May I help you?” and “customer mitra counter” such type of counters should be installed by private banks which do not have it. The persons posted to these counters should have good communication skill, pleasing personality, patience, knowledge about working and be fully conversant with various types of forms and vouchers and should keep their ready stock.
- There should be better parking facility in bank and also there should be availability of newspapers and magazines for customers so that they can read these in waiting hours.
- Employees behavior should be good to the customers. There should not be rudeness and carelessness in the behavior of the employees.
- Occasionally, greetings and annually some gifts like wallets, executive diaries, small bags, calendars etc. should give to the customers.
- More sitting arrangement should be made available to customers as during peak hours customers have to keep standing till their transactions is completed.
- Employees should always be willing to help customers and should show great interest in solving customer’s problems.

CONCLUSION

Therefore, it can be said that customer’s relationship management is the need of banking. So it should be applied properly and effectively by private banks. As the bank have started its applications but it is essential to take more interest and concentration on applying this concept so as that better and long term relationship can maintained with customers.

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