



## An Analysis On Impact Of Customer Relationship Management In Commercial Banks

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### ABSTRACT

*This empirical paper concentrates on the significant issue on Customer Relationship Management (CRM). It occupies main and vibrant tool in development of modern day business and especially to banking concerns. Commercial banks operations are majorly focused on customer orientation and their survival depends on customer satisfaction and equity. On this base the data were collected by using random sampling technique and fitted with suitable statistical analysis. The data collected in 2011 and relevant results are derived. The conclusion signifies that CRM is an effective tool for deciding the effective performance of banking operations successfully.*

**Keywords : Customer Relationship Management, Commercial Banks, Customer Satisfaction**

### Introduction

Customer Relationship Management is an essential part of modern business management. Customer Relationship Management concerns the relationship between the organization and its customers. Customers are the lifeblood of any organization, be it a global corporation with thousands of employees and a multi-billion turnover, or a sole trader with a handful of regular customers. Customer Relationship Management is the same in principle for these two examples - it is the scope of CRM which can vary drastically.

### Research Problem

With the advent of banking technology and computerization and the networking of branches, the banking customers have become more and more dynamic in Internet banking, transparent in operations of banking specialties. In this situation customer retentions and loyalty is based on operational efficiency of commercial banks through effective functioning. To challenge this and to serve in good relations with the customer, the bankers are enlightened with phenomena called Customer Relationship Management [CRM].

### Objectives and Design

The major objective of the study is to analyse the impact of CRM on commercial banks with due consideration on different aspects from customers, bank employees, and the bank manager's point of view like

- To assess the existing CRM practices and implementation process for commercial bank.
- To analyse the commercial operational efficiency in increasing bank profitability and the reduction of frauds and errors with CRM.
- To evaluate customer satisfaction on the basis of service rendered by commercial bank with CRM.
- To offer suggestions and suitable conclusions

applicable for maximising efficiency and satisfaction of customer, bank employees and bank managers in commercial bank on the basis of data analysis. The necessary data were collected by application of questionnaire to relevant respondents' by adopting random sampling method and it is done in 2011. Further, the data were processed by statistical tools. For this purpose 1114 respondents, out of which 736 bank customers 315 bank employees and 63 bank managers selected in Tamilnadu State and have been taken for analysis to derive a meaningful inference and conclusion. The collected data made for the statistical analysis namely (1) descriptive analysis, (2) differential analysis. The details regarding the analysis of data are given in tables.

### Analysis and Discussions

Customer Relationship Management is basic to building a customer centric in banking sector. The purpose is to manage all aspects of customer perceptions, retentions, interactions and attitudes in a manner that enables to maximize the profitability from every customer by creating loyalty and relationship. In the economic rationale of implementing different core solutions, the commercial banks' success comes to difficult. Their cost of operation increases, funds becomes lesser and budgets strained in beginning CRM. It, therefore directly or indirectly impacts over its operational efficiency, bank profitability and reductions of frauds and errors of CRM. It also helps the banking concern to evaluate the satisfaction level of customers.

### Level of Significance

The level of significance for rejection or acceptance of the hypothesis has to be decided in advance. In reporting the findings of the study, the researcher should indicate the actual probability level associated with the findings so that the reader may use his own judgment in deciding whether the null hypothesis should be rejected or accepted. In the present study 0.05 level of significance has been take into account.

I-Customers

Table 1 : Mean, S.D., F-value of respondents' opinion about the service quality on the basis of the age

Age	N	Mean	SD	F-value	Level of Significance
20-25 years	404	13.38	1.43	13.31	0.01
25-30 years	213	13.92	1.85		
Above 30 years	119	12.94	2.32		
Total	736	13.47	1.76		

Ha: There is a significant difference in respondents' opinion about the service quality on the basis of the age.

Table-1 exhibits the Mean and SD of respondents' opinion about the service quality on the basis of the age. Result proves that 25-30 years of age groups respondents are highly satisfied about the quality service than the other age groups. This difference is confirmed by the calculated F-value (13.31) is significant at 0.01 level. Hence the given hypothesis is accepted.

Regarding service quality, it is identified that 25-30 years of age group are having high mean score value of 13.92 than other age groups, the reason is that they are in opinion that the commercial banks are rendering multi services and innovative services in an exemplary way.

II- Bank Employees

Table 2 : Discriminant analysis for respondents' opinion about customer relationship management and experience Group Statistics

Experience		Mean	Std. Deviation	Valid N (listwise)	
				Unweighted	Weighted
Below 10 years	Functional Aspects	11.53	2.93	19	19.000
	HRM	7.11	1.59	19	19.000
	Operational	14.89	2.31	19	19.000
	Technology	13.32	1.34	19	19.000
	CRM	5.21	.42	19	19.000
11 to 20 years	Economic	26.95	4.47	19	19.000
	Functional Aspects	11.35	.49	23	23.000
	HRM	7.70	1.72	23	23.000
	Operational	10.43	3.65	23	23.000
	Technology	12.43	2.21	23	23.000
20 to 30 years	CRM	6.39	.84	23	23.000
	Economic	27.78	3.30	23	23.000
	Functional Aspects	10.62	.96	13	13.000
	HRM	6.69	1.25	13	13.000
	Operational	10.77	2.59	13	13.000
Above 30 years	Technology	12.69	1.25	13	13.000
	CRM	5.92	.86	13	13.000
	Economic	26.54	4.56	13	13.000
	Functional Aspects	12.50	.53	8	8.000
	HRM	5.50	1.60	8	8.000
Total	Operational	11.50	1.60	8	8.000
	Technology	12.00	1.07	8	8.000
	CRM	6.50	.53	8	8.000
	Economic	31.00	2.14	8	8.000
	Functional Aspects	11.40	1.76	63	63.000
Total	HRM	7.03	1.69	63	63.000
	Operational	11.98	3.42	63	63.000
	Technology	12.70	1.70	63	63.000
	CRM	5.95	.87	63	63.000
	Economic	27.68	4.01	63	63.000

Source: Primary data.

Table-2 indicates the discriminant functional analysis for respondents' opinion about CRM on the basis of their experience.

Tests of Equality of Group Means

	Wilks' Lambda	F	df1	df2	Sig.
Functional Aspects	.906	2.051	3	59	.116
HRM	.829	4.070	3	59	.011
Operational	.673	9.566	3	59	.000
Technology	.929	1.505	3	59	.223
CRM	.631	11.509	3	59	.000
Economic	.884	2.582	3	59	.062

Pooled Within-Groups Matrices

Correlation	Functional Aspects	HRM	Operational	Technology	CRM	Economic
Functional Aspects	1.000	-.264	-.009	.023	.243	.697
HRM	-.264	1.000	-.200	-.305	.106	.083
Operational	-.009	-.200	1.000	.573	-.239	-.060
Technology	.023	-.305	.573	1.000	-.677	-.071
CRM	.243	.106	-.239	-.677	1.000	.575
Economic	.697	.083	-.060	-.071	.575	1.000

Box's Test of Equality of Covariance Matrices

Log Determinants

Experience	Rank	Log Determinant
Below 10 years	3	.
11 to 20 years	4	.
20 to 30 years	2	.
Above 30 years	1	.
Pooled within-groups	6	3.868

The ranks and natural logarithms of determinants printed are those of the group covariance matrices.

Result infers that irrespective of their experience considering all the functional aspects more importance is given for economic aspects. In accordance to Wilk's Lambda method CRM operational and HRM are also significant in comparing all the elements. The correlation result gives that CRM is positively correlated with HRM and economic issues. Based on the rank, the Log determinants result infers that 30 years experience have better perception to CRM.

Summary of Canonical Discriminant Functions

Eigen values

Function	Eigen value	% of Variance	Cumulative %	Canonical Correlation
1	3.058	83.3	83.3	.868
2	.485	13.2	96.5	.571
3	.128	3.5	100.0	.336

First 3 canonical discriminant functions were used in the analysis. As per the summary of Canonical discriminant function, the Eigen value shows various functions. HRM is more important in operating CRM and percentage variance is 83.3 per cent.

Wilks' Lambda

Test of Function(s)	Wilks' Lambda	Chi-square	df	Sig.
1 through 3	.147	109.218	18	.000
2 through 3	.597	29.379	10	.001
3	.887	6.843	4	.144

P<0.001

The Test of function signifies that HRM function and Technology is combined together and is significant. The operational and technology also influence CRM.

Structure Matrix

	Function		
	1	2	3
Operational	-.374	.319	.256
HRM	.109	.593	.042
Technology	-.113	.255	-.209
Functional Aspects	-.054	-.184	.787
Economic	.021	-.376	.694
CRM	.374	.490	.565

Pooled within-groups correlations between discriminating variables and standardized canonical discriminant functions, Variables ordered by absolute size of correlation within function. Largest absolute correlation between each variable and any discriminant function.

Functions at Group Centroids

Experience	Function		
	1	2	3
Below 10 years	-2.251	.486	5.671E-02
11 to 20 years	1.861	.355	.174
20 to 30 years	.362	-.382	-.645
Above 30 years	-.594	-1.554	.414

Unstandardized canonical discriminant functions evaluated at group means

The structure matrix, CRM has highly impact on HRM and technical aspects. Therefore, it is concluded that comparing the various functions HRM, technology and operational functions are significant in the stated sequence. From the analysis and in discussion with the bank employees irrespective of gender, the researcher identifies that the commercial bank employees are given adequate training and developmental programmes. It implies in CRM practice that they have more empathy and good operational system in supply-chain channels. And hence, their operational efficiency level in HRM and operational elements have effective impact. As to Log determinants through applying the Box's test of equality of co-variance matrices the bank employees with and above 30 years of experience shows the highest CRM operational and functional practice due to the reason that they have sufficient motivated pattern of conversational practice with customers. Hence, it is also signified in standardized Canonical discriminant function co-efficient through enabled information technology systems and core online services. Overall operational efficiency of bank employees is high in CRM practice.

### III- Bank Managers

Table 3 : Mean, S.D., F-value of respondents' opinion about customer relationship management on the basis of the designation

Designation	N	Mean	SD	F-value	Level of Significance
Manager	23	79.48	7.57	3.98	0.01
Assistant Manager	17	80.94	3.78		
In charge	13	77.38	6.29		
Senior Manager	10	78.00	5.16		
Total	63	79.21	6.11		

Ha: There is a significant difference in respondents' opinion about customer relationship management on the basis of the designation.

Table-3 shows the Mean and SD of respondents' opinion about customer relationship management on the basis of the designation of bank managers. Result proves that Assistant Managers are highly satisfied about customer relationship management than the other groups of bank managers. This difference is confirmed by the calculated F-value (3.98) significant at 0.01 level. Hence the given hypothesis is accepted. It is also quite acceptable that the perceptions in CRM implementation are high for assistant managers of commercial banks. They personally link their role in supply, interaction and delivery channels.

### Conclusion

The recent trend of globalization and liberalization has posed serious problems to domestic banks. The entry of new foreign banks and private sector banks with their advanced knowledge base of automation in the banking operations and aggressive marketing strategies has posed all banks in a tight corner. Potential customers have started following moving towards satellite from transacting their banking operations. But, every banking organization that aims for building and maintaining a relationship may have to develop an excellent total consumer care programmer to suit to the specific requirements of its target customers. Therefore, the purpose of customer relationship management (CRM) is to enable various banking organisations to serve customers better through introducing them to a series of processes and procedures that makes the buying experience better for customers. It is possible by implementing a successful CRM strategy through practice and software package that has been specifically made by 'care and training' programmes and 'designed to support' procedures. Notwithstanding, customers make more market survey and look for newer products. CRM would be providing the framework to make it more attractive and effective.

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