CUSTOMER RELATIONSHIP MANAGEMENT IN BANKING INDUSTRY

Ms. Shilpa P.K

Assistant Professor of Commerce, Korambayil Ahamed Haji Memorial Unity Women's College Manjeri, Malappuram, Kerala -676122

ABSTRACT

As economic globalization intensifies competition and fosters a climate of continual change, the significance of winning and retaining customers has never been more pronounced. In today's landscape, banks recognize that cultivating strong customer relationships is pivotal for their success. Customer Relationship Management (CRM) emerges as a strategic tool, enabling banks to foster enduring connections with customers, ultimately enhancing revenues and profits. The study indicates that majority of the respondents express satisfaction with their banks' CRM practices, attributing it to excellent service quality. They appreciate the individual attention and fulfillment of specific customer needs. Additionally, most of the respondents express high satisfaction with their banks' internet services and express a preference for continued usage in the future.

INTRODUCTION

In this globalized world managing relationships with the customer and making them contented has become a necessity. The purpose of business is to create new customers and retain old customers. Customer orientation is the ultimate key to success of any business. Customer Relationship Management (CRM) is a comprehensive approach for creating, maintaining and expanding customer relationships. CRM does not just belong to sales and marketing rather it is an intelligent blend of marketing and information technology for serving the customer with greater care and value and indeed it's a new way of doing business covering all aspects.

CRM is a vital factor to improve the performance of the banks. In order to excel in their

services, the present day banks have shifted their focus from the twin functions of accepting of deposits and lending of loans to 'Anytime and Anywhere Banking'.The banks should adopt novel strategies and policies to decide on what to offer, whom to be focused, when to approach, how to promote and be unique in product and service offerings to increase their profitability. Banks need to make a difference in them by offering general products to meet the general demands of the customers and to offer customized services for the specific requirements of the customers. Banks should identify right type products for the right type of customers. This would help the banks to serve the customers in the with utmost cost efficiency. This will lead the banks towards customer satisfaction and customer loyalty.

SIGNIFICANCE OF THE STUDY

CRM in banking industry is entirely different from other sectors, because banking industry purely is related to financial services, which has to create a trust among the people. Establishing customer care support, conveying to the depositor timely information about interest payments, maturity of their time deposits, issuing credit and debit cum ATM cards, creating awareness regarding online and e-banking, adopting mobile request and other aspects, they keep regular and sustained relationship with customers. CRM has to improve upon the relationship when the client is visiting the bank, making the contact more purposeful and more satisfactory to him. Banks have to improve not only their technology but also their relationship skills with their customers. The study was conducted to analyse the effectiveness of customer retention activities in banking industry and to know the satisfaction level of customers regarding the CRM practices of their banks

STATEMENT OF THE PROBLEM

In bank, a service sector, customer service should not only be considered as a function, but a way of life also. Success of the bank depends on how much it fulfills customer needs. Therefore, the bank should be customer oriented to meet challenges of today's competitive environment. A way to remain competitive in the more and more complex banking environment is the use of CRM concept, as it is a business strategy geared towards acquiring, retaining and growing more profitable customers. Today, Indian banks are trying to develop service quality with customers that include like flexible banking hours, computerized banking

operations, kind responsive and well behaved personnel etc. This forms the need for the study of Customer Relationship Management in Banking Industry to analyse the effectiveness of customer retention activities.

OBJECTIVES OF THE STUDY

1. To study various CRM strategies adopted by banks.
2. To examine the opinion of customers with respect to service quality management.
3. To analyse the opinion of customers regarding customer interaction management.
4. To analyse the level of effectiveness of customer retention activities.
5. To know the satisfaction level of customers regarding the CRM practices of their banks.

RESEARCH METHODOLOGY

The study is both analytical and descriptive in nature based on primary and secondary data. Customers of different banks of Eranad Taluk form the population of the study. Convenience sampling method was used for selecting sample from the target population for this survey. A sample size of 70 bank customers has been taken into consideration for the purpose of the study and the data was collected by using structured questionnaire. The statistical tools used for data analysis were percentage analysis and weighted ranking.

LITERATURE REVIEW

Sherin Mathew (2019) in her study "Customer Relationship Management of State Bank of India in New Panvel" says that CRM is a sound business strategy to spot the bank's most profitable customers and prospects, and devotes time and a focus to increasing account relationships with those customers through personal marketing, pricing, discretionary decision making. In banking sector, relationship management might be outlined as having and acting upon deeper information regarding the client, make sure that the client like the way to fund the client, get to understand the client, detain bit with the client, make sure that the client gets what he desires from service supplier and perceive after they aren't glad and might leave the service provider and act accordingly.

Gautam Kohli and Santosh Kr. Maurya (2018) clearly state that the Customers play a predominant role in service marketing. Financial services produce a challenging sector and bear professional skill in designing product/services. Out of other financial service, banking is

oldest and important financial service sector. Customer Relationship Management (CRM) has a massive influence in service sector, to win and hold customers for long term efficiency.

Tarannum, Syed and Heena, Upadhyay (2017) studied the CRM Practices and its Impact on Customer Retention in Banking Sector. The findings revealed that CRM Practices are an essential for any type of retailers as in today's scenario those retailers who follow these practices for the benefit of customers, definitely they win. To conclude, the growth of banking sector is basically based on the systematic segmentation of the customer expectations which is supposed to be done with respect to their needs, desire, expenditure patterns.

DATA ANALYSIS AND INTERPRETATION

1.   **Best Services Provided by the Bank**

Table 1
Best Services Provided by the Bank

Services	Rank									Total
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	
Cashier withdrawal & Deposit	11	19	23	9	2	5	1	0	0	**70**
Information and customer enquiry	10	9	2	8	12	14	5	7	3	**70**
Loan service	0	2	2	1	9	15	20	15	6	**70**
Safety locker system	0	0	2	19	20	16	6	4	3	**70**
Complaints desk	4	1	3	4	0	2	15	19	22	**70**
ATM withdrawal	20	20	14	5	4	3	1	3	0	**70**
Card facilities	2	0	12	12	18	12	11	3	0	**70**
Internet & Mobile banking	23	19	10	12	5	1	0	0	0	**70**
Others	0	0	2	0	0	2	11	19	36	**70**

Source: Primary data

Table 1(a)
Weighted Ranking of Services

Services	Weighted Rank									Total
	1*9	**2*8**	**3*7**	**4*6**	**5*5**	**6*4**	**7*3**	**8*2**	**9*1**	
Cashier withdrawal & Deposit	99	152	161	54	10	20	3	0	0	**499**
Information and customer enquiry	90	72	14	48	60	56	15	14	3	**372**
Loan service	0	16	14	6	45	60	60	30	6	**237**

Safety locker system	0	0	14	114	100	64	18	8	3	**321**
Complaints desk	36	8	21	24	0	8	45	38	22	**202**
ATM withdrawal	180	160	98	30	20	12	3	6	0	**509**
Card facilities	18	0	84	72	90	48	33	6	0	**351**
Internet & Mobile banking	207	152	70	72	25	4	0	0	0	**530**
Others	0	0	14	0	0	8	33	38	36	**129**

Source: Primary data

As per table it is very clear that most of the customers opined that internet and mobile banking attracted them more. Cashier withdrawal & deposit, information & customer enquiry, card facilities and safety locker system are ranked in second, third, fourth and fifth position. Loan services and working of complaint desk are the least ranked services.

2.   Innovative Customer Services

Table 2
Innovative Customer Services

Factor	Highly satisfied		Satisfied		Neither satisfied nor dissatisfied		Dissatisfied		Highly dissatisfied		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Single window	16	22.9	43	61.4	8	11.4	2	2.9	1	1.4	**70**	**100**
24 hours service	20	28.5	38	54.3	9	12.9	2	2.9	1	1.4	**70**	**100**
Anywhere banking	33	47.2	31	44.3	4	5.7	1	1.4	1	1.4	**70**	**100**

Source: Primary data

From the table it is very clear that majority of the respondents (61.4%) are almost satisfied with the single window system. E-banking services are usually available on a 24 hour basis. The table indicates that majority of the respondents (54.3%) are satisfied with the 24 hours services provided by banks. 47.2% of the respondents are highly satisfied with the 'anywhere banking service'.

3. **Service Quality**

Table 3
Service Quality

Factors	Excellent		Above Average		Average		Below Average		Very Poor		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Bank gives individual attention	25	35.7	26	37.1	16	22.9	1	1.4	2	2.9	**70**	**100**
Convenient operating hours	26	37.1	27	38.6	15	21.4	2	2.9	0	0	**70**	**100**
Employee understand specific needs of the customers	31	44.3	21	30	15	21.4	0	0	3	4.3	**70**	**100**
Customer is made to feel important	23	32.8	30	42.9	14	20	2	2.9	1	1.4	**70**	**100**

Source: Primary data

From the table it can be inferred that most of the respondents (37.1%) state that individual attention provided by their banks as above average. 38.6% respondents rate the operating hours of banks as above average. The other statement given to respondents for rating was 'Employee understands specific needs of the customers'. Most of the respondents rate it as excellent. 'Customer is made to feel important' was the another factor given to respondents for rating. The table implies that 42.9% respondents rate it as above average and 32.8% rated as excellent.

4. **Level of Effectiveness of Customer Retention Activities**

Table 4
Level of Effectiveness of Customer Retention Activities

Activities	Excellent		Good		Average		Poor		Very poor		Total	
	No	%	No	%	No	%	No	%	No	%	No	%
Innovative services	27	38.5	17	24.3	24	34.3	2	2.9	0	0	**70**	**100**
Complaint management system	30	42.9	18	25.7	16	22.9	4	5.7	2	2.9	**70**	**100**
Customer centric approach	25	35.7	22	31.4	21	30	2	2.9	0	0	**70**	**100**
Low charge and safety	28	40	19	27.2	15	21.4	8	11.4	0	0	**70**	**100**

Source: Primary data

From the table it can be inferred that the most of the respondents(38.5%) said that innovative services provided by their banks were excellent. 42.9% respondents rated the complaint management system of the bank as excellent. Most of the banks concentrate on customer centric approach because 35.7% rated it as excellent. Banks provide services at low charge with high degree of safety.

5.   Customer Service System

Table 5
Customer Service System

Factor	Agree		Neither agree nor disagree		Disagree		Total	
	No.	%	No.	%	No.	%	No.	%
Waiting time for having questions addressed was satisfactory	49	70	10	14.3	11	15.7	**70**	**100**
Phone call was quickly transferred to the person who best could answer	45	64.3	17	24.3	8	11.4	**70**	**100**
The automated phone system made the experience more satisfying	48	68.5	13	18.6	9	12.9	**70**	**100**

Source: Primary data

From the above table it can be interpreted that 70% of the respondents agree that waiting time for having questions addressed in banks were satisfactory. Majority of the respondents (64%) agree that customer service representatives takes their phone calls and quickly transferred to the person who best could answer. The table also makes obvious that automated phone system made customers' experience more satisfying because 68.5% respondents strongly agrees with the given statement.

6.   Overall Satisfaction Regarding CRM Practices of the Bank
Table 6
Overall Satisfaction Regarding CRM Practices of the Bank

Satisfaction Level	No. of Respondents	Percentage
Highly satisfied	20	28.6
Satisfied	42	60
Neither satisfied nor dissatisfied	5	7.1
Dissatisfied	3	4.3
Highly dissatisfied	0	0
Total	**70**	**100**

Source: Primary data

The table 6 indicates that majority of the respondents are satisfied with the CRM practices of bank i.e., 60% and also 28.6% respondents are highly satisfied. 7.1% of the respondents have no opinion and only 4.3% is dissatisfied.

FINDINGS

- Most of the customers opined that internet and mobile banking facility attracted them more towards the particular bank.

- More than half of the respondents are satisfied with the innovative customer services provided by their banks such as 24 hours service, single window and anywhere banking.

- Large number of customers states the level of service quality of their banks as excellent because their bank gives them individual attention and satisfies specific needs of the customers.

- Majority of the respondents agree that waiting time for having questions addressed in banks were satisfactory.

- Most of the respondents agree that customer service representatives takes their phone calls and quickly transferred to the person who best could answer.

- Most of the customers rated the complaint management system and innovative services provided by their banks were excellent.

- Majority of the respondents are satisfied with the CRM practices of their banks.

SUGGESTIONS

- It is suggested that the organizations should develop evaluation metrics to measure the success of the CRM programme implemented. The metrics should be in tune with the objectives of the CRM.

- Make complaint and suggestion box scheme and customers' meet more effective.

- Customer education programmes should be launched to improve understanding of bank's procedures and decision making and increase comfort levels.

- Skill-building and teamwork-building forums can be developed to enhance employee capabilities for undertaking customer focused endeavors.

CONCLUSION

Today, many businesses such as banks, insurance companies, and other service providers

realize the importance of Customer Relationship Management (CRM) and its potential to help them acquire new customers, retain existing once and maximize their lifetime value. The study reveals that various CRM Strategies such as service quality management, customer interaction management, customer retention management, customer service strategies, and customer contact programmes are implemented in the banking sector to enable to avoid customer frustrations and other problems. Service quality of banks rated as excellent because banks gives their customers individual attention and satisfies specific needs also. Customers are satisfied with the innovative services provided by their banks such as 24 hours service, single window and anywhere banking. Majority of the customers are satisfied with the CRM practices of their banks and they would like to use the same bank in future also.

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