



IMPACT OF CRM PRACTICES ON COMMERCIAL BANKS

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ABSTRACT

The main task of this study was to find out the impact of customer relationship marketing strategy on consumer satisfaction. The objective of this study is to find out how the concept of CRM will impact on customer satisfaction. Banking sector was selected as it prominent position in the services sector. The customer relationship management is good for banking sector to increase in any economic condition and for the customers to receive quality services.

KEYWORDS : customer relationship management, customers' satisfaction, banking

INTRODUCTION

Marketing assumes a wider dimension in the case of a service industry like banking where the services are rendered and intangibles are dealt with. Banking and financial products on an ongoing basis presupposes the establishment of a firm relationship with the customers. It involves 'ensuring a high degree of consultancy and quality in terms of both product creation and delivery. On the part of the bank, a competitive edge is to be maintained. Considering this, it is clear that bank marketing has to consider one more 'P' viz., People apart from four P's namely Product, Price, Promotion and Place. Thus, the quality and commitment of people responsible for creation of banking services as well as simplicity and operational ease of the procedures relating to the delivery of the banking services also come within the ambit of bank marketing. Hence, this chapter deals with satisfaction level of customers relating to five components (one mix element at a time) of marketing strategy of Commercial Bank.

A customer is the core component in the banking industry. The business of banking cannot function without customers nor does just acquiring a certain number of customers do the business. It is a continuing process of transactions culminating in a long term banker – customer relationship. Banking institutions thrive more on keeping old customers happy rather than getting new customers, no banks can possibly meet all the needs of its customers given to the diversity of their wants. In such a situation the secret key factor of the bank's success is effective CRM'.

Factors Affecting Customer's Satisfaction in Banking Industry

Satisfied customers are central to optimal performance and financial returns. In many places in the world, business organizations have been elevating the role of the customer to that of a key stakeholder over the past twenty years. Customers are viewed as a group whose satisfaction with the enterprise must be incorporated in strategic planning efforts. Forward-looking companies are finding value in directly measuring and tracking customer satisfaction (CS) as an important strategic success indicator. Evidence is mounting that placing a high priority on CS is critical to improved organizational performance in a global marketplace.

Banking industry is one of the industries where consumers play an important role. People deposit their money into the banks and banks on the other hand lend it to different organizations. In a country there exists many financial organizations and different people choose different banks based on their attitudes and preferences. Some people may look for high interest rate and other may look for smooth services.

Satisfaction Level Of The Respondents About Crm Practices In Commercial Bank: Reliability Test- Cronbach's Alpha

The required primary data collected from the 600 sample respondents in order to measure the satisfaction level of the respondents about CRM practices is collected through 5 point Likert's scale technique using 30 relevant statements. The validity of the statements is measured through Reliability analysis. Cronbach's Alpha is the most common measure of internal consistency. In the present study, reliability analysis is applied to measure the reliability and internal consistency of the variables used to measure the satisfaction level. The reliability statistics provides the actual value for Cronbach's Alpha.

Table -1 Reliability Statistics: Cronbach's Alpha

Cronbach's Alpha	Number of Items
0.868	30

It is clear from the Table 1 that the calculated value of Cronbach's Alpha is 0.868 for 30 items used for the analysis. The value is below the suitable range (ie., between 0.90 and 1.00). Therefore, it can be concluded that the factors used to measure the satisfaction level are found to be good and have an acceptable level of internal consistency.

Further, item total statistics is calculated to find out Cronbach's Alpha if item deleted. The variable with higher Cronbach's Alpha can be removed from the list. Table 5.2 presents the value of Cronbach's Alpha if any item is deleted from the list.

Table -2 Item-total Statistics

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
1	83.83	56.178	0.400	0.864
2	84.08	55.581	0.338	0.866
3	84.12	57.584	0.533	0.860
4	84.24	57.080	0.409	0.864
5	84.22	56.872	0.418	0.863
6	84.77	57.361	0.288	0.868
7	84.83	56.125	0.418	0.863
8	84.69	54.827	0.516	0.860
9	84.43	54.029	0.597	0.857
10	84.78	54.502	0.650	0.856
11	84.19	55.582	0.446	0.862
12	83.95	57.018	0.383	0.864
13	83.31	56.273	0.450	0.862
14	83.38	56.052	0.482	0.861
15	84.29	56.705	0.430	0.863
16	84.34	57.147	0.287	0.869
17	84.45	56.702	0.362	0.865
18	84.30	55.218	0.490	0.861

19	84.31	54.407	0.551	0.858
20	84.29	54.340	0.621	0.856
21	84.38	55.034	0.508	0.860
22	84.38	54.091	0.419	0.861
23	84.50	57.503	0.363	0.857
24	84.74	55.132	0.255	0.866
25	84.71	56.219	0.445	0.861
26	84.66	54.081	0.290	0.868
27	84.74	57.706	0.320	0.858
28	84.39	55.274	0.465	0.863
29	84.47	54.017	0.385	0.856
30	84.39	56.021	0.531	0.858

Table -2 shows that removal of any item would result in excellent Cronbach's Alpha. All the 30 statements are greater than 0.9. The result clearly shows that there is no need to remove any item from the scale. Hence, it is concluded that there is a chance of applying factor analysis.

CONCLUSION

The factors used to examine the satisfaction level of the sample respondents about the customer are reliable and have an acceptable point of internal consistency. Principal component analysis was used since the objective is to summarize most of the original information in a minimum number of factors for prediction purpose.

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