



## A STUDY ON CUSTOMER PERCEPTION TOWARDS CUSTOMER RELATIONSHIP MANAGEMENT (CRM) PRACTICES IN PRIVATE SECTOR BANKS.

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### ABSTRACT

*This paper deals with the role of Customer Relationship Management in banking sector and the need for Customer Relationship Management to increase customer value by using some analytical methods in CRM applications. Customer Relationship Management implementation in banking sector leads to better performance is the common opinion. The study analyzes the perceptions of the customers regarding the impact of CRM on service quality and evaluates the impact of CRM on customer retention. The results bring out the comparative ratings by customers, ICICI being rated first in implementation of CRM. Customer Relationship Management has become inevitable for growth and profitability of Banks in present scenario marked by rising competition, technological advancement and empowered customers. The formula to achieve success in a competitive world and it is to focus on maintaining relationship with customers. The purpose of this study is to analyze whether private banks are implementing the concept and philosophy of CRM for securing competitive advantage. The research Design of this study will consist of exploratory research in different aspects with regards to CRM in the banking sector extracted from literature review.*

**KEYWORDS : Private Sector Banks, CRM practices, Customers Satisfaction, Customer Retention.**

### 1. INTRODUCTION TO CUSTOMER RELATIONSHIP MANAGEMENT

Customers Relations Management (CRM) supports to maintain customer database and providing quality service. Private banks particularly ICICI and AXIS are succeeding in providing customized services and products, customers are positive about employee response, Customer Relationship Management have changed from a simple transactional to a relationship orientation, where it is differentiating the customers as a function of the lifetime value of the relationship to the firm. To implement such a customer relationship techniques, firms have to made massive investments in information infrastructure to store and analyze customer information, but also changes in organizational structure, employee incentives, accounting management and its practices to facilitate the implementation of the Customer Relationship Management strategy.

The importance of technology and Relationship marketing is the Core Banking Solution. Most of the Banks have invested in technology enabled Customer Relationship Management Software to utilize, to generate customer information to improve business opportunities and access to customers and support.

The present Indian banking industry focusing on two important factors those are emerging practices and policies. Those are 'Technology' and 'Relationship Marketing', the power of technology in banking services and practices. 'Relationship Marketing' is seen as the differentiating factor in given the commoditization of banking industry. In this observation the recent restructuring, rebranding and reengineering efforts practicing by many banks.

Customer Relationship Management is a logical system of CBS for Indian banks. Customer Relationship Management is the integration of these two factors technology and relationship marketing. It has a potential to bring about dynamic changes in marketing practices of banks in near future, with the objective of business growth through managing customers as assets.

### Introduction to ICICI Bank

ICICI Bank was promoted in 1994 by ICICI Limited, an Indian financial institution, was its wholly-owned subsidiary. ICICI's shareholding in ICICI Bank was reduced to 46% through a public offering of shares in India in the fiscal year 1998, an equity offering in the form of ADRs listed on the NYSE in the fiscal year 2000. ICICI Bank's acquisition of another bank is Bank of Madura Limited in an all-stock amalgamation in the fiscal year 2001.

ICICI was formed in the year 1955 with the initiative of the World Bank, the Government of India and its representatives of Indian industry. The principal objective was to develop financial institution for providing medium-term and long-term finance to Indian businesses.

In the year 1990s, ICICI transformed its business from a development financial institution offering project finance to a diversified services and group offering a wide variety of products and services, both directly and through a number of subsidiaries and affiliates like ICICI Bank. In the year 1999, ICICI become the first Indian company and the first bank from financial institution from non-Japan Asia to be listed on the NYSE.

In October 2001, the Board of Directors of ICICI and ICICI Bank approved merger of ICICI and two of its wholly-owned retail finance subsidiaries, ICICI Personal Financial Services Ltd and ICICI Capital Services Ltd, with ICICI Bank. Merger approved by shareholders of ICICI and ICICI Bank in the year 2002, by the High Court of Gujarat in Ahmadabad in the year 2002, and by the High Court of Judicature at Mumbai and the Reserve Bank of India in April 2002. Consequent to the merger, the ICICI group's financing and banking operations, both wholesale and retail, have been integrated as single entity.

### Introduction to Axis Bank Limited:

Axis Bank Limited (formerly UTI Bank) is the third largest bank in private sector banks in India. It offers financial services to customer segments of Large & Medium, MSME, Agriculture and Retail Businesses.

Axis Bank headquarters located in Mumbai,

Axis Bank began its operations in the year **1994**, after the Government of India allowed private banks to be established. The Bank was promoted in the year **1993** jointly by the Administrator of the Unit Trust of India (UTI-I), Life Insurance Corporation of India (LIC), General Insurance Corporation Ltd., National Insurance Company Ltd., The New India Assurance Company, The Oriental Insurance Corporation and United India Insurance Company. The Unit Trust of India holds a special position in the Indian capital markets and has promoted many leading financial institutions in the country.

**2. REVIEW OF LITERATURE**

**Kaleem A. and Ahmad S. (2008)** explained in their article about bank employees' perception of the about benefits and risks associated with electronic banking. This study explains about private bank employees who have professional degrees consider how to 'minimizing transaction costs' and 'reduction in HR requirements' and the least important benefits of electronic banking respectively. Private bank employees having masters or bachelor degrees, and less than 10 years experience, perceive 'time saving and maximizing convenience' as the benefits of electronic banking. Branch managers can view 'facilitates quick response' the most important benefits of electronic banking. Bankers in all segments consider 'government access to data' as the biggest risk associated to electronic banking.

**Murali R., Richard S., Nafis A. and Mudiarasan K. (2008)** They explained in their article evaluation consumer perception on quality of services of Internet banking adoption in Malaysia. The data is collected from 150 retail banking customers of the Valley area. Results shown that internet banking user and non-user have different expectations towards service quality preferences. Not all of the dimensions are preferred by the respondents. The study also discusses implications and recommendations to improve Internet banking service quality in Malaysia.

**3. OBJECTIVES OF THE STUDY**

The main objectives of the study are as follows.

1. To study and present the perception of ICICI & AXIS BANK customers about CRM.
2. To analyze the perceived service quality of the customers towards their bankers.
3. To study the CRM practices adopted by the banks to promote the Customer Relationship Management.

**4. SCOPE OF THE STUDY**

The scope of the study is limited to the survey of customers of selected private sector commercial banks namely Industrial Credit Investment Corporation of India(ICICI), AXIS bank in Chittoor District of Andhra Pradesh.

**5. RESEARCH METHODOLOGY**

To achieve designed objectives of the study and to analyze the different factors an appropriate methodology has been adopted. The present study is exploratory as well as descriptive. The survey was conducted during August and October 2014. The present study is based on primary data. The primary data has been collected from a sample of 250 customers of ICICI bank and AXIS bank branches in chittoor district of Andhra Pradesh. The data has been collected with a well structured and pre tested questionnaire which was based on Likert five point scale. The perception of ICICI and AXIS bank customers on CRM was judged on the variables like Routinely asking the customer to provide feedback, Providing customized services and products, Transparent and well defined system, Bank website is user friendly, Communication tools are very effective, Well developed privacy policy, Increasing customer convenience, Consistent customer experience, Customer is the biggest asset of the organization, Retaining existing customers, Conducting customer loyalty programmes, Excellent employee response, ATMs are adequately provided.

Apart from the questionnaire being used for data collection, personal discussions were also conducted with the respondent customers to get further information. The data so collected has been analyzed with one way or two way tables. The statistical techniques like percentages, averages and charts were also used.

**6. DATA ANALYSIS AND INTERPRETATION**

**Table 8.1 showing customer perception on private sector banks**

S. No	Variable Name	SA	A	N	D	SD
1.	Routinely asking the customer to provide feedback	50	40	100	55	5
2.	Providing customized services and products	140	60	25	20	5
3.	Transparent and well defined system	50	150	30	13	7
4.	Bank website is user friendly	80	90	40	30	10
5.	Communication tools are very effective	90	80	50	22	8
6.	Well developed privacy policy	110	125	7	6	2
7.	Increasing customer convenience	95	86	50	14	5
8.	Consistent customer experience	85	125	25	8	7
9.	Customer is the biggest asset of the organization	113	92	40	3	2
10.	Retaining existing customers	65	135	35	9	6
11.	Conducting customer loyalty programmes	35	40	115	35	25
12.	Excellent employee response	80	100	60	6	4
13.	ATMs are adequately provided	85	100	50	10	5

**SA=Strongly Agree, A=Agree, N=Neutral, D=Disagree, SD=Strongly Disagree**

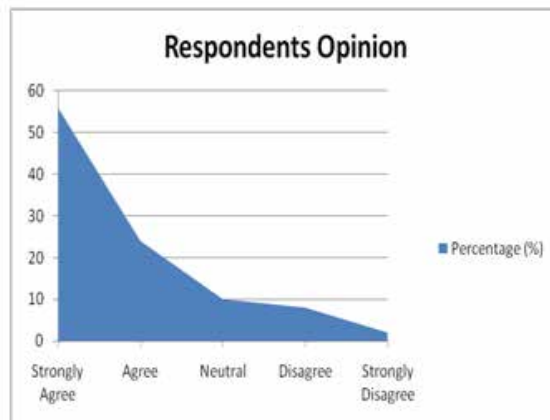
**1. Customer perception on 'Routinely asking the customer to provide feedback'**

**Table 8.2. Representing customer perception on 'Routinely asking the customer to provide feedback'**

Opinion	No. of Respondents	Percentage (%)
Strongly Agree	50	20
Agree	40	16
Neutral	100	40
Disagree	55	22
Strongly Disagree	5	2
Total	250	100

**Inference:** 20% of customers are strongly agree with the statement bank routinely asking customer to provide feedback, 16% of customer agree, 40% of customers are neutral and 24% customers disagree with the statement.

**2. Customer perception on 'Providing customized services and products'**



**Table 8.3 representing customer perception on 'Providing customized services and products'.**

**Inference:** 56% of customers are strongly agree that bank is providing customized services and products 24% of customer agree 10% of customers are neutral and 10% of customers disagree the statement.

### 3. Customer perception on 'Transparent and well defined system':

**Inference:** 20% of customers are strongly agreed that bank is maintaining transparent and well defined system, 60% of customer agree, 12% of customers are neutral and 8% of customers disagree the statement.

### 4. Customer perception on 'Bank website is user friendly':

**Inference:** 32% of customers are strongly agreed that bank website is user friendly, 36% of customer agree, 16% of customers are neutral and 16% customers disagree the statement.

### 5. Customer perception on 'Communication tools are very effective':

**Inference:** 36% of customers are strongly agreed that bank has effective communication tools, 32% of customers agree, 20% of customers are neutral and 12% customers disagree the statement.

### 6. Customer perception on 'Well developed privacy policy':

**Inference:** 44% of customers are strongly agreed that bank has well developed privacy policy, 50% of customer agree, 3% of customers are neutral and 3% of customers disagree the statement.

### 7. Customer perception on 'Increasing customer convenience':

**Inference:** 38% of customers are strongly agreed that bank increased customer convenience, 35% of customer agree, 20% of customers are neutral and 5% of customers disagree the statement.

### 8. Customer perception on 'Consistent customer experience':

**Inference:** 34% of customers are strongly agreed that they have consistent customer experience, 50% of customer agree, 10% of customers are neutral and 5% customers disagree the statement.

**9. Customer perception on Customer is the biggest asset of the organization. Inference:** 45% of customers are strongly agree that customer is the biggest asset of the bank, 36% of customer agree, 16% of customers are neutral and 2% customers disagree the statement.

### 10. Customer perception on 'Retaining existing customers':

**Inference:** 26% of customers are strongly agree that bank is retaining existing customers, 54% of customer agree, 14% of customers are neutral and 6% customers disagree the statement.

### 11. Customer perception on 'Conducting customer loyalty programmes':

**Inference:** 14% of customers are strongly agree that bank conducting customer loyalty programmes 16% of customer agree 46% of customers are neutral and 24% customers disagree the statement.

### 12. Customer perception on 'Excellent employee response':

**Inference:** 32% of customers are strongly agreed about excellent employee response, 40% of customer agree, 24% of customers are neutral and 4% of customers disagree the statement.

### 13. Customer perception on 'ATMs are adequately provided':

**Inference:** 34% of customers are strongly agree about adequate provision of ATMs, 40% of customers agree, 20% of customers are neutral and 6% customers disagree the statement.

## 9. CONCLUSION

CRM is the best strategy that helps financial institutions to build stronger and more profitable relationships. Hence Banks should focus on delivering to customers through effective CRM solutions rather than developing product strategy. Customer Relationship Management is a tool which helps in meeting the customer's expectations according to their changing needs, the study explains about existing CRM strategies in ICICI Bank and Axis Bank at Chittoor District. It indicates that there are loop holes in the existing tactical CRM strategies in ICICI Bank and Axis Bank. The study is an example of the knowledge that can be gained in understanding the effectiveness of CRM strategies in the Indian banking sector in customer perspective and further in-depth study analysis can give more on CRM strategies. This study explains to the organizations how to attain a sustainable competitive advantage through CRM, they can efficiently implement the CRM resources to create CRM capabilities unique and cannot be copied by any other organizations. The direct relationship between perception and satisfaction of the customers are realizing by the banks.

Customer Relationship Management Implementation in private sector banks was found Banks have been able to implement the CRM practices successfully. This shows that Private Sector Banks have been quite innovative in understanding their customers and in building good relations with customers to improve the level of efforts needed to keep customers satisfied. Further, it has been observed by analyzing the service quality dimensions in private sector banks that trust and empathy scored the least.

Information technology has a crucial role on the efficiency of money, capital and banking transactions. In India, banks have entered the world of information technology and computer networking.

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