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CUSTOMER RELATIONSHIP MANAGEMENT OF COMMERCIAL BANKS IN IDUKKI DISTRICT

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ABSTRACT:

CRM has been of great importance in India. Organizations now understand the importance of being customer-centric, i.e. aligning all the processes, planning and methods with the customer requirements. Today, the market is driven by the buyers. The biggest challenge in front of the companies is to keep the customer happy 24x7 who is becoming more elusive, more demanding and more diverse than ever. Therefore, it's very important to have a solution

which is targeted towards building long term cordial and profitable relations with the customers.

KEYWORDS: Customer relationship management, customer retention, customer value evaluation, customer satisfaction

INTRODUCTION

Customer service is nothing but the act of taking care of the needs of a person by providing and delivering the service in a professional manner. The service expected to be delivered promptly, politely. It relates to the service provided to customers before, during and after a relationship is established. Good customer service is the best brand ambassador for an bank. The entire business process consists of highly integrated efforts to discover, create, arouse and satisfy customer's needs. The need for good customer service has acquired great significance

in the banking industry. The banking system in the country has perhaps the largest outreach for delivery of financial services. Today, the ability to maximize customer loyalty through close and durable relationship is critical to banks' ability to grow their businesses. It is a fundamental requirement of modern customer management that banks should understand customers, then acquire and deploy resources to ensure their satisfaction and retention. Customer Relationship Management (CRM) is a business field that purely relies on the ideology that is "customer is king", i.e. Customer is core component for any business (Boris, 2012). The training of carrying long based customer retention is designated relationship advertising and newly CRM. This is done to

improve the relationship with customer by understanding them and their needs and keep them by delivering quality based products, attract new customers by offering good deals, increase profits and decrease customer maintenance costs. The complete study and formal constructive approach of CRM leads to win the market competition (Rajesh & Manivannan 2013). CRM is a way of collecting, processing, analyzing, storing and managing data about business customers through business policies, strategies and rules. This work is done by constant study on different product or services that are presented to clients for: 1. make healthy relationship with them. 2. Maintain basic components of CRM. 3. Spot the factors related to CRM success. 4. Increase the growth rate of product sale. As customer

relationship management schemes are costly, it can provide workers complete data on clients i.e. client information, purchase date of product or service given, and customer's preferences and interests of the purchases (Nguye&Mutum, 2012; Reinartz& Hoyer, 2004, Shaon&Rahman, 2015).

SIGNIFICANCE OF THE STUDY

The success of a service-oriented organisation like a bank depends on the quality of service offered to customers. Customers seek a bank for the efficient and prompt service offered to them. Efficient service helps to retain customers. Today's bank is essentially an institution engaged in meeting financial as well as non-financial service needs of the society.

If a bank wants that its services really satisfy its customers, it must be clear about the customer needs and their expectations from the bank. It is difficult to dovetail the products to individual needs. Offering the right type of service to the customer brings satisfaction to him and to the bank. To satisfy the customer's needs. A banker has to possess a thorough knowledge of all the services/schemes/plans offered by the bank. The only way to influence the customer's perception is making him/her feel that the bank gives extra attention to him/her and his/her service needs. It is this extra attention or service that satisfies the customers implied need and constitutes a plus factor in retaining a customer with the bank.

Well -designed customer service must be accompanied by good delivery. The five elements that constitute good delivery are speed, timeliness, accuracy, courtesy and concern. These elements form the cornerstone of good customer service.¹ (finance, 2017)

STATEMENT OF THE PROBLEM

Now a day's every phase of life is highly based on competitive environment. In the time of nation awareness, progress of information and tools compulsory for all business to concrete on consumers who have extra knowledge of his requirements, wishes, demands, and precedence (Ngambi. 2015). CRM has been learning by marketing sector and is very basic for achieving any long term organizational advantage. To catch, satisfy and keep on going with customers, organizations are using new tools, using new methods and systems, processes and methodologies on the base on technology. Additionally staff should be extra well-informed, well-mannered, paying attention, and service sloping (Long et al, 2013, Mohsan et al, 2011).

OBJECTIVE OF THE STUDY

To assess the level of CRM awareness of customers of commercial banks in Idukki district.

RESEARCH METHODOLOGY

DATA COLLECTION

Both primary and secondary data were used for the study. Primary data were collected using structured questionnaire. Secondary data were collected from magazines, journals, web sites, etc.

UNIVERSE AND SAMPLE

The present study is limited to the geographical area of Idukki district in Kerala state. Multi stage Random Sampling method was used.

REVIEW OF LITERATURE

Al-Refaie& Bata (2014), Banking sector plays an important role for the economy of every country, in order to attain the position in banking sector three things are core components end users, technology and its devoted clients. Banks are successful on the basics of proper dealings, communication and relationship management. The aim of marketing approach for banks is not only to make new customers but to create and maintain long healthy and successful relations with customers and satisfy all their needs. To maintain strong and reliable and cost effective relation with clients, E-CRM is considered as the vital tool of information technology serving for this purpose. (Lui; 2007),

Banking sector is a definite industry where marketing relationship is greatly reliant on customer's reliability, retention, and reliance. Many studies describe that banks became more commercial when engaged in these types of connections as reflected. Correspondingly, Fornel (1987), quarrel that it is more constructive to maintain the accessible customers fairly than acquiring new ones. Customer retention is very important aspect for banks profits (Beerli et al; 2004). The main concern of banks is to maximize income and profits and attain position within market and increase the justice level of customers so that they remain content. The earning level of banks goes down due to the lack of customer encouragement which also put impact on customer relationship (Goyal& Joshi, 2012).

Customer Relationship Management (CRM) came into the power when banking institutions were getting more and more competitive. The focus of CRM helped banks to understand the customer's current needs, what they have done in the past, and what they plan to do in the future to meet their own goals (Xu, *et al.*, 2002). According to Crosby (2002), the intelligent use of information about customer needs will create long-term two way relationship with the customers. This will bring many advantages to the banking sector since long term customers are less costly to serve and smooth running relationships are less resource demanding. In general, CRM for any organization consists of two tasks i.e., customer acquisition and increased sales to existing customers. It is often justified by the phrase, "Make the right offer at the right time to the right customer". In a web article by Bhaduri (2005) in which the author discuss about the use of CRM for banking sector in developing countries; the author describe that CRM is variously misunderstood as a fancy sales strategy, an expensive software product, or even a new method of data collection. It is none of these. CRM is a simple philosophy that places the customer at the heart of a business organization's processes, activities, and culture to improve his/her satisfaction of service and, in turn, it will maximize the profits for the organization. Bhaduri (2005) further argues that CRM made bankers realise that the purpose of their business is to "create and keep a customer" and to "view the entire business process as consisting of a tightly integrated effort to discover, create, and satisfy customer needs".(Shahzeb Ali Malik)

CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

Customer Relationship Management is defined in many ways by many authors. Dyche' (2002) in his book defines CRM as:

"The infrastructure that enables the delineation of and increase in customer value, and the correct means by which to motivate valuable customers to remain loyal-indeed, to buy again".

CUSTOMER RELATIONSHIP MANAGEMENT IN BANKS

Customer Relationship Management is a good business strategy which is used to spot the most profitable and prospective customers of banks and spend time and efforts to expand banking relationship with them through re-pricing, discretionary decision making, individualized marketing and customized service delivery through different types of channels to customers.

Technological advancements and information and communication technologies have highly influenced the banking operations especially in the last three decades. Therefore, banks have shifted towards market orientation and implementation of customer relationship principles in their daily operations. The bank requires comprehensive and complete information about their customers across the different systems that have their information. Thus, banks are using CRM techniques to get a variety of results and they attempts:

1. To make secure and safe customer relationships
2. To build a customer-centric infrastructure and organisation
3. To make out opportunities and sales prospects
4. To support up-selling and cross selling programmes
5. To manage value of customers through building propositions for various customer segments
6. To support migration, pricing and management of channels
7. To gain accurate information about different categories of customers
8. To know the ways to attract and keep the customers

9. To maximize customer profitability

Bank is simply a financial institution as it receives deposits and lends money to the required persons, but banking is the process related with the various activities of banks. It consists of issue of cards and cheque, timely announcement of new services and products monthly statements, serving the customers to use online and mobile banking. Banks are aspiring to enhance the customer profitability through retention of customers.

CRM in bank is completely different from other industries as banking industry is solely associated with financial services, which needs to develop the trust among the customers. In order to keep a good relationship with customers, banks should provide customer care support, timely information and interest payments, credit and debit cards, online and e-banking services.

The bank adopts customer centric approach in order to retain existing customers and to attract new customers. CRM in banking sector is still in early stage, it is the time for taking thoughts from customers to improve its service. The success of CRM strategy in bank relies on its capacity to value the needs of the customer and to combine them with the bank's strategy, technology, customers and business process (Anitha L,2018).

DATA ANALYSIS AND INTERPRETATION

1. Gender

Gender wise distribution of sample respondents is shown in Table 1

Table 1
Gender wise classification of respondents

<i>Gender</i>	<i>Frequency</i>	<i>Percent</i>
Male	209	50.7
Female	203	49.3
Total	412	100.0

Source: Primary data

From the table VI.1 it is seen that there are 209 (50.7%) male respondents and 203 (49.3%) female respondents in the sample, out of a total of 412 respondents.

2. Age

Age is an important demographic indicator that influence the vision of respondents. Age wise distribution of the respondents is given in table 2.

Table 2
Age-wise distribution of the respondents

<i>Age</i>	<i>Frequency</i>	<i>Percent</i>
Below 20	8	1.9
20-40	226	54.9
40-60	161	39.1
Above 60	17	4.1
Total	412	100.0

Source: Primary data

From the above table it is seen that there were 226 (54.9%) respondents belonging to the age group 20-40 years. The rest of the respondents were grouped in to three different segments, that is respondents with age below 20years 8 (1.9%), respondents with age group of 40-60 years 161 (39.1%) and respondents with age above 60 years 17 (4.1%).

3. Education.

Table 3 describes the academic qualification wise distribution of the sample respondents.

Table 3
Educational qualification of the respondents

<i>Educational qualification</i>	<i>Frequency</i>	<i>Percent</i>
Non-Matriculate	32	7.8
Matriculate	113	27.4
Graduate/Post Graduate	185	44.9
Technical & Professional Qualification	59	14.3
Illiterate	23	5.6
Total	412	100.0

Source: Primary data

The above table VI.3 displays the educational qualification of the respondents. It can be seen that majority of the sample respondents (44.9%) are belonging to high educational profiles, possessing graduate or post graduate qualifications, while Matriculate are (27.4%). Only a few respondents (5.6%) are Illiterate.

4. Occupation

Occupation wise classification of the respondents is given in table 4.

Table 4
Occupation of the respondents

<i>Occupation</i>	<i>Frequency</i>	<i>Percent</i>
Agriculture	67	16.3
Business	59	14.3
Govt. Service	52	12.6
Daily wages	65	15.8
Housewife	62	15.0
Private service	72	17.5
NRI	2	0.5
Retired & Others	10	2.4
Professional	23	5.6
Total	412	100.0

Source: Primary data

In the above table VI.4 out of 412 sample, 17.5% of respondents were working with private sector, 16.3% working in agricultural sector, 15.8% were daily wage earners, 15% were house wives, 14.3% were business men, 12.6% were government employees, 5.6% were professionals, 2.4% were retired and others and only 0.5% were NRIs.

5. Monthly income

Monthly income of the respondents are shown in table 5

Table 5
Monthly Income of the respondents

<i>Gross income monthly</i>	<i>Frequency</i>	<i>Percent</i>
Up to Rs.25000	255	61.9
Rs.25000-50000	122	29.6
Rs.50000-100000	28	6.8
Above Rs.100000	7	1.7
Total	412	100.0

Source: Primary data

Out of 412 sample respondents, (61.9%) belongs to the income group of up to Rs. 25000 followed by (29.6%) in the range of Rs.25000- 50000 and (6.8%) in the category Rs.50000-100000 and only(1.7%). respondents with monthly income above Rs.100000

6. Bank

Table 6 shows the bank where the respondent have an account

Table 6
Bank where the respondent have an account

<i>Bank where you have an account</i>	<i>Frequency</i>	<i>Percent</i>
SBI	253	61.4
Federal Bank	159	38.6
Total	412	100.0

Source: Primary data

From the table VI.6 it is clear that 61.4% respondents have an account in State Bank of India, 38.6% have their account in Federal bank.

CRM AWARENESS

The CRM awareness is measured under various heads, viz, Customer Value Evaluation, Commitment towards customers, Communication with customers, Service Strategies and Practices and Customer Retention.

We used Structural Equation Model to evaluate the impact of these constructs on CRM awareness. In other words we use SEM to test the hypothesis

H1: Customer Value Evaluation has a positive influence on CRM awareness.

H2: Commitment towards customers has a positive influence on CRM awareness

H3: Communication with customers has a positive influence on CRM awareness.

H4: Service Strategies and Practices has a positive influence on CRM awareness.

H5: Customer Retention has a positive influence on CRM awareness.

Table 7 Model fit Indices for CFA – CRM awareness

	χ^2	DF	P	Normed χ^2	GFI	AGFI	NFI	TLI	CFI	RMR	RMSEA
CRM awareness	4.326	4	.364	1.082	.996	.984	.997	.999	1.000	.237	.014

Source: Primary data

All the attributes loaded significantly on the latent constructs. The value of the fit indices indicates a reasonable fit of the measurement model with data. In table 9 we present the regression coefficients

Table 8 the regression Coefficients – CRM awareness

Path	Regression Coefficient	t	P	Variance explained (%)	AVE (in %)	Composite Reliability
Customer Value Evaluation → CRM awareness	0.743	19.357	<0.001	55.2	64.90	0.71
Commitment towards customers → CRM awareness	0.878	27.645	<0.001	77.2		
Communication with customers → CRM awareness	0.824	23.645	<0.001	67.9		
Service Strategies and Practices → CRM awareness	0.850	25.404	<0.001	72.3		
Customer Retention → CRM awareness	0.722	18.44	<0.001	52.1		
CVE1 → Customer Value Evaluation	0.896	29.356	<0.001	80.2	50.68	0.70
CVE2 → Customer Value Evaluation	0.696	17.382	<0.001	53.6		
CVE3 → Customer Value Evaluation	0.732	18.869	<0.001	48.5		
CVE4 → Customer Value Evaluation	0.452	9.853	<0.001	20.4		
CTC1 → Commitment towards customers	0.741	19.267	<0.001	55.0	46.70	0.75
CTC2 → Commitment towards customers	0.642	15.402	<0.001	41.2		
CTC3 → Commitment towards customers	0.700	17.540	<0.001	49.0		
CTC4 → Commitment towards customers	0.696	17.382	<0.001	48.4		
CTC5 → Commitment towards customers	0.714	18.106	<0.001	51.0		
CTC6 → Commitment towards customers	0.666	16.250	<0.001	44.3		
CTC7 → Commitment towards customers	0.728	18.696	<0.001	53.0		
CTC8 → Commitment towards customers	0.656	15.891	<0.001	43.0		
CTC9 → Commitment towards customers	0.649	15.644	<0.001	42.1		
CTC10 → Commitment towards customers	0.632	15.061	<0.001	40.0		
CC1 → Communication with customers	0.766	20.438	<0.001	58.6	55.53	0.67
CC2 → Communication with customers	0.823	23.582	<0.001	67.8		

CC3 → Communication with customers	0.736	19.045	<0.001	54.2		
CC4 → Communication with customers	0.644	15.471	<0.001	41.5		
SSP1 → Service Strategies and Practices	0.609	14.305	<0.001	37.0		
SSP2 → Service Strategies and Practices	0.612	14.402	<0.001	37.5		
SSP3 → Service Strategies and Practices	0.808	22.676	<0.001	65.2	42.62	0.63
SSP4 → Service Strategies and Practices	0.665	16.214	<0.001	44.2		
SSP5 → Service Strategies and Practices	0.540	12.218	<0.001	29.2		
CR1 → Customer retention	0.680	16.768	<0.001	46.2		
CR2 → Customer retention	0.703	17.660	<0.001	49.4		
CR3 → Customer retention	0.792	21.776	<0.001	62.7	56.68	0.55
CR4 → Customer retention	0.807	22.618	<0.001	65.1		
CR5 → Customer retention	0.775	20.886	<0.001	60.0		

H1: Customer Value Evaluation has a positive influence on CRM awareness.

The results exhibited in Table 8 revealed that the regulatory construct Customer Value Evaluation has significant influence on awareness about CRM as the standardised direct effect of this construct on CRM awareness is 0.743, which is more than the recommended value of 0.4. So the hypothesis H₁ is accepted and concludes Customer Value Evaluation has significant influence on awareness about CRM.

H2: Commitment towards customers has a positive influence on CRM awareness

The results exhibited in Table 8 revealed that the regulatory construct Commitment towards customers has significant influence on awareness about CRM as the standardised direct effect of this construct on CRM awareness is 0.878, which is more than the recommended value of 0.4. So the hypothesis H₂ is accepted and concludes Commitment towards customers has significant influence on awareness about CRM.

H3: Communication with customers has a positive influence on CRM awareness.

The results exhibited in Table 8 revealed that the regulatory construct Communication with customers has significant influence on awareness about CRM as the standardised direct effect of this construct on CRM awareness is 0.824, which is more than the recommended value of 0.4. So the hypothesis H₃ is accepted and concludes Communication with customers has significant influence on awareness about CRM.

H4: Service Strategies and Practices has a positive influence on CRM awareness.

The results exhibited in Table 8 revealed that the regulatory construct Service Strategies and Practices has significant influence on awareness about CRM as the standardised direct effect of this construct on CRM awareness is 0.850, which is more than the recommended value of 0.4. So the hypothesis H₄ is accepted and concludes Service Strategies and Practices has significant influence on awareness about CRM.

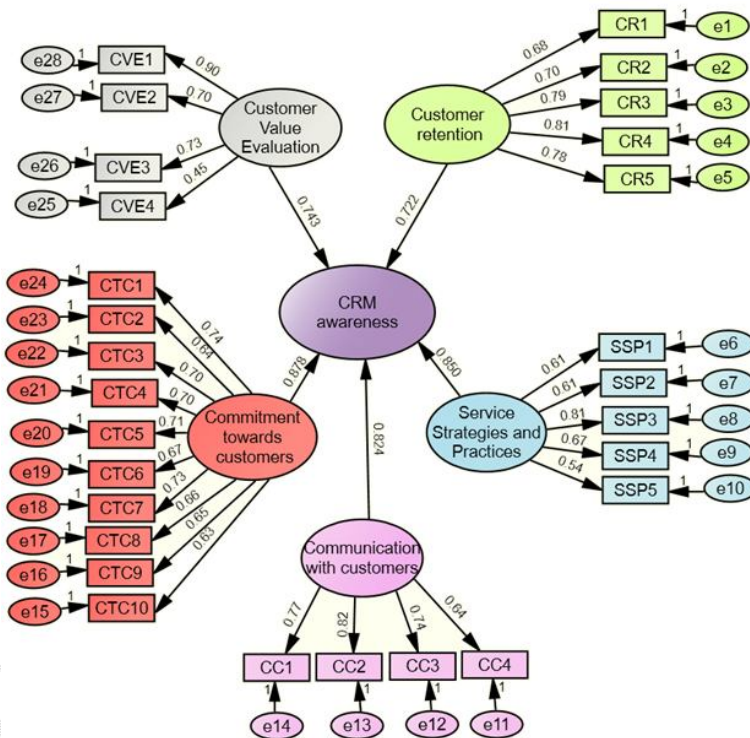
H5: Customer Retention has a positive influence on CRM awareness.

The results exhibited in Table 8 revealed that the regulatory construct Customer Retention has significant influence on awareness about CRM as the standardised direct effect of this construct on CRM awareness is 0.722, which is more than the recommended value of 0.4. So the hypothesis H₅ is accepted and concludes Customer Retention has significant influence on awareness about CRM.

The regression equation for CRM awareness is

$$\text{CRM awareness} = 0.743 \text{ Customer Value Evaluation} + 0.878 \text{ Commitment towards customers} + 0.824 \text{ Communication with customers} + 0.850 \text{ Service Strategies and Practices} + 0.722 \text{ Customer Retention}$$

Figure 1
Model fit Indices for CFA - CRM awareness



CONCLUSION

To find the level of CRM awareness of customers of commercial banks of Idukki district, the respondents are asked 28 questions on five point Likert scale under various heads like Customer value evaluation, Commitment towards customers, Communication with customers, Service Strategies and Practices and Customer retention. The mean percentage score level of CRM awareness of customers of commercial banks of Idukki district indicate that level of CRM awareness of customers is good.

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