



## Customer Relationship Management In Private Sector Banks (A Study with special reference to ICICI and AXIS Banks in Dindigul District, Tamilnadu)

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### ABSTRACT

*Customer Relationship Management (CRM) is primarily a marketing tool used by the companies to acquire new customers, satisfy them and finally retain them. It is IT linked business process, which aims to establish long-lasting and mutually relationship with selected customer in order to increase customer value and profitability. Hence in the light of this situation, it is pertinent to focus on the quality of banking service and the banker-customer relationship. This empirical research paper aimed to explore the employees' attitude towards CRM practices of private sector banks and it reveals that there is an effective CRM exercised by selected private sector banks irrespective of its nature. The results has been tested by applying the 't' test.*

**Keywords :** CRM, private sector banks, CRM variables.

### Introduction

Competition is the buzzword in the banking sector. Healthy competition pushes the banks to a higher growth trajectory. In India, banks function under a sound and efficient regulatory and supervisory environment limited by this control, banks play this crucial role in the economic development of the nation. Consequent to the banking reforms, in the early 1990's the Indian banking scenario witnessed a remarkable transformation in its function and gradually braced a paradigm shift to innovative and competitive technology based environment.

In the present era of cut-throat completion, consumerism and buyers market, the consumer is in a commanding position. Globalization, technology, deregulation and intensive completion are changing the pattern of financial service industry in terms of market geography, product offerings and distribution channels. The success of financial services primarily depends on how effectively customers are recorded and carried out. With the advent of high-tech communication and information technology numerous factors have facilitated the growth of the banking sector. With the entry of more and more foreign banks, the lean and agile footed structure became the story of past and such factors have escalated the growth potentials in the banking sector of India. The structural reforms are improving the health of Indian banking sector. The banking sector of India is growing continuously without any interruption because, even in the period of global crisis, it is still standing tall and is regarded as one of the safest places for investing money. Recently, the banking industry of India has grown by over 25 per cent.

### Private Sector Banks

Private sector banks are controlled by the Reserve Bank of India. The private sector banks play a vital role in the Indian economy. They indirectly motivate the public sector banks by offering a healthy competition to them. Private sector banks are urban oriented. In the banking sector there are twenty three old private sector banks and eight new generation

private sector banks. In a short span of time these banks gained considerable customer confidence and have shown impressive growth rates. The private sector banks are the pioneers on information technology new concept like Sunday banking, anytime banking, flexible banking etc.

### Review of Related Literature

CRM is primarily a marketing tool used by the companies to acquire new customers, satisfy them and finally retain them. It is IT linked business process, which aims to establish long-lasting and mutually relationship with selected customer in order to increase customer value and profitability. The concepts such as CRM, CL (Customer Loyalty), CLV (Customer Life Time Value) and HNI (High Net worth Individuals) are finding a lot of importance in today's marketing scenario. Today, most banks use 'Machine Gun Fire' approach. They reach out to as many customers as possible with as many products and services as possible and hope for a good strike rate.

Retaining existing customer is more important and difficult than bringing in new customer today. For the retention of customers, companies have strived for pleasing the customers by maintaining databases of all the customers and to speak individually to countless customers. At present, banks are designing strategies to retain customer and built long-term relationship with them through CRM. CRM helps banks to manage the following process effectively.

- Provide better and superior customer service
- Co-ordinate sales, marketing and product resource
- Keep track on cross-sell, up-sell and fee-based products

Ronald et al., (2003) presented an article on "Service, Failure, and Recovery: The Impact of Relationship Factors on Customer Satisfaction". The main focus of the study was to understand how customer relationships either buffer or magnify the impact of service failures on customers' satisfaction and also learn about the conditions under which a service organisation is more or less vulnerable to the effect of such service failure. The result of the study revealed that customer relationship can help to shield a service organisation from the negative effects of failures on customers' satisfaction.

Customers who expect the relationship to continue have been satisfied with service recovery expectation, which in turn results in greater satisfaction with the service performance after recovery. According to Newell (2000) the real value to a company lies in the value they create for their customers and in the value the customers deliver back to the company. Accordingly, it is important to mark that the value does not lie in more information and in more advanced technology. The value lies in the customer knowledge and in how the company uses that knowledge to manage their customer relationships. Knowledge is the soul of the CRM. Tapan, (2003) in his article "Creating Customer Life-time Value through Effective CRM in Financial Services Industry", has stressed the importance of the CRM in financial services industry. Customer data management gives clues about the probability of customer demand and the technology helps in tracking the characteristics and categorization of customers depending on their past behaviour. He concluded that with increased competition and customers moving very fast from one firm to another, it is essential to have an integrated CRM strategy across the whole organisation for generating higher customers' life-time value. Gani and Bhat (2003) in their study titled, "Service Quality in Commercial Banks: A Comparative Study" attempted at studying the service quality in commercial banks with a view to making overall service quality in banks more effective and efficient. The study was conducted in selected states of northern India which include Jammu and Kashmir, Punjab, Haryana and Delhi. The study is restricted to five banks in the northern India namely, the State Bank of India, the Punjab National Bank, the Jammu and Kashmir Bank, the Citi Bank and the Standard Chartered Grindlays Bank. In this study, the main area of questioning and analysis is related to customers expectation and perception in relation to service quality dimensions. For examining service quality and its dimensions in the bank's the SERVQUAL the model was used. The results of the study revealed that the service quality of foreign banks was comparatively much better than that of Indian banks and suggested heavy investment by Indian banks in tangibility dimension to improve the quality of service to customers.

**Objective of the study**

The main objective of the study is to assess the bank employees' opinion on CRM practices - Attention and Retention of customers in Private Sector Banks.

**Methodology**

There are eight private sector banks in Dindigul district, Tamilnadu. A sample of two new generation private sector banks ICICI Bank and AXIS Bank was selected for the study based on convenient sampling. Interview schedule was administered to 25 employees of each bank and total number of employee-respondents comes to 50. The study was based mainly of primary data collected from employees of private sector banks.

After the collection of data, editing was done and master table and sub tables were prepared. Analysis of data was done with the help of 't' test. Mean rank value was calculated using Kendall's coefficient of concordance formula. This is used to find the similarities among the respondents in their opinion on CRM practices- Attention and Retention of customers in private sector banks.

**Services Rendered by the banks**

The various services rendered by the sample private banks and their mean rank values are given below.

It is inferred from the analysis that there was more similarity among the respondents in assigning the ranks to the various services that were utilized by the customer of the banks. The respondents opined that there was more similarity among the respondents in assigning the ranks to the various services that were utilized by the customers of the banks.

Table 1 : Service Rendered By The Banks

Services Rendered	Mean Rank	
	ICICI	AXIS
Collection of negotiable instrument	1.36	1.44
Safe deposit scheme / Safe custody services	1.68	1.96
ATM/Debit card	2.96	2.96
e-Banking /Internet banking	8.64	6.20
Phone/Mobile Banking	10.72	7.04
Demat Account	8.28	5.88
Electronic Clearing Service/ (EFT)	4.16	6.04
Providing services as merchant bankers	5.40	7.28
Travellers' Cheque	7.00	8.12
Door Step Banking	6.96	9.08
NRI Services	8.84	10.00

Source: Calculated

The respondents opined that collection of negotiable instrument was highly utilized service by the customers of the selected banks. The least utilized service was phone/mobile banking service of ICICI customers and Door Step banking of Axis customers as their mean rank values were 10.72 and 10.00 respectively. From the analysis it is clear that the respondents of the selected banks opined that collection of negotiable instrument was most utilized service by the customers.

**Customer Loyalty**

Cordial welcome to customers and security of transaction are considered as two important variables to assess the customer loyalty. The employees opinion about CRM practices Customer Loyalty are given below.

Table 2 : Employees Opinion About Crm Practices - Customer Loyalty

CRM Measures-Customer Loyalty	Mean Rank	
	ICICI	AXIS
Cordial Welcome	3.32	2.88
Security of Transactions	4.88	4.84

Source: Calculated

The study revealed that security of transactions made customer loyal to the bank than cordial welcome to the customer of the bank

**Customer Attention**

The employees' opinion about CRM practices Customer Attention were collected and tabulated as below:

Table 3 : Employees Opinion About Crm Practices- Customer Attention

CRM Measures - Customer Attention	Mean Rank	
	ICICI	AXIS
Assistance of existing customers to acquire new customers	4.96	4.84
Campaigning is conducted to attract new customers	4.96	4.72
Regain lapsed and former customers	4.88	4.80
Customers feel as part of the organization	4.52	4.62
Generate new concepts and approaches	4.68	4.80
Inform different schemes of the bank	4.92	4.92

Source: Calculated

The study revealed that the important variables which are influencing huge customer attention were acquiring new customers through existing customers and conducting campaigns. An attempt was made to find whether there is significant difference between ICICI and AXIS banks in creating customer attention among the customers. For this, it is surmised that 'there is no significant difference between ICICI and AXIS banks in creating customer attention'.

Table 4 : Employees Opinion About Crm Practices - Customer Attention

Banks	Customer Attention Score		
	Mean	S.D	Number of Respondents
ICICI	28.92	1.44	25
AXIS	28.26	1.01	25
Total	28.84	1.73	50

't'-test for equality of means

t	Df	Sig
0.454	48	NS

Source: Calculated

The calculated't'- test value is 0.454 which is less than the table vale of 2.011 at 5% level of significance. Since the calculated value is less than the table value, the null hypothesis is accepted. The study shows that there is statistically no significant difference between ICICI and AXIS banks and measures used for creating customer attention among the customers.

**Customer Retention**

The customer requirements are attended in time and the social get-together meet were the important ways to retain the existing customers. The employees' opinion about CRM practices Customer Retention were collected and tabulated as below:

Table 5 : Employees Opinion About Crm Practices - Customer Retention

CRM Measures-Customer Retention	Mean Rank	
	ICICI	AXIS
Customer Requirements are attended	3.56	3.44
Social get-together/customer meet	3.64	3.60

Source: Calculated

The study revealed that conducting social get together/customer meet was the main variable contributing for retaining the customers. An attempt was made to find whether there is significant difference between ICICI and AXIS banks in customer retention. For this, it is surmised that 'there is no significant difference between ICICI and AXIS banks in customer retention".

Table 6 : Employees Opinion About Crm Practices -

Customer Retention

Banks	Customer Retention Score		
	Mean	S.D	Number of Respondents
ICICI	7.20	1.08	25
AXIS	7.04	1.81	25
Total	7.12	1.48	50

't'-Test For Equality Of Means

t	Df	Sig
0.379	48	NS

Source: Calculated

The calculated't'- test value is 0.379 which is less than the table vale of 2.011 at 5% level of significance. Since the calculated value is less than the table value, the null hypothesis is accepted. The study shows that there is statistically no significant difference between ICICI and AXIS banks in customer retention.

**Conclusion**

The service sector in India is fast growing and their contribution to economic development is really impressive due to advancement in information technology. Bankers can further identify the extent to which they are able to maintain customer relationship and the measures they can take to improve their relationship. Effective implementation and monitoring of CRM approaches by banks will result in providing superior services to their customers, gaining long-term loyalty and finally realizing more revenues by banks. Hence in the light of this situation, it is pertinent to focus on the quality of banking service and the banker-customer relationship.

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