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CUSTOMERS' SATISFACTION ON CRM PRACTICES IN COMMERCIAL BANKS

Commerce

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ABSTRACT

This paper examines the concept customers' satisfaction on CRM practices in commercial banks. The objective of the study is to find out how the concept of CRM will impact on customers satisfaction. Customer service is the most important duty of the banking operations. Prompt and efficient service with smile will develop good public relations, reduce complaints and increase business.

KEYWORDS

Customer Relationship Management, Banking, Satisfaction

INTRODUCTION

Technology, people and customers are the three elements on which hinge the success of banking in the fast changing economic environment. The ultimate performance of a bank depends upon the satisfaction of its customers. In the emerging competitive and technological driven banking era, banks have to strive hard for retaining and enlarging their customers' base. Now banking activities are not restricted to borrowing and lending but to provide a plethora of services keeping in mind the requirements and convenience of customers. In response to the new technological challenges, organisations have to involve internal capabilities and skilled human resource management, which is fundamental in generating these capabilities.

Banking is essentially a service industry. Its rapid growth has tended to lower the efficiency standards. The customers' service is the first casualty. Satisfying the customers is the purpose of every business. Banking business is no exception. However, it was generally found that the customers were not satisfied with the existing banking facilities. The Government of India has been appointing committees from time to time to probe into the nature of customer service in the public sector banks, which came out with one identical finding that the customer service in the public sector banks was not up to the mark.

CRM Practices

CRM practices in providing efficient customer service to be able to enhance customer relationships. Through customer relationship management, the company can expect higher profits as compared to their competitors who are not employing such strategy. There is a general misconception that marketing is more relevant in a production-oriented business of tangible goods and not so in a service oriented industry like bank, transport etc. It, therefore, necessitates the present banking system to promote effective marketing strategies so that there will be full utilizations of the deposits as well as credit.

Customer service is the most important duty of the banking operations. Prompt and efficient service with smile will develop good public relations, reduce complaints and increase business. The most important requirement for financial institutions like commercial banks is to understand and anticipate customers' needs. The key to successful attraction of customers will not only by the knowledge of the customers' needs but also the ferreting out of customers' potential wants and the strengthening of the consultative sales activities which address them.

Customers' satisfaction largely depends on the extent to which their needs and expectation are being fulfilled. Customers have various expectations for banks to consider. Some of the expectations relate to the quality of the bank personnel. Some may relate to the place where the bank is rendering the services and some to the sequence and the flow of services involved in their rendering. Hence, the delays in customer services flow not only out of defective systems, but also due to attitudes of employees. Even if the systems are modified, unless the employees' attitudes change, the desired result cannot be achieved.

Distribution Of Respondents Based On Level Of Satisfaction On Crm In Commercial Banks

The score of 600 respondents were calculated. An individual score is the mere summation of the scores secured from the 30 statements. The expected score of the respondents ranges from 30 to 150. The average score is 60. The respondents were grouped into three categories based on their average scores viz, Low, Medium and high. Those who have scored between 30-60 were classified as 'Low' (i.e. their level of satisfaction with the CRM practices of Commercial Bank is low), those respondents who have scored between 61-120 were classified as 'Medium' and those respondents who have scored between 121-150 were classified as 'High'.

Table-1 Distribution Of Total Respondents By Their Level Of Satisfaction

Level of Satisfaction	Private sector			Public sector		
	Number of respondents	Per cent	Average score	Number of respondents	Per cent	Average score
Low	21	21.0	208.0	165	33.6	212.44
Medium	54	54.0	223.3	215	43.0	201.65
High	25	25.0	222.1	120	24.0	208.68
Total	100	100	223.4	500	100	221.4

Table -1 shows that out of 600 sample respondents, the satisfaction level of private sector banks constitute 100 sample respondents and public sector banks have 500 sample respondents whose satisfaction in coming in the category of medium / high.

Satisfaction Of Customers In Crm Practices In Multiple Regression Analysis

This section was devoted to a discussion on the variables influencing the satisfaction of the customers. In this connection, the hypothesis that the satisfaction of the customers is influenced by age, gender, marital status, educational qualification, occupation, annual income, total experience with this banks which are tested with the help of Regression Analysis. The test aims at finding out whether the independent variables ($X1, X_2, X_3, \ldots X_7$) do actually have any significant influence on the dependent variable (Y).

Regression analysis used to make prediction about the level and type of association exists between two variables. Simple or Bivariate regression analysis is a statistical technique that uses information about the relationship between one independent variable and a dependent variable.

The Multiple Linear Equation is: $Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 + b_7X_7$

Where Y = Total satisfaction score on CRM practices in Commercial Banks

X_1 = Age, X2 = Gender, X3 = Educational qualification, X4 = Marital status,

X_5 = Occupation, X_6 = Annual income, X_7 = Total experience with this bank

b_0 = Regression constant, and $b_1, b_2, b_3 \ldots b_7$ = Regression coefficients of independent variables

The easiest way to analyze the relationships is to examine the regression coefficients for each independent variable. These coefficients still describe the average amount of change to be expected in Y given a unit change in the value of the particular independent variable. Moreover, each particular regression coefficient describes the strength of the relationship between an individual independent variables and the dependent variable.

In this study, two separate regression equation Models in private sector and public sector banks were worked out to ascertain the influence of different sets of independent variables on satisfaction. The regressions were estimated using cross-section data of 600 respondents.

Regression Model:
$Y = f(X_1, X_2, X_3, X_4, X_5 \text{ and } X_7)$

Regression equation was developed by increasing the number of independent variables to seven. Multiple regression analysis provides information to test the following hypothesis.

H_o:There is no relationship between satisfaction (Y) and independent variables $X_1, X_2, \ldots X_7$.

Table 4.22 shows the results of estimated regression equation of Y on $X_1, X_2, \ldots X_7$.

The regression equation for private sector is,
$Y = 240.565+3.552X_1+1.638X_2-2.244X_3+0.580X_4-0.54X_5- 3.688X_6-0.575X_7$.

The regression equation for public sector is,
$Y = 230.498+5.292X_1-0.392X_2+0.677X_3-0.601X_4-0.275X_5+ 2.328X_6-1.313X_7$.

Table - 2
Results Of Regression Equation Of Y On $X_1, X_{2\ldots} X_7$

Variables	Private banks		Public banks	
	Unstandardised Coefficients	't' statistic	Unstandardised Coefficients	't' statistic
Constant	240.565	23.255	230.498	43.438
Age	-3.552	6.907	5.292	6.907**
Gender (Male)	1.638	0.373**	0.392	0.709**
Educational qualification	2.244	0.925**	0.677	0.356**
Marital status (Married)	-0.580	4.505**	-0.601	-0.568
Occupation	3.688	-1.991*	0.275	-0.728
Annual income	-2.328	-0.877	-2.328	0.002
Total experience with this bank	-0.575	-2.624**	-1.313	0.447*
'R'	0.460		0.352	
'R2'	0.504		0.514	
	0.315		0.102	
'F'	1.948(0.000)		5.689(0.000)	

** - Significant at 1% level

*- Significant at 5% level

From the above table it is found that the 31.5% of variation in the satisfaction level of private banks and 10.2% of variation in the satisfaction level public banks are explained through the selected independent variables.

The age factor in the public sector group has influenced the satisfaction level positively (β = 5.292; t = 6.907) at five percent level. This proved that increase age is the reason for positive satisfaction level. The Gender factor in the private sector group has influenced the satisfaction positively (β = 1.638; t = 0.373) at five percent level. This proved that increase gender is the reason for positive satisfaction level. The gender factor in the public sector group has influenced the satisfaction positively (β = 0.392; t = 0.709) at five percent level. This proved that increase gender is the reason for positive satisfaction level.

The educational qualification factor in the private sector group has influenced the satisfaction positively (β = 2.244; t = 0.925) at five percent level. This proved that increase educational qualification is the reason for positive satisfaction level. The educational qualification factor in the public sector group has influenced the satisfaction positively (β = 0.677; t = 0.356) at five percent level. This proved that increase educational qualification is the reason for positive satisfaction level. The marital status factor in the private sector group has influenced the satisfaction positively (β = -0.580; t = 4.505) at five percent level. This proved that marital status is the reason for positive satisfaction level. The occupation factor in the private sector group has influenced the satisfaction positively (β = 3.688; t = -1.991) at one percent level. This proved that increase occupation is the reason for positive satisfaction level.

The total experience with this bank factor in the private sector group has influenced the satisfaction negatively (β = -0.575; t = -2.624) at five percent level. This proved that decrease total experience with this bank is the reason for negative satisfaction level. The total experience with this bank factor in the public sector group has influenced the satisfaction positively (β = -1.313; t = 0.447) at one percent level. This proved that decrease total experience with this bank is the reason for negative satisfaction level.

CONCLUSION

Satisfaction and knowledge are used interchangeably when marketers speak of product satisfaction. Marketing researchers are interested in determining whether the respondent is satisfy of the bank products like deposits, loans and advances and ancillary services.

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