



ORIGINAL RESEARCH PAPER

Management

KEY WORDS:

IMPORTANCE OF CRM IMPLIMENTATION IN BANKING SECTOR: EMPLOYEE PERCEPTION

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ABSTRACT

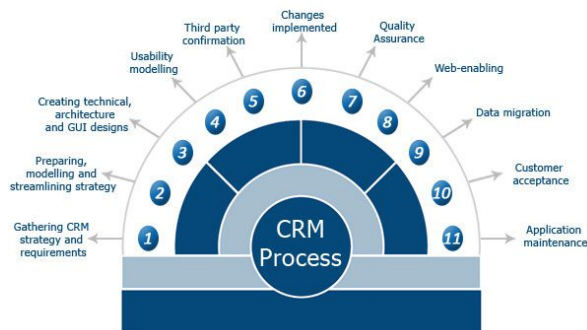
Novaday's banking plays a vital role for fair mechanism in transactions and customers are turning towards digital payment system rather than traditional system. In this scenario the banking sector and their employee's views are considered for importance of CRM in banking. Customer Relationship Management concept is tendency of banking sector to establish and maintain long-term relationships with customers in order to provide value for customers and banks. This concept allows bank to identify, segment, communicate and build long-term relationships with customers on individual basis. In today's business environment, banks have aim to identify customers and to adjust offer to meet customer's needs, in order to maximize profits. Using modern technologies, Customer Relationship Management is becoming a method to maintain existing structure and development of high quality customer base. It involves development of marketing strategy through a better understanding of the entire customer base, understanding needs and attitudes of customers, as well as more efficient consideration of profitability and added value that each customer have for the bank. The aim of research, presented in this paper, is to assess to benefits of introducing Customer Relationship Management concept in banking sector, by defining strategies, adjustment of organizational structure, culture and internal processes with help of modern technology.

Introduction:

CRM is neither a product nor a service but it is a business strategy designed to optimize profitability, revenue and customer satisfaction. CRM is a paradigm shift from "Product Centric and "Mass Marketing to "Customer Centric way of business. It is an integrated business strategy that places the customer at the centre of a business consciousness. It is a comprehensive strategy and a process of acquiring, retaining and partnering with the willing customers to create supervisor value for both the banker and the customer. CRM provides a holistic view of the customer across the whole organization, its products and channels.

Most of the banks in India are now turning to CRM as they are increasingly realizing that the cost of acquiring new customers is for higher than the cost of retaining existing customers. This quest has led to the implementation of CRM in banks. The concept of CRM is in the initial stage of implementation in banks, as getting the CRM philosophy work in a bank is quite complex as well as a challenging task for, its implementation is based on certain key principles, namely

- The banks must realize that all customers are not equal;
- Customer profitability varies from person to person;
- Not all customers are evenly desirable for the banks;
- The banks must differentiate their customers based on the „ Value Criteria ;
- Value is the profit that the customer adds to the bank account;
- A more profitable customer is a "High Value customer and a less profitable customer is a "Low Value customer.



Banks CRM system must capture customers taste, preference, behavior, living style, age, education, cultural background, physical and psychological characteristics, sensitivity etc, while differentiating customers by the value criteria into low and high value customers. Once the banks differentiate their customers, vis-

í-vis the profit ability and their other trait, it becomes easy for the banks to customize their service to maximize the overall value of their customers portfolio.

Literature:

Alan D. Smith, (2011) recapitulated that the rate of those consumers who are adopting online banking and bill payment services has ranked to be one of the fastest growing activities The renamed factor groupings included the following constructs: Online Accessibilities, Security Controls, Online Capabilities, Credit Levels and Education Levels and were found to capture a significant amount of explained variance. Perhaps the traditional performance measures of ROE, ROA, ROI and revenue gathering are only indicators of present performance, the equally important questions about future growth of online banking may be found in achieving customer satisfaction through proper Customer Relationship Management (CRM) techniques.

Yarong Chen and Ling Lie, (2012) articulated that, in today's highly competitive global economy, many companies are enhancing their enterprise information systems that include enterprise resource planning (ERP), customer relationship management (CRM) and supply chain management (SCM). The result of the study indicates that the most influential factors that affect corporate customers' satisfaction are customer relationship and service process. Both factors are served as inputs to knowledge management which generates some new ideas for improving customer services. CRM is a component of enterprise information systems.

Thuyuyen (2015) in his observation stated that, CRM is an information system that tracks customers' interactions with the firm and allows employees to instantly pull up information about the customers such as past sales, service records, outstanding records and unresolved problem calls. Customer Relationship Management stores all information about its customers in a database and uses this data to coordinate sales, marketing, and customer service departments so as to work together smoothly to best serve their customers' needs. Customer Relationship Management, if used properly, would enhance a company's ability to achieve the ultimate goal of retaining customers and gain strategic advantage over its competitors.

Methodology:

Objectives:

1. To offer appropriate CRM strategies for the improvement of banking performance in banks.
2. To study the employee perception on need and importance of CRM implementation in banks.
3. To identify the CRM implementation Benefits to the banks and society in employee view.

Sample & Sample Size:

The Bank employees who are working as Probationary officers and above cadre in Hyderabad considered as valid sample for the study. A sample of 160 employees opinions are captured with structured questionnaires for data analysis.

Data Analysis:

Factor Analysis (Need for CRM)

Table 1 : KMO and Bartlett's Test values of Need for CRM

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.871
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Bartlett's Test of Sphericity	Approx. Chi-Square	998.496
	df	28
	Sig.	.000

The KMO value is 0.871 >0.7. Bartlett's Test of Sphericity indicates a measure of the multivariate normality of set of variables (Sig. value is less than 0.05 indicates multivariate normal and acceptable for factor analysis). Both the sampling adequacy and Bartlett's values are statistically valid. The below total variance values indicating 71.36 % (statistically 65% variance valid) variance on tested variable, i.e only 29 % of other factors are influencing to decide Need for CRM in Banks.

Table 2 : Total Variance values of Need for CRM

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.698	58.721	58.721	4.698	58.721	58.721	3.181	39.763	39.763
2	1.012	12.646	71.367	1.012	12.646	71.367	2.528	31.604	71.367
3	.879	10.982	82.348						
4	.553	6.911	89.259						
5	.440	5.505	94.764						
6	.247	3.088	97.852						
7	.116	1.449	99.302						
8	.056	.698	100.000						

The above scree plot indicates, pictorial manner of filtered factors with more than 1 Eigen (4.69, 1.01) value i.e two factors in above case.

Table 3: Rotated Component Matrix Values of Need for CRM

Component		
	1	2
Dynamic Change		
Competition		
Long term relation	.790	
Benefits		.853
Grab opportunities.	.779	
Pressure		.840
Referral Marketing		
Govt. Force	.810	

The Rotated component variance value which is more than 0.40 is considered as highly influencing factor, the naming of the factor is furnished below.

Table 4: Naming of factor for 'Need for CRM'

Factor No.	Factors	Naming of Factor
1	<ul style="list-style-type: none"> To Maintains Long term relation with customers. To grab young generation attention, whose spending patterns and income levels are progressively good. Central Government force to improve banking performance. 	Strategic Fore vision
2	<ul style="list-style-type: none"> Provides significant business benefits to the bank Pressure from top management to increase bank business. 	To Improve Volume of business

Discussion of Results:

Most of the employees agreed that customers are demanding more from bank services and products and moreover without visiting home branch , they want to complete all their financial transactions. This dynamic phenomena leads to banks to adopt CRM implementation. On the other hand more MNC / private banks are providing sophisticated services to their customers,

which lead to comparison with public banks. The young generation in the country also provoking banks to adopt modern methods to utilize their earning capacities tuned into their business in the form of loans and deposits. The top management and central governments are also pressurizing the bank officials to increase business and reduce NPA's.

The most influencing factors for Need for CRM in employee view are , the first factor is Government force to improve banking performances to increase profits and second factor is Providing significance profits to the bank and top management pressure to improve operational efficiency.

Conclusion

For making the CRM organization more efficient and successful the banks can design specific training sessions for their employees emphasizing on the better and improved customer service. These training sessions can be made compulsory to attend for new employees as well as for all employees, to reinforce the importance of these aspects. The top management of these banks is required to provide leadership, allocate resources, designing the easy systems which increase customer convenience at all touch points for building and maintain the customer relationship management. The banks have to clearly define the role, responsibilities of front line employees to empower them for serving the customers better.

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