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A Study on CRM Practices in Private Sector Banks

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Abstract

The concept of CRM has been in existence for more than a decade. Despite the continued popularity & growth of CRM, banking sector has seen consistent improvements in profitability & customer satisfaction because of their large investments. Among the service sector, banking sector has undergone dramatic changes which led to significant development. Various trends are emerging in the field of CRM technology which promises a brighter future of more profitable customers & decreasing costs. The need for retaining customers is at most priority for all banks. It becomes important that to know what are the CRM practices adopted by banks & how do they actually benefit the customers and bank. This becomes the statement of the problem & to identify the CRM practice in PSB's.

Keywords: CRM Practices, Private Sector Banks

Introduction

Retail banking refers to mass-market where individual customers typically use banks for services such as savings and current accounts, mortgages, loans (e.g. personal, housing, auto, and educational), debit cards, credit cards, depository services, fixed deposits, investment advisory services (for high worth individuals) etc. Before Internet era, consumers largely selected their banks based on how convenient the location of bank's branches was to their homes or offices. With the Advent of new technologies in the business of bank, such as internet banking and ATMs, now customers can freely choose any bank for their transactions. Thus the customer base of banks has increased, and so has the choices of customers for selecting the banks. This is just the beginning of the story. Due to globalization new generations of private sector banks and many foreign banks have also entered the market and they have brought with them several useful and innovative products. Due to forced competition, public sector banks are also becoming more technology based and customer oriented. Thus, Non-traditional competition, market consolidation, new technology, and the proliferation of the Internet are changing the competitive landscape of the retail banking industry. Today's retail banking sector is characterized by following:

- Multiple products (deposits, credit cards, insurance, investments and securities)
- Multiple channels of distribution (call center, branch, internet and kiosk)
- Multiple customer groups (consumer, small business and corporate)

Today, the customers have many expectations from bank such as

- Service at reduced cost
- Service "anytime anywhere"
- Personalized service

CRM is a process of identifying, attracting, differentiating and retaining customers. It is a comprehensive approach for creating, maintaining and expanding customer relationship. CRM is the outcome of the continuing evolution and integration of marketing ideas and newly available data, technologies and organizational approaches. Bank as a service organization have excellent reasons to adopt a comprehensive CRM strategy. Customer needs, wants, desires keep changing day by day. Therefore it is necessary for the banks to adopt the changes in the market through tracking the customer wants and the needs. This is possible only when the organization has a close contact with its customers. Since customer is the life blood of any business organization and customer creation cost is costlier than customer retention cost, thus bank adopt CRM techniques for maintaining life relationship and by which they ensure customer loyalty and retention. Thus the banking sector moves from a transaction centric to a relationship centric business approach by focusing through "build good relationship" and the profitable transaction will follow automatically. Top three private sector banks in India.



Objectives

- To study the level of awareness of CRM practices in Private Sector Banks.
- To study the level of satisfaction towards the CRM practices in Private Sector Banks.
- To offer suggestions based on the findings of the study.

Research Methodology

- Primary Data: The first hand information was collected by the researcher after finalizing the study area. Through well structured questionnaire primary data was collected. It was collected from 100 respondents using convenient sampling technique.
- Tools used for Analysis: Percentage Analysis & Rank Analysis.
- Limitations: The study is restricted to Coimbatore city.

Review of Literature

Morpice Reports (2008) and Teller Vision (2009) state that the perception of banks varies depending on their size. However, all banks share the same key opportunity for improvement in customer satisfaction that is, helping customers achieve their financial goals. But as per the study, the overall customer satisfaction tends to decrease as bank

size increases. That is, customers of national banks tend to be significantly less satisfied than customers of regional or local banks who, in turn, are less satisfied than customers of credit unions.

Dr. K. Ganesamurthy *et al.*, (2011) they describe that Customer Retention Management (CRM) perceives as a technique of banking companies in order to explore, retain and also increase the loyal customers in the competitive business era. This research paper attempted to study the customers' perspectives on CRM practices of Commercial Banks in India, the sample size include 421 respondents from both public and private sector banks in Tamilnadu, and the study reveals that customers' perception of CRM in banks does not vary irrespective of different classifications of customers such as age, sex, education, occupation, income level, the bank in which customers have an account, type of account, type of account maintained by the customers and the period of customers' association with banks.

Analysis & Interpretations

Table 1: Respondents Opinion towards the CRM Practice in PSB

S. No	Opinion	Respondents	Percentage
1.	Very Good	16	16%
2.	Good	56	56%
3.	Neutral	24	24%
4.	Bad	2	2%
5.	Very Bad	2	2%
	Total	100	100

Source: Primary Data

The above table reveals that the out of total respondents taken for the study 56% of the respondents are opined that the CRM practice in PSB's are good and so on.

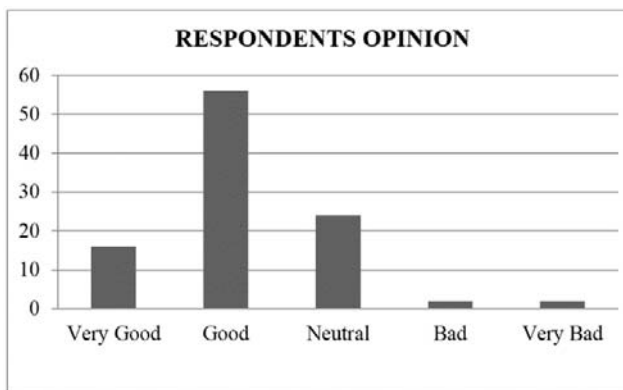


Table 2: Source of Receiving Information

S. No	Source	Respondents	Percentage
1.	Bank Pamphlets	14	14
2.	Bank Advertisements	14	14
3.	Outdoor Advertisements	12	12
4.	Friends/ Relatives	2	2
5.	E-mail	30	30
6.	SMS	28	28
7.	Others	-	-
	Total	100	100

Source: Primary Data

From the above table that out of the total respondents taken for the study, 30% of the respondents are receiving the information's through E-mail, 28% of the respondents are receiving the information's through SMS and so on.

Table 3: How Long You Have Been a Customer in the Bank

S. No	No Of Years	Respondents	Percentage
1.	0 – 5 Years	40	40
2.	5 – 10 years	44	44
3.	10 – 15 years	12	12
4.	15 – 20 years	2	2
5.	Above 20 years	2	2
	Total	100	100

Source: Primary Data

It is understood from the above table that the out of total respondents taken for the study 44% of the respondents have been the customer’s of the bank for 5 – 10 years, 40% of the respondents have been the customer’s of the bank for 0-5 years and so on.

Table 4: Type of Loan Availed By the Respondents

S. No	Opinion	Respondents	Percentage
1.	Loan on fixed deposit	7	7
2.	Jewel loan	7	7
3.	Business loan	11	11
4.	Home loan	22	22
5.	Vehicle loan	29	29
6.	Personal loan	30	30
7.	Educational loan	3	3
	Total	100	100

Source: Primary Data

Table 6: Problems Faced By the Respondnets during Bank Transactions

S. No	Problems	Respondents	Percentage
1.	Time delay in issuance of DD’s & other instrument	46	46%
2.	Biased attitude towards customers in different behaviour at the time of sanction of loans/with drawal of deposit Default in ATM machine	17	17%
3.	Too much dependence of officials for clarifying doubts.	14	14%
4.	Total	23	23%
		100	100

Source: Primary Data

From the above table it is inferred that, 46% of the respondents are facing time delay in issuance of DD’s & other instrument problems, 23% of the respondents are facing too

much dependence of officials for clarifying doubts problem and so on.

Table 5: You Are Aware Of the Following CRM Services of the PSB

S. No	CRM Services	Aware		Not Aware		Total
		No	%	No	%	
1.	Online Services	69	69%	31	31%	100
2.	ATM	82	82%	18	18%	100
3.	Credit	63	63%	37	37%	100
4.	SMS alert	46	46%	54	54%	100
5.	Demat Services	27	27%	73	73%	100
6.	E-Pay	39	39%	61	61%	100
7.	Easy loan	33	33%	67	67%	100

Source: Primary Data

The above table shows that, 82% of the respondents are opined that they aware about the ATM service provided by the PSB’s, 73% of the respondents opined that they are not aware about the demat service and so on.

Table 7: Level of Satisfaction about the Services in PSB

S. No	Services	HS	S	N	DS	HDS	Total	Mean	Rank
		5	4	3	2	1	100		
1.	Short time taken to open an a/c	13	47	40	0	0	100	3.73	3
		65	188	120	0	0	373		
2.	Issue of DD, Cheque book, ATM card	20	72	8	0	0	100	4.12	1
		100	288	24	0	0	412		
3.	Regular updating of pass book	16	28	56	0	0	100	3.60	5
		80	112	168	0	0	360		
4.	Quick transfer of funds	20	16	64	0	0	100	3.56	6
		100	64	192	0	0	356		
5.	Clear answer for customer queries	10	20	70	0	0	100	3.40	9
		50	80	210	0	0	340		
6.	Time taken to process a loan application is short	20	32	48	0	0	100	3.72	4
		100	128	144	0	0	372		
7.	Easy payments made debit/credit	20	12	68	0	0	100	3.52	7
		100	48	204	0	0	352		
8.	Online enquiries has reduced the service time	4	20	76	0	0	100	3.28	10
		20	80	228	0	0	328		
9.	Easy access to cash in 24 hours ATM counters	16	12	72	0	0	100	3.44	8
		80	48	216	0	0	344		
10.	Redressal of customer complaints	8	80	12	0	0	100	3.96	2
		40	320	36	0	0	396		

Source: Primary Data

It is evident from among the respondents taken for the study Issue of DD, Cheque book, ATM card service is ranked 1st by the respondents, Online enquiries has reduced the service time was ranked in 10th position by the respondents and so on.

Findings

- ❖ Majority (56%) of the respondents are opined that the CRM practices in PSB's are good.
- ❖ Most (30%) of the respondents are receiving the information's through E-mail.
- ❖ Most (44%) of the respondents have been the customer's in the bank for 5 – 10 years.
- ❖ Most (30%) of the respondents are availed personal loan.
- ❖ Majority (82%) of the respondents are opined that they are aware about the ATM service provided by the PSB's.
- ❖ Majority (73%) of the respondents opined that they are not aware about the demat service.
- ❖ Most (46%) of the respondents are facing time delay in issuance of DD's & other instrument problems.
- ❖ The Issue of DD, Cheque book, ATM card service provided by the PBS's is ranked 1st by the respondents.

Suggestions of the Study

- ✓ Bankers should educate and inform customers about the various services offered to the customer through customer meets.
- ✓ Bank employees have to be friendly with customers without diluting the rules and regulations of the bank.
- ✓ Banks must introduce new ways and means that makes its customer highly delighted with its quality of services.
- ✓ Banks have to identify, analyze and solve the problems faced by the customers while availing the services within a short span of time to win over the confidence of customers.
- ✓ Banks have to strive to attract and retain existing and new customers by innovating and developing differentiated products and services.
- ✓ Banks should interact or communicate with the customers consistently and take their feedback with regard to their problems and complaints.

Conclusion

The service sector in India is fast growing and their contribution to economic development is really impressive due to advancement in information technology. Among various services in service sector, banking services occupies a key role both in the development of individual customer in their business and in social life. Managing relations with customers has become an unquestionable issue in the wake of liberalization and globalization. The study will be useful to the banking to understand the banking perception and expectation of Customer in relation to the service rendered by them. Bankers can identify the extent to which they are able to maintain customer relations and the measures they can take to improve their relationship. Hence the concept of CRM may be emphasized so that the customers are treated royally in relation to bank services. To be successful a bank need to be not just high tech but high touch as well.

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