

Customer relationship management in public and private sector banks with reference to Villupuram town

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Abstract

In India as well as world banking system is the core of all financial activities including lending and depositing money, providing loans to institutions and private players and institutions. Banks are integral part of the service sector in India which went many transformational changes in last few decades due to privatization, technological up gradation, and changing in financial policies and procedures, increased competition etc. This paper tried to identify the factors influencing the Customer Relationship Management practices (CRM) in public and private sector bank in Villupuram Town. Total 100 samples were taken and percentage and mean scores were calculated to analyze the data. Study reveals that knowledge and experience of the customer satisfaction, and customer service all have positive relationship with the customer loyalty. Suggestions are offered to improve relationship and maintain loyalty with the bank customers.

Keywords: customer relationship management; customer loyalty; customer satisfaction; customer service; knowledge and experience

Introduction

Today, many businesses such as banks, insurance companies, and other service providers realize the importance of Customer Relationship Management (CRM) and its potential to help them acquire new customers retain existing ones and maximize their lifetime value. At this point, close relationship with customers will require a strong coordination between IT and marketing departments to provide a long-term retention of selected customers. This paper deals with the role of Customer Relationship Management in banking sector and the need for Customer Relationship Management to increase customer value by using some analytical methods in CRM applications.

Need for the study

The present research work studies the different aspects of Customer Relationship Management among private and public sector banks, through an empirical survey of customers and employees of banks. The focus of the study is to examine the need of Customer Relationship Management (CRM) for Indian Banking Industry especially in Villupuram Town and how far these banks are achieving success in creating and maintaining CRM. Further the study also emphasis to understand the view points of customers about their experience in context of the CRM implemented by their banks.

Statement of the problem

In current situation of competitive banking world, improvement day-by-day in customer services has most important tool for better further growth. Customer requirements, need, necessity and complaint are part of their banking business-life. So, it is more important to bank because it is a service industry. Therefore customer services and customer satisfaction are their primary work. The need for the study arises because banking sector helps in economic development of the country and to fulfill this, customer

satisfied first by providing better services with the help of computer and other innovated technologies. Hence there is need for customer survey, identifying their requirements and satisfaction.

Objectives of the study

1. To analyze the socio-economic profile selected customers and services rendered by the public and private sector banks.
2. To examine the relationship between profile variables and level of perception towards customer relationship management.
3. To offer suitable suggestions to improve the customer services of the banks based on the findings of the study.

Research Methodology

The study pertains to perception of the customers towards the banking services in the Villupuram Town. The researcher was select samples from both Private and Public Banks. This study has been confined to private and public banks of Villupuram Town only. This study is exploratory in character and therefore the survey method of data collection was adopted.

Primary Data

Primary data are the first hand information about the phenomenon. For this purpose, principal investigation was made and a carefully designed schedule was used. The collected information through primary survey was found sufficient for this micro-level study.

Secondary Data

Secondary data give meaning and significance to research work. They were obtained from journals, reports, newspapers and websites. A comprehensive study of all relevant material was made and utilized.

Sample Size

There are six banks were selected, 3 banks from public sector bank, 3 banks from private sector banks as follows:

Table 1

S. No	Public Banks	No of respondents	Private Bank	No of respondents
1	Indian Bank	25	Axis Bank	25
2	Ganara Bank	25	ICICI Bank	25
3	SBI	25	KVB	25
4	Total	75	Total	75

Area of the study

The area of the study is Villupuram Town in Tamil Nadu.

Period of the study

The period of the study is from March 2017 to May 2017

Analysis and Interpretation

The level of perception has been determined by the score values calculated for 22 statements which associated with customers' perception towards services offered by the banks to retain the customer relationship management by adopting scaling technique, namely Likert Type Scale. The responses observed for each statement in the schedule have been scored. To secure the total perception score for the respondent five points are given for 'Strongly Agree', four points for 'Agree', three points are given for 'No opinion', two points for 'Disagree' and one point for 'Strongly Disagree' responses. Thus, the total perception score of a respondent is obtained by adding up scores of all the 22 statements. The level of perception has been classified into three categories namely low level, medium level and high level perception for analytical purposes.

Table 2: Level of Perception

S. No	Level of Perceptions	Public sector Bank		Private Sector Bank	
		Respondents	Percentage	Respondents	Percentage
1	High	47	62.67	43	57.33
2	Moderate	18	24.00	18	24.00
3	Low	10	13.33	14	18.67
4	Total	75	100.00	75	100.00

Source: Computed data.

It is found from Table 2 that out of 75 sample customers in public sector banks, 47 (62.67 per cent) came under the category of high level of perception, 18 (24.00 per cent) had medium level of perception 10 (13.33 per cent) came under the category of low level of perception and on the customer relationship management. In case of private sector banks, out of 75 sample customers, 43 (57.33 per cent) came under the category of high level of perception, 14 (18.67 per cent) came under the category of low level of perception and 18 (24.00 per cent) had medium level of perception towards the customer relationship management.

Chi-Square testing is measured

The calculated value of Chi-Square is measured with the table value of Chi- Square for given level of significance usually at 5 per cent level. If at the stated level, the calculated value (C.V.) is less than the table value (T.V.), the null hypothesis is accepted and otherwise it is rejected. The levels of perception of the 150 sample customers in Villupuram Town are given in Table 3

Table 3: Age and level of perception: chi-square test

Particulars	Public sector bank	Private sector bank
Calculated value	3.266	17.645
Table value	12.592	12.592
Degrees of freedom	6	6
Inference	Not Significant	Significant

It is clearly evident from Table 3 that in the case of public sector banks, the calculated value is less than the table value. Hence, the null hypothesis is accepted. Therefore, it could be inferred that Age does not influence the perception of respondent towards customer relationship management Villupuram Town. In case of private sector bank, the calculated value is greater than the table value. Hence, the null hypothesis is rejected. Therefore, it could be inferred that age

influences the perception of respondents on customer relationship management Villupuram Town.

Table 4: Gender and level of perception: chi-square test

Particulars	Public sector bank	Private sector bank
Calculated value	5.495	1.589
Table value	5.991	5.991
Degrees of freedom	2	2
Inference	Not Significant	Not Significant

It is inferred from Table 4 that in case of public and Private sector bank, the calculated value is less than the table value. Hence, the null hypothesis is accepted. Therefore, it could be inferred that gender does not influence the perception of respondents towards customer relationship management.

Table 5: Marital status and level of perception chi-square test

Particulars	Public sector bank	Private sector bank
Calculated value	3.577	2.805
Table value	5.991	5.991
Degrees of freedom	2	2
Inference	Not Significant	Not Significant

It has been observed from Table 5 that in public and private sector banks, the calculated Chi-Square value is less than the table value at 5 per cent level. Hence the null hypothesis is accepted. Hence, there is not existed any relationship between marital status and level of perception of the respondents on CRM.

Table 6: educational qualifications and level of perception: Chi-square test

Particulars	Public sector bank	Private sector bank
Calculated value	12.572	30.546
Table value	12.592	12.592
Degrees of freedom	6	6
Inference	Not Significant	Significant

It is clearly evident from Table 6 that in the case of public sector banks, the calculated value is less than the table value. Hence, the null hypothesis is accepted. Therefore, it could be inferred that Educational Qualification does not influence the perception of respondent towards customer relationship management Villupuram Town. In case of private sector bank, the calculated value is greater than the table value. Hence, the null hypothesis is rejected. Therefore, it could be inferred that Educational Qualification influences the perception of respondents on customer relationship management Villupuram Town.

Table 7: Occupation and level of perception: chi-square test

Particulars	Public sector bank	Private sector bank
Calculated value	18.090	30.607
Table value	15.507	15.507
Degrees of freedom	8	8
Inference	Significant	Significant

It is clearly evident from Table 7 that in the case of public sector bank, the calculated Chi-Square value is greater than the table value at 5 per cent level. Hence, the null hypothesis is rejected. Therefore, it could be inferred that there exist relationship between occupation and level of perception of the respondents. In the case of private sector bank, the calculated Chi-Square value is less than the table value at 5 per cent level. Hence, the null hypothesis is accepted. Therefore, it could be inferred that there is not exist any relationship between occupation and level of perception of the respondents.

Findings

- That the important majority of the respondents are age group of the customers is 31 to 40 years
- That in the public sector banks, the percentage of male customers is 81.30, whereas in private sector banks, it is 74.70 per cent of the total.
- That the important levels of education among them are under graduation 18.70 percent both in public and private sector banks.
- The analysis reveals that the first two important occupations among the customers in public and private sector banks are business and government employment.
- The analysis reveals that the first two important income patterns among the customers in public and private sector banks are below-10000 and 10000 to 20000.
- Urban customers in the public sector banks are the dominant group compared to the private sector banks in the study area
- It is concluded that the majority of the customers among public and private sector banks are married in the study area.

Conclusion

A banks ability to identify customer needs, segment customers and build accurate customer profiles, all depend on how effectively it collects, manages and uses customer’s data. Banks needs to realize which type of information they need, harvest it carefully, store it safely, keep it updated and use it proactively to cross-sell, improve customers experience and deepen relationship.

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