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Customer Relationship Management Practices And Implementation Process In Commercial Bank, Chidambaram Town

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ABSTRACT

Customer Relationship Management has been described in many regards; there are many and major variations in the implementation of it. It emphasizes IT and Technological perspective; it also focuses on the main consideration towards the benefits of customers, employees and banks. Towards Marketing aspect, CRM is a combination of business process and practice that seeks to understand the bank's customers from the perspective of who they are, what they do, and what they are, what they do, and what they are like. All these focused on the evaluation of the critical satisfaction and the operational efficiency contributes to the profitability and reduction of frauds and errors in the phenomena of CRM. The study finds out the Customer Relationship Management Practices and Implementation Process in Commercial Bank, Chidambaram Town. The primary data were collected through a carefully structured interview schedule and also using the method of observation. Simple Random sampling method is used to obtain data from the study sample of the customers was adopted in the present study. Thus a total of 100 customers are drawn as sample of the study. Correlation, Regression and Factor analysis were applied. The findings and observations are the result and outcome of the interpretations made during the study of analysis.

Keywords: CRM Practices, Implementation Process and Demographic Variables

INTRODUCTION

CRM is a business strategy with outcomes that optimize profitability, revenue and customer satisfaction by organizing around customer segments, fostering customer-satisfying behaviours, and implementing customer-centric processes. Over the years, there has been an increased use of technology in CRM, to the extent that many believe that it is an information technology industry term for methodologies, strategies, software, and other web-based capabilities that help an enterprise organize and manage customer relationships. In fact, CRM is more than that it is a customer-centric approach to business. The use of technology in

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CRM should enable greater customer insight, increased customer access, more effective interactions and integration throughout all customer channels and back-office enterprise functions.

As the intense competition becomes a way of doing business, it is the customer who calls the shot in deciding the nature of products and services offered in the market. The customers are becoming demanding, dominant and selective. In fact the perceptions and the expectations of the customers have undergone a sea change, with the availability of banking services to the customers at their door steps through the help of technology. Nowadays they have also become more immune to marketer's pressure. This means that the advertising and marketing gimmicks will work only when they see real quality in the provision of services at the ground level. Marketing of banking services would imply creation and delivery of customer satisfying services at a profit to the bank.

Marketing of customer services aims at two important goals: prosperity to the bank and satisfied customers. Banks offer tangible services like loan schemes, interest rates and kinds of account and the intangible services like behavior and efficiency of staff, speed of transactions and the ambience. The banks may need to include customer oriented approach or customer focus in their five areas of business such as cash accessibility, assets security, money transfer, deferred payment and financial advices.

When the customer is talked about, the word not only refers to depositors and borrowers but it has to mean all stakeholders in the bank. It could include equity holders, government, employees or virtually any groups or individual who requires information from the organization. The bankers are forced to put in place a system of CRM (Customer Relations Management) that addresses the core issue of profit through satisfied customer.

It has been well acknowledged by the marketing pundits that the cost of relining a customer is just one-tenth cost of acquiring a new one. It is commonly observed that a dissatisfied customer tells bad mouths to at least nine other persons, when the satisfied customer tells the good thing only to two or three persons. This shows how important it is to satisfy the existing customer while exploring the new avenues. It has been reported that banks' profits have risen by 60 per cent since 1999. However, there is a threat of decrease in

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the profits of about Rs.3300 cores over the next three years, owing to the maturity of securities, which earn higher interest rate, unless the banks reinvest this money in a profitable credit portfolio they would lose high margin of profit.

Thus the future of banking business is very much dependent upon the ability of the banks to develop a close relationship with the customers. In order to develop close relationship with the customers the banking industry has to focus on the technology oriented innovations that offer connivance to the customers. Today, customers are offered ATM services, access to Internet banking and phone banking facilities and credit cards. These have elevated banking beyond the barriers of time and space. Technology oriented innovations are forced the customer to abandon branch banking and pushed them into internet banking. Because of the technological revolution CRM has taken the form of e-CRM (Electronic CRM) giving new dimension to relationship between the banker and the customer. Wherever the customers might be, the services offered to him must be of the same standard and quality.

Though relationship tends to look impersonal, the customers should feel it personal. The customers need not necessarily positively evaluate the personalized services offered by the bank. Therefore bank should be cautious to ensure that customers feel the services as personal and useful. This can be done through careful selection and training of employees, defining their behavioural norms. With the aid of technology they should further mechanize and automate the services provided to the customers.

CRM is often considered as data base in linking marketing segment of the organization with a customer. Some theorists have been considering it as an exercise for customers. Retention as many theories and studies have been emphasizing on the rationale for keeping the customers. This required a variety of techniques, especially post sale initiatives, to keep the customers. It remains with the organization and makes it possible; generate positive referral for the banks products and services. It was believed that the application of it can be an effective tool to develop one relationship that integrates banking company's data base marketing strategy which focuses on leverage on existing customer's base.

RELATED REVIEW: AN OVERVIEW

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G. Selvalakhshmi (2015) Customer Relationship Management in Banking, has focused on the general strategy adopted by almost all the banks to become unique in the market place by using technology and retention policy. The major findings of the study is that IT has to serve the banks in enhancing business and infrastructural development in coming days, but the burden of computerizations is that the bank must choose carefully how to apply it.

M.J. SenthilKumar (2017) Customer Relationship Management in Banking Sector. The study pinpoints CRM and the role of Indian banks. The study also describes about core banking integration, credit card integration through CRM technology. Finally the study is reliable and says that, CRM is managing a customer knowledge to generate value added product and helps to have sustained relationship.

Mr. K. Ganesan, (2017) Management Customer Relationship in Banking Industry. The study present the mixed development and innovations of CRM in Banking. It also informs about the present and future scenario of banking and customers. The study concludes that the satisfaction and well-doing of the consumers should be the first and foremost objective of banking industry.

Vishnukumar. A (2018) Managing customer retention in the evaluation of critical satisfaction dimensions and the determination of customer groups with distractive preferences and expectation in the Private Bank sector. Statistical tools such as correlation standard deviation, mean comparison, were used for comparing public and private sector banks. The study concludes that the banking organization should not be carried away by the apparent high-sounding appeal of CRM solutions but it must be for the enhancement of customer satisfaction and retention of customer.

S. Uma (2018) Customer Relationship Management in Banking. The study identifies three main issues that can enable the development of customer relationship management, the banking sector. She has also studied the functional factors in CRM technique. The major findings of this study is that commercial banks cannot exist without customer for this they should maintain the secrecy of smooth relationship among them.

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OBJECTIVES OF THE STUDY

- To find out the customer relationship management practices and implementation process in commercial bank, Chidambaram Town.
- To evaluate customer satisfaction on the basis of service rendered by commercial bank with CRM.

RESEARCH METHOD AND MATERIALS

Research design is the framework or plan for a study that guides the collection and analysis of the data. The research design indicates the methods of research i.e. the method of gathering information and the method of sampling. The survey design is regarded as the most appropriate research design to measure the perceptions of the respondents in this study. The primary data were collected through a carefully structured interview schedule and also using the method of observation. Simple Random sampling method is used to obtain data from the study sample of the customers was adopted in the present study. Thus a total of 100 customers in Chidambaram town are drawn as sample of the study. Correlation, Regression and Factor analysis were applied.

DISCUSSION AND RESULTS

Table 1

Stepwise regression analysis predicting core online services

Sl.No	**Step/Source**	**Cumulative R^2**	**ΔR^2**	**Step t**	**P**
1.	Age	0.068	0.032*	3.421	0.01
2.	Educational qualification	0.059	0.046*	2.426	0.01
3.	Occupation	0.063	0.078*	2.215	0.01
4.	Monthly income	0.079	0.079*	2.328	0.01

* $P < 0.01$

Constant value = 19.642

Four variables namely, age, educational qualification, occupation and monthly income have significantly contributed for predicting in the core online services. The variable age predictive value of core online services seems to be 0.068, paired when the variable educational qualification is 0.059, with occupation 0.063 and with monthly income 0.079.

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The predictive value of these variables separately is 0.01. Thus the analysis shows that increased access to a source of market and competitor information and long term profitability and sustainability.

Table 2

Stepwise regression analysis predicting customer perception

Sl.No	**Step/Source**	**Cumulative R^2**	**ΔR^2**	**Step t**	**P**
1.	Educational qualification	0.069	0.042*	2.920	0.01
2.	Occupation	0.074	0.056*	2.624	0.01
3.	Area of residence	0.136	0.074*	2.702	0.01

* P < 0.01

Constant value = 19.642

Three variables namely, educational qualification, occupation and area of residence have significantly contributed for predicting the customer perception. The variable educational qualification predictive customer perception seems to be 0.069, with occupation 0.074 and with area of residence 0.136. The predictive value of these variables separately is 0.01. Altogether the above computations clearly state that there will be a positive perception with education qualification, occupation and area of residence. It is identified that customers' perceptions and expectations are changing and fully mete out by the bankers. It is also to be more concerned with customer interaction, retention, and quality of service and customer loyalty.

Table 3

Correlation between the core online services and demographic variables

Demographic Variables	**Core online services**
Age	0.398**
Gender	-0.054
Educational qualification	0.398**
Occupation	0.374**
Area of residence	-0.145*
Religion	0.115
Monthly income	0.347**
Marital status	-0.087
Spouse details	0.124

* Significant at 0.01 level ** Significant at 0.05 level

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The core online services are positively and significantly related to age (0.398), educational qualification (0.398), occupation (0.374) and monthly income (0.347). It shows a weak positive relationship with gender, religion, marital status and spouse details. This shows that customers' awareness, level of satisfaction, product and value creation channels, advances in information technology, networking have helped them to quickly match their needs and desires. Hence, it is the prime cause for age, educational qualification, occupation and monthly income have a major impact. Religion, gender, marital status and spouse details have less influence. Due to that these variables have no direct relationship with core online services offered by commercial banks.

Table 4

Correlation between the Service quality and demographic variables

Demographic Variables	Service quality
Age	0.178**
Gender	-0.189**
Educational qualification	0.174**
Occupation	0.129*
Area of residence	-0.205**
Religion	0.314*
Monthly income	0.277**
Marital status	0.068
Spouse details	0.245**

* Significant at 0.01 level   ** Significant at 0.05 level

The Service quality is positively and significantly related to age (0.178), educational qualification (0.174), occupation (0.129), religion (0.314), monthly income (0.277) and spouse details (0.245). It shows a weak positive relationship to marital status with service quality. It is understood from the analysis and found out that during the adoption of CRM, it has been the total quality movement. This needed close working relationships with the customers that leads to have a vital aspect over demographic variables namely age, educational qualification, occupation, religion and monthly income whereas marital status has a minor impact over quality phenomena.

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Table 5

Correlation between customer interaction management and demographic variables

Demographic Variables	Customer interaction management
Age	0.148**
Gender	0.139**
Educational qualification	0.212**
Occupation	0.118*
Area of residence	-0.494**
Religion	0.124*
Monthly income	0.386**
Marital status	0.079
Spouse details	0.158**

* Significant at 0.01 level ** Significant at 0.05 level

The customer interaction management is positively and significantly related to age (0.148), gender (0.139), educational qualification (0.212), occupation (0.118), religion (0.124), monthly income (0.386) and spouse details (0.158). It shows a weak positive relationship with marital status and customer interaction management. Further, it is to be noted that the emerging real time interactive channels including e-mail, ATMs and call centre must be synchronized with customers' non-electronic activities. The speed of activity changes requires flexibility and rapid adoption to technologies. And hence it is main reason for having positive view over demographic variables such as age, gender, educational qualification, occupation, religion, monthly income and spouse details.

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Table 6

Factor loading, communality, Eigen value and percentage of variance of the emerging factors

Sl. (1)	Factors (2)	Significant variables (3)		Factor loading (4)	Communality (5)	Eigen Value (6)	% of variance (7)
1.	Core online service	a)	Internet banking	0.752	0.684	4.69	12.678
		b)	De-mat Account	0.709	0.658		
		c)	Credit Card	0.713	0.648		
		d)	Online Bill	0.653	0.512		
		e)	Call and Collect-Demand Draft	0.649	0.644		
2.	Customer Service	a)	Customer query system	0.835	0.751	3.58	9.664
		b)	Educational qualification	0.829	0.720		
		c)	Customer need	0.807	0.705		
3.	Empathy	a)	***Operational hours***	0.818	0.736	3.07	8.296
		b)	Specific of needs of the customer	0.790	0.694		
		c)	Feel important	0.723	0.661		
		d)	Total Employee Involvement	0.812	0.542		
		e)	Value added services	0.592	0.492		
4.	Customer perception	a)	Overall benefits	0.718	0.680	2.12	5.736
		b)	Finance security	0.713	0.649		
		c)	Customer relation management	0.697	0.626		
		d)	Timely settle money	0.674	0.605		

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Factor Analysis

Factor analysis was done with the main objectives to find out the underlying common factors among 17 variables included in this study. The Principal component factoring method with variance rotation was used for factor extraction. A four factor solution was derived using a score test.

The Tables show the results of factor analysis. The names of all the 17 variables and their respective loadings in all the four factors are given in the Table. An arbitrary value of 0.3 and above is considered significant loading. A positive loading indicates that greater the value of the variable greater is the contribution to the factor. On the other hand, a negative loading implies that greater the value, lesser its contribution to the factor or vice versa. Keeping these in mind, a study of the loadings indicates presence of some significant pattern. An effort is made to fix the size of correlation that is meaningful, club together the variables with loadings in excess of the criteria and search for a concept that unifies them, with greater attention to variables having higher loadings. The variables have been ordered and grouped by the size of loadings to facilitate interpretation.

Factor analysis was done among 17 variables used in the study. The principal component analysis with varimax rotation was used to find out the percentage of variance of each factor, which can be grouped together from the total pool of 17 variables considered in the study. The results are given in Table and column 1 shows the serial number, ‘2’ shows the name given for each factor, ‘3’ shows variables loaded in each factor, ‘4’ gives the loadings, ‘5’ gives the communality for each variables, ‘6’ gives the Eigen value for each factor and ‘7’ gives the percentage of variance found out through the analysis. The factor, variance percentage for each factor is 12.7, 9.7, 8.3 and 5.7.

The factors are arranged based on the Eigen value namely,

F1 (Eigen value 4.69)

F2 (Eigen value 3.58)

F3 (Eigen value 3.07)

F4 (Eigen value 2.12)

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These four factors are described as “common factors”. This model has a strong statistical support and the Kaiser-Maya-Olkin (KMO) test of sampling adequacy concurs that the sample taken to process the factor analysis is statistically sufficient (KMO value = 0.97523). From this analysis, it is identified that the core online services, customer services, empathy and customer perception in all the commercial banks in Tamilnadu State have established their attitude towards interaction, retention and customer satisfaction over CRM implementation. The common factor is highly relative with 17 variables taken for analysis. It implies that good relation with customers depends on efficient CRM as CRM is the ability to understand the pulse of customers across various value creation practices with the commercial banks.

Table 7

Related factor matrix loadings between seventeen variables and four factors identified through Factor analysis

Sl.No.	Variable	Factor I	Factor II	Factor III	Factor IV
1.	Customer query system	-0.010	0.092	0.058	-0.048
2.	Operational hours	-0.0002	0.106	0.179	0.153
3.	Educational qualification	-0.001	0.290	0.121	0.005
4.	Internet banking	0.076	-0.164	-0.071	-0.018
5.	Specific of needs of the customer	-0.131	0.086	0.093	0.068
6.	Feel important	-0.040	-0.149	0.060	0.034
7.	De-mat Account	0.107	0.068	0.034	0.003
8.	Customer need	-0.120	0.100	0.032	-0.110
9.	Total Employee Involvement	-0.129	0.069	0.132	-0.065
10.	Credit Card	0.115	-0.037	-0.101	0.061
11.	Value added services	-0.023	-0.009	0.197	0.070
12.	Online Bill	0.129	-0.016	-0.086	0.058
13.	Finance security	-0.040	0.150	0.025	0.075
14.	Customer relation management	0.268	-0.097	-0.013	0.713
15.	Call and Collect- Demand Draft	0.750	0.017	0.141	0.123
16.	Timely settle money	-0.204	0.068	0.121	0.718
17.	Overall benefits	0.133	-0.054	0.003	0.708

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CONCLUSION

The words of Mahatma Gandhi on the significance of customer are the most appropriate one in this context. Under the present comparative environment, the focus of the banks is more on customer retention and simply on customer acquisition. It is the process of change of casual consumer into a committed loyal customer. 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. The advances in information technology, networking and manufacturing technology have immensely assisted banks to quickly match the competition. Another rising force is the adoption of CRM in total quality moment. It becomes necessary to involve customers and bankers in implementing the programmes at all levels of the value reaction channels. This needs close working relationships with the customers. They also expect high degree of personalization. Notwithstanding, customers make more market survey and look for newer products. CRM would be providing the framework to make it more attractive and effective. The study concluded that dealing the customers through phones, internet and face to face contact has greatly benefited the bank business. The cost has greatly reduced customers loyalty and has increased it by providing them with new-2 services. Overall efficiency of the commercial banks in Chidambaram town has increased with the CRM tools of the banking environment.

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