

The Role of Customer Relationship Management in Enhancing Banking Performance

Manasa A M¹ and Dr. Sanjeev Kumar Tiwari²

Research Scholar, Department of Commerce¹

Associate Professor, Department of Commerce²

NIILM University, Kaithal, Haryana, India

Abstract: *The study investigates how consumers in the Indian retail banking industry view personal/customer relationship management (CRM) procedures. Due to fierce competition, rapid technology innovation, and shifting consumer demands and preferences, CRM is now one of the most important components of a bank's strategy for success, growth, profitability, and competitiveness. CRM strategies are helpful for good product development and for better understanding client wants. Additionally, it facilitates efficient segmentation, targeting, positioning, handling of complaints, and preserving lucrative, long-lasting, and mutually beneficial relationships with clients. Users of both public and private banks were polled for this research using 27 distinct statements on the CRM strategies used by various banks. The Surat (Gujarat) area provided the survey data. In addition to aiding in comparison research, this poll gauges service users' true opinions of each bank's CRM procedures. The various firms may find this insightful input useful in gaining a balanced understanding of the significance of CRM activities*

Keywords: Customer Relationship Management, Relationship Marketing, Banking Sector, Customer Loyalty

I. INTRODUCTION

This study used a survey to find out how customers felt about CRM procedures. It might also be useful to explain how client loyalty to commercial banks in India's retail banking sector is related to CRM (personal/customer relationship management) strategies. This research helps businesses in understanding how customers see them and in making decisions about investing more in implementing the most effective CRM techniques. An overview of the Indian banking sector is given at the beginning of the article, and data analysis and conclusions are used to demonstrate how customer perception is measured.

In the current environment, the banking industry is developing new applications and technology. The wide range of clients is starting to reap the rewards. Individual marketing is now being used by the banking industry as well. Thus, the subject of "relationship marketing" comes into focus. Following 1991, a number of international banks entered the Indian retail banking market, making significant technological expenditures to provide exceptional client service. Nowadays, a sizable portion of the metropolitan populace needs little time or space to meet their banking demands. Currently, banks must implement dynamic changes in their marketing strategies in order to achieve business growth through the efficient management of customers as assets, the systematic collection, analysis, and dissemination of customer data, and the use of this data for customer acquisition, retention, and improved customer service. While all Indian banks have recognized and implemented the importance of relationship marketing strategies and the optimization and maintenance of client connections across various customer categories. CRM methods are used at varying degrees by various banks. Examples of these practices include ATM operations, programs such as the provision of pass book printing equipment, and SMS notifications during important customer service events.

II. THEORETICAL FRAMEWORK

CRM is the process of creating, maintaining, and enhancing enduring and devoted client relationships. CRM is a customer-focused strategy. Its ultimate goal is to "personalize" the treatment of clients as unique individuals by recognizing and comprehending their unique requirements, inclinations, and behaviors.

CRM, according to Philip Kotler, is the practice of meticulously maintaining comprehensive data on each individual customer as well as all of their "touch points" in order to optimize customer loyalty. In order to better manage business around consumer behaviors, it may also be defined as a business strategy that consists of organizational, technological, and process changes.

Literature Review

According to Chantal Rootman (2004), a bank's CRM and the knowledgeability and attitude of its personnel are significantly positively correlated. These connections suggest that better, longer-lasting relationships between a bank and its customers are the result of bank personnel having more expertise and more favorable attitudes. Furthermore, the empirical analysis showed that CRM had a beneficial impact on banks' service quality. According to this connection, a bank's perceived level of service quality would rise if it could effectively sustain relationships with its customers.

Retail banks are under increased pressure to accelerate their growth rate, and they are adopting CRM as a key instrument to accomplish so, according to Yatish Joshi and Ehtesham Ahmad (2013), who claimed that fierce competition is endangering banks' revenues and placing downward pressure on operating margins and profitability. Numerous financial domains benefit from the CRM domain. This includes making strategic decisions, promoting and selling financial goods, assisting the banking sector in identifying and focusing on its best clients, running marketing campaigns, and producing high-quality leads. Due to technological advancements and a drive to strengthen profits stability, several banks have entered both domestic and international markets, increasing competition in local markets via the use of new technologies.

In 2002, Kabiraj Sajal et al. made the case that private sector banks provide their clients with much more amenities than public sector banks, and that these amenities have significantly expanded since the CRM strategy was put into place. Researchers found that private sector bank customers are more happy than those of public sector banks; after the introduction of CRM strategies, customer happiness has significantly risen. The improved facilities provided by private sector banks after the adoption of the CRM strategy have raised customer satisfaction levels. As a consequence, marketers are shifting from a product-centered to a customer-centered marketing paradigm. In contrast to the conventional sales and transaction paradigm, retail bank consumers are requesting a new connection with bankers and financial providers. Retail bankers may now learn about their clients' identities, what they purchased, when they purchased it, and even projections based on past performance thanks to modern database technology.

According to Ramkelawon Bhisham (2010), banks are beginning to recognize that CRM is the secret to enabling financial institutions to forge closer and more lucrative bonds with one another. As a result, CRM may provide banks a competitive edge by providing the correct customer with high value. However, they found that staff lack the motivation to work for the organization, which might hinder its capacity to provide its clients superior customer service. The study found that workers' lack of the proper degree of dedication hinders a bank's capacity to provide its clients first-rate service. The firm has a very poor customer-centric culture.

According to Das Sanjay (2012), the bank has not yet created an integrative strategy that prioritizes and meets the demands of its customers. According to the survey, the bank is still a long way from adopting a customer-centric strategy for both customers and staff. said that staff approaches to clients using CRM procedures are seen to be quite subpar. Additionally, it is noted that the banks take the CRM initiatives seriously and carry them out in a way that greatly benefits both the general public and their clients. It has been determined that the banks' primary duty is to serve their clients. However, it has been shown that CRM operations of the chosen banks have not contributed to a rise in consumer trust in satisfying their evolving demands.

According to Parvatiyar Atul and Sheth Jagdish N (2001:02), the field of personal/customer relationship management encompasses a wide range of marketing and strategic decision-making sectors. The confluence of several different marketing paradigms and corporate efforts centered on cooperation and collaboration across organizational units and

their stakeholders, including consumers, have contributed to its current popularity. CRM is a theoretically wide phenomena of corporate activity, and it has the potential to become the dominant marketing viewpoint if the phenomenon of customer cooperation and collaboration takes over as the paradigm of marketing practice and research. CRM should not be misinterpreted as only referring to a software solution installation project from the perspective of company implementation. Every firm must focus on developing connections with its clients, and doing so successfully calls for a comprehensive approach and procedure.

According to Adele Berndt et al. (2005), as consumer expectations rise, CRM and customer service concerns are critical in the evolving environment. This is particularly true in emerging nations where rising literacy and educational levels are associated with shifting consumer expectations. According to the findings of this research, the manner that financial services are marketed to consumers in developing nations is identical to how it would be done in other economies. Building long-term customer connections in changing contexts necessitates that organizations focus on client demands and distinctiveness.

Scope of study:

Only the retail banking division of scheduled commercial banks in India, including both public and private sectors, is the subject of this study. This research study was limited to the Surat area for simplicity in gathering data.

Objectives of study:-

- The main goal is to assess how well banks operate in terms of customer relationship management and personal practices.
- Secondary goals:
 - To understand the factors that are most crucial for fostering positive relationships between banks and their clients.
 - To concentrate on the demands of the consumers in order to identify the activities that need urgent improvement.

Research Design:-

Because the research statement was created using the material that was accessible online, in books, and in journals, the study design is exploratory in its earliest stages. The study design becomes descriptive after the research statement has been framed, and an appropriate main data collecting technique will be used.

Sample Design:

1. Sampling technique: The non-probability convenience sampling technique was used in this case.
2. Sample size: There were 300 respondents in the sample.
3. Sampling unit: This group consists of respondents who are clients or service users of several banks in the Surat area.
4. Survey technique selection: In this case, in-person interviews were used.
5. Sampling information: Customers of several banks make up the population for this study. Using a questionnaire, businesspeople, professionals, and military personnel were approached for in-person interviews.

Research Instrument

One of the study tools used for data collecting is the questionnaire. There were scales and closed-ended questions on the survey. The questionnaire was finished with 27 items after several statements were changed in light of the pilot research. A Likert scale with a range of 1 to 5—from strongly disagree to strongly agree—was used to rate the claims.

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

The question of whether this combination of statements will provide the same outcome each time it is given to the same individual in the same environment is addressed by reliability analysis.

Data collection methods:-

- Primary data collecting method: Service consumers from various banks completed questionnaires to provide primary data. The best method for gathering primary data to meet the goal of evaluating banks' effectiveness on CRM practices was thought to be a questionnaire.
- Secondary data collecting method: A questionnaire was created by analyzing and studying previous research survey reports and reference books in order to gather primary data.
- Questionnaire type: The questionnaire included both closed-ended and open-ended questions. To find out how respondents really felt about CRM procedures, 27 distinct statements on a Likert scale were presented to them. If relevant, demographic questions were used to gauge strong correlations.

III. DATA ANALYSIS AND FINDINGS

Regarding the Main Goal

Measuring banks' success in personal/customer relationship management strategies is the main goal.

27 distinct items with a Likert scale were utilized in the instrument to measure performance on CRM activities in order to accomplish these goals.

One-sample T test for private banks

Null Hypotheses (Ho): The estimated sample mean for each individual service parameter and the hypothesized mean (3.00) do not vary significantly. To put it another way, it indicates that we assumed each responder was at least indifferent to the message.

Ho: Alternative Hypothesis (H1): The estimated sample mean for each service parameter differs significantly from the predicted mean (3.00). That is to say, it is theorized that each statement is not neutral for each response. Customers may be more than neutral or less than neutral, for that matter.

Level of significance: In this case, the hypothesis test has a 95% confidence level, meaning that there is a 5% risk of a type-1 error.

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	3.27	1.086	.002	.273

clearing the cheques				
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, a 95% confidence level is used to test the findings. A significant difference between the test value and the observed mean is indicated by a low significance value, usually less than 0.05. The alternative hypothesis, H₁, is accepted, or the null hypothesis, H₀, is rejected, if the significant value is less than 0.05. The null hypothesis, H₀, cannot be rejected if the significant value is higher than 0.05.

Here, statements with a high significance value or one greater than 0.05 were identified. There is no discernible difference between the test result and the computed mean when the significance value is large, usually more than 0.05. This indicates that the computed mean and the hypothetical mean for these assertions are equal.

My bank sends me an SMS or phone call to notify me of any owing

Higher-ups at the bank also respond to me; they even answer my phone.

T-test with one sample for public banks

The significant value, H₀, and H₁ are taken as before.

Statistics for One Sample (Table No. 3) (Banks Open to the Public)

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	3.45	1.13242	.000	.44667

costs				
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, a 95% confidence level is used to test the findings. A significant difference between the test value and the observed mean is indicated by a low significance value, usually less than 0.05. Or, to put it another way, the alternative hypothesis, H_1 , is accepted or the null hypothesis, H_0 , is rejected for a significant result below 0.05. The null hypothesis, H_0 , cannot be rejected if the significant value is higher than 0.05.

Here, statements with a high significance value or one greater than 0.05 were identified. There is no discernible difference between the test result and the computed mean when the significance value is large, usually more than 0.05. This indicates that the computed mean and the hypothetical mean for these assertions are equal.

The bank uses my suggestions to create or enhance its goods.

The bank responds to my comments and takes them seriously.

I'm always given priority by the bank's service department.

I get calendars, diaries, and other material presents from the bank.

Regarding Secondary Goals:

Understanding the parameters is crucial to fostering positive relationships between banks and their clients.

Should concentrate on the demands of the consumers in order to determine which tasks need urgent change.

Statements that are advantageous to a certain kind of bank are listed here. Comparing the performance of CRM procedures against those of other bank types will be made easier by this. Additionally, this will enhance performance on some CRM procedures.

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

IV. CONCLUSION AND FUTURE DIRECTION

The 27 claims in the present paper may assist retail banks operate at their best across a range of CRM strategies. Data study leads to the conclusion that private banks outperform public sector banks in terms of CRM practices. Additionally, by concentrating on these banks, characteristics are discovered that may alter or enhance their CRM effectiveness. In order to draw in more clients, banks that implemented CRM must undertake significant organizational changes. Banks may also attempt to implement other cutting-edge CRM-related solutions.

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