



A STUDY ON THE CUSTOMER RELATIONSHIP MANAGEMENT PRACTICES IN PRIVATE BANKING SECTOR

Commerce

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ABSTRACT

In recent years, the banking industry around the world has been undergoing a rapid transformation. In India also, the wave of deregulation of early 1990s has created heightened competition and greater risk for banks and other financial intermediaries. To address the challenges of retention of customers, there have been active efforts in the banking circles to switch over to customer-centric business model. The success of such a model depends upon the approach adopted by banks with respect to customer data management and customer relationship management. This study involves in identifying various banking services offered by private sector bank to consolidate their CRM strategies. This study suggest from its analysis to increase the customer strength, to meet the customer needs, to get service feedback, reduce the minimum balance and to take proper grievance handling procedure

KEYWORDS

INTRODUCTION:

Customer Relationship Management (CRM) encompasses activities and processes designed to help an organization understand, communicate and address the needs of customers and potential customers. The main driver of CRM is the underlying philosophy that the successful participation of the customer, and therefore the successful business, is based on the ability to build meaningful relationships with customers.

Customer Relationship Management (CRM) is a business strategy that allows: Organizations to approach their customers,

- To better serve your needs,
- Improve customer service to improve customer satisfaction, thereby maximizing
- Loyalty and customer retention.

Therefore, an effective CRM is to gather information about customers, then analyze and interpret it.

STATEMENT OF THE PROBLEM:

Factors that determine the strengths and weakness of banks influence loyalty (ie, relationship management and customer service). Considering the problems of research questions were considered to have achieved:

- What is the status of CRM in banking sector in Coimbatore city?
- The city of Coimbatore in the banking sector is the level of awareness amongst CRM?

OBJECTIVES:

1. To identify various banking services offered by private sector bank to consolidate their CRM strategies.
2. To understand and evaluate the effectiveness of CRM in banking.

CUSTOMER RELATIONSHIP MANAGEMENT IN INDIAN BANKING SYSTEM

Customer Relationship Management (CRM) in the Indian banking system is fundamental to building a customer centric organization. CRM system link customer data into a single and logical customer repository. CRM in banking is a key element that allows a bank to develop its customer base and sales capacity. The goal of CRM is to manage all aspects of customer interaction in a manner that enables bank to maximize profitability from very customer. Increasing competition, deregulation and the internet have all contributed to the increase in customer power.

Customers faced with an increasing array of banking products and services are expecting more from banks in terms of customized offerings, attractive returns, ease of access and transparency in dealings. Retaining customers is a major concern for banking institutions which underscores the importance of CRM. Banks can turn customer relationship into a key competitive advantage through strategic development across a broad spectrum Indian banks has presumed that their operations were customer centric simply because they had customers. These banks ruled the roost, protected by

regulations that did not allow free entry into the sector. And to their credit when the banking sector was opened up they survived by dating quickly to the new rules of the game.

E-BANKING

E banking is the service provided by the modern banking institutions through electronic channels and customers can assess the data without any time and geographical limitations.

E-Banking Service Requirements

In addition to traditional banking products and services financial institutions provide a variety of services under e-banking. For effective delivery of e-banking services the following additional services are required:

1. Weblinking - a word or image in the bank's webpage that contains some coding that takes the viewers of the website to the different parts of the same website or to another website by a few clicking of the mouse.

2. Hosting of Website – It includes the arrangement for the maintaining of the electronic files that make up the website.

3. Identification and Authentication – This includes the identification of the customers and authorizing them for e-banking activities using Passwords and personal identification number (PIN) etc. These are the central elements of e-banking services.

4. Payments for E-banking services – It is very important requirement. The mode of electronic payments for the services offered by the banks.

Scope of the study:

A study on consumer relationship management in private sector banks is aimed for analyzing various customer services. The services were measured taking into consideration the key elements of consumer relationship management such as customer Acquisition, Customer response, Customer knowledge, Customer information system and customer value evaluation. The study focused CRM practices in the private sector banks. The study is also conducted in the Coimbatore city in the urban population.

Methodology used:

For purpose of the research the following methodology is used in this study

• Area of the study

Area of the study refers to Coimbatore city in the urban population. Coimbatore city is popularly known as the Textile capital of south India or the Manchester of the south India. It is also becoming familiar for establishment of educational, hospital and Software Park recently.

• Sources of data

The study has used primary data which is collected from 300 customers, who are customers in private sector banks. Questionnaires have been prepared for customers in such a way that they were able to

give their opinions freely and frankly.

• Sampling design:

For the purpose of the study, Random Sampling method has been administered among the respondents. The Questionnaire is also validated using chrome back alpha.

Table 1: Chi-square analysis – Personal factors and Sources of awareness in Private Sector Bank.

Hypothesis: The personal factors of the respondents have no awareness about the private sector bank.

Personal factor	Degrees of freedom	Table value	p-value	Significant value
Gender	3	2.100	0.552	NS
Age	12	38.014	0.000	S
Marital status	3	75.726	0.000	S
Educational qualification	12	50.024	0.000	S
Occupational status	12	34.064	0.001	S
Monthly income	12	67.557	0.000	S
Type of family	3	13.823	0.003	S
No of members	6	45.736	0.000	S

NOTE: S-Significant (p value<0.05) NS-Not Significant (p value >0.05)

Table 2: Chi-square analysis – Personal factors and Media of advertisement in Private Sector Bank.

Hypothesis: The personal factors of the respondents have no significant influence on the media of private sector bank.

Personal factor	Degrees of freedom	Table value	p-value	Significant value
Gender	4	40.240	0.000	S
Age	15	87.415	0.000	S
Marital status	4	24.820	0.000	S
Educational qualification	16	160.771	0.000	S
Occupational status	16	70.016	0.000	S
Monthly income	16	89.639	0.000	S
Type of family	4	35.510	0.000	S
No of members	8	35.078	0.000	S

NOTE: S-Significant (p value<0.05) NS-Not Significant (p value >0.05)

Table 3: Chi-square analysis – Personal factors and Loan availed through Private Sector Bank.

Hypothesis: The personal factors of the respondents have no significant influence on the loan availed through private sector bank.

Personal factor	Degrees of freedom	Table value	p-value	Significant value
Gender	4	10.014	0.040	NS
Age	16	73.965	0.000	S
Marital status	1	7.769	0.100	NS
Educational qualification	16	43.441	0.000	S
Occupational status	16	37.119	0.002	S
Monthly income	16	71.845	0.000	S
Type of family	4	25.562	0.000	S
No of members	8	57.929	0.000	S

NOTE: S-Significant (p value<0.05) NS-Not Significant (p value >0.05)

FINDINGS:

- From the above table 1 it is found that the hypothesis is rejected (Highly significant) in all cases except gender.

It is concluded that age, marital status, educational qualification, occupational status, monthly income, type of family, no. of members, have significant influence on the sources of awareness in Private Sector

Bank.

- From the above table 2 it is found that the hypothesis is rejected (Highly significant) in all cases.

It is concluded that age, gender, marital status, educational qualification, occupational status, monthly income, type of family, no. of members, have significant influence on the media in Private Sector Bank.

- From the above table 3 it is found that the hypothesis is rejected (Highly significant) in all cases except gender and marital status.

It is concluded that age, educational qualification, occupational status, monthly income, type of family, no. of members, have significant influence on the loan availed through Private Sector Bank.

SUGGESION

The following are the major suggestions of the study,

• Increase the customer strength:

The CRM practices carried by the Private sector bank should be more customer focused and unique in nature. This will improve the customer dependency on bank and more customers will be attracted.

• Effective customer meets:

Customer meets in a regular manner will help to improve the quality of customer service and any customer grievances can be sorted out in a meaningful and in an amicable manner. Banks should not be reluctant in arranging for customer meets.

• Service Feedback:

Private sector banks should have an integrated feedback mechanism after every service they offer to the customer. This should be done with the help of electronic gadgets and a separate mobile app can be developed.

• Advisory Services:

Customers can also be given different advisory services such as investment, savings and insurance and so on. This will create a bonding and loyalty to the customers and such effective relationship will always exist.

• Reduce minimum balance:

Private banks focus on maintaining high minimum balance which is a real burden for individuals than the corporates. It is necessary to reduce the minimum balance, so that all the customers will enjoy continued services of the bank without any hidden interest.

• Proper grievance handling procedure:

Private sector banks should effectively adopt a very good grievance handling to enhance customer support. Many customers may get dissatisfied on the services of private sector banks such as interest rate processing fee and transactions per day etc. These can be properly handled with help of grievance handling procedure.

CONCLUSION

CRM is a powerful concept for the success of any industry. All the banks should develop effective customer information system. It paves the way to maintain an optimistic relationship with customers to increase the business and profitability. Customer is loyal only when the bank has the thorough understanding of the customers' requirements. The strategies employed CRM is aimed at mutual benefit to the customers and banks. Personal details of customers like gender, age, education qualification are essential in dertermining to perform better for all the industries in fact it gives maximum credit and gains to the industry for the future. If banks don't have enough information about customer, it is impossible to understand customer business problems. So the banks should keep on tracing the customer and get through knowledge about customer problems.