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A Study on Application of CRM for Sustanible Development By Banks

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INTRODUCTION:

Customer Relationship Management is being increasingly used to search, enchain, and retain most valuable customers that help businesses to sustain profitable growth. Successful banks are achieving long-term performance in Customer Relationship Management by gaining deep insights about their customer which helps them to design product/service offerings that match or exceed the customer expectation which in turn help in building customer trust and gain loyalty.

Banks are accepted that **CRM is the magic stick, which helps banking sector to build closer and profitable relationships with customer**. To achieve the customer relationships, success and the survival of the new paradigm, banks has to make CRM approaches for recognizing a **"share of customer"** as a basis of strategy in their system. This will divert the bank strategy from developing product base strategy to focus on delivering to customers by having a brief and exact ways of delivering the services, through effective CRM solutions.

Implementation of CRM strategies and banks can target many goals like:

1) Enhancing sales costs

2) Enhancing costs of targeted new customers

3) Enhanced profitability and customer satisfaction

4) Reducing the need of acquiring new customers

5) Calculate profitability of customers

6) Higher customer retention rate

So the number of banks has increased and customers have more options to select the bank. This situation increases the competition and aggressive marketing strategy. This situation has contributed more in the need of CRM in this sector.

1.2 IMPORTANCE OF CRM

1. Minimize customer recruitment costs

2. Creation of more loyal customers

3. Expanding customer base

4. Lack of advertising and sales promotion expenses

5. Clients benefit selectivity approach

6. increase the number of profitable customers

7. Easy business expansion possibilities

8. Increased customer partnerships etc

1.3 EVOLUTION OF CRM IN BANKING SECTOR

1. Proper adoption of CRM strategies
2. Good CRM bonds customers in longer term, which results in increased revenue.
3. Due to falling of interest rates, customer base needed to improve.
4. Ability to understand the requirement of the customer
5. Integrate customers with bank's strategy and technology.

1. REVIEW OF LITERATURE:

The study by **Singh and Kumar (2011)** indicated that people term CRM as technology based initiative, but the fact is that it is an enterprise wide activity which uses technology to facilitated various functions sales, marketing, service etc and CRM initiative starts with identification of customers with the objective of differentiating from customer to customer and he further mentions that it is not the products or services that

please the customers, but the right attitude of handling them and building a closer relationship with them. The bank with a huge number of customers with close bonding would enjoy higher revenues and profitability.

Tamilarasan R (2011) has mentioned that customer relationship management becomes effective when customers are involved CRM process and it is necessary the organization include the customers into the mix and if CRM practices are conceived and implemented properly, it will enable companies to retain customers for life, get maximum value out of each customer and generate exemplary customer bonding. Has noted that CRM involves more than just gathering data and developing programmes to identify the most profitable customer, then managing the relationship by offering them more suitable products and services. Handled well customer relationship management can allow for stages in the relationship to be identified and managed and the organization s that use CRM systems sensibly can often change customer's opinions and behavior.

Moorthy (2011), The Researcher has suggested that the bank should make the customer aware of the terms and conditions should have proper redressal mechanism while aggressively promoting credit/debit cards/other electronic channels, the customers should have proper awareness and knowledge of these products/services. In customer service, it has been concluded stating that fair treatment to all customers should be considered as an important factor.

Gupta et al (2012) have expressed on the current levels of clients' satisfaction and also tried to explore the factors that led to satisfaction in Indian banks. Data from 400 respondents were collected from various branches of the prominent banks of India and the service ambience and hygienic, involvement factors showed a positive relationship with relative clients' satisfaction.

Hattangadi (2012) is of the opinion that marketing is the heart of any business and marketing strategies represent the plan by which the firm delivers its value to the customers and it doesn't matter what is your product, companies are ultimately in the education based business.

2. OBJECTIVE OF STUDY

1. To assess the awareness and use of CRM in banking sector.

2. To study the significance of Customer Relation Management (CRM) practices in SBI Bank, ICICI Bank, Dena Bank, Bank of Maharashtra in Thane city.

2.1 HYPOTHESIS

The methodology used in the study is based on the research questions, the problems to be addressed and also based on the theoretical base.

1.   H0: There is no significant difference between Customer Relationship Management practices in SBI, ICICI, Dena and Maharashtra Bank.

   H1: There is significant difference between Customer Relationship Management practices in SBI, ICICI, Dena and Maharashtra Bank.

2.   H0: There is no significant difference between awareness among the Customers of each Bank.

   H1: There is significant difference between awareness among the Customers of each Bank.

3.2 DATA   COLLECTION

Primary data: This study is empirical in nature. The empirical data will be collected for analyzing the information from bank managers and customers of bank. To attain the above objectives and for getting firsthand information knowledge of CRM in banking by using a pre-tested and pre-coded schedule by personal interview and questionnaire with the account holders and managers with Thane region Maharashtra state of India.

	Simple random sampling and convenient sampling
Sample size	The sample was collected from 600 customers and 40 Managers of selected banks.
Data collection	Primary data and Secondary data
Statistical methods to test the data	**CHI-SQUARE TEST, ANOVA** Yule's Coefficient of Association, Customer expectancy Model, and Factor analysis

3.3 ANALYSIS AND INTERPRETATION:

HYPOTHESIS 1:

Null Hypothesis 1: There is no significant difference between customer relationship management practices in SBI, DENA AND BANK OF MAHARASHTRA and ICICI.

H_0: $\mu_{BOM} = \mu_{DENA} = \mu_{ICICI} = \mu_{SBI}$ Vs H_1: $\mu_{BOM} \neq \mu_{DENA} \neq \mu_{ICICI} \neq \mu_{SBI}$ where μ denote average number of respondents in favour of CRM policies

The levels of significance   used   are 5% and 1%.

TABLE 3 ANOVA TABLE IS AS FOLLOWS

SOURCE	DEGREES OF FREEDOM	SUM OF SQUARES	MEAN SUM OF SQUARES	F-RATIO	TABLE VALUES 5%	TABLE VALUES 1%
BETWEEN BANKS	3	44038.92857	14679.643	13.81602728	2.76	4.13
WITHIN BANKS	52	55250.42857	1062.5082			
TOTAL	**55**	**99289.35714**				

SOURCE: PRIMARY DATA

Decision: Since F-calculated > F-table for both 5% and 1% l.o.s. Null Hypothesis $H_0:\mu_{BOM} = \mu_{DENA} = \mu_{ICICI} = \mu_{SBI}$ is rejected.

Conclusion: There is significant difference between CRM policies in SBI, Dena, ICICI, and BOM. Average number of respondents in favour of CRM policies for ICICI is highest, it can be concluded that ICICI bank ranks first as far as CRM Policies are considered.

HYPOTHESIS 2:

Null Hypothesis 2: There is no significant difference between awareness among customers of each of bank SBI, DENA, BOM and ICICI.

$H_0:\mu_{BOM} = \mu_{DENA} = \mu_{ICICI} = \mu_{SBI}$ Vs $H_1: \mu_{BOM} \neq \mu_{DENA} \neq \mu_{ICICI} \neq \mu_{SBI}$ where µ denote average number of respondents in favour of awareness.

The levels of significance   used   are 5% and 1%

TABLE 6 ANOVA TABLE IS AS FOLLOWS

SOURCE	DEGREES OF FREEDOM	SUM OF SQUARES	MEAN SUM OF SQUARES	F-RATIO	TABLE VALUES 5%	TABLE VALUES 1%
BETWEEN BANKS	3	22629.18182	7543.0606	5.175519302	2.84	4.31
WITHIN BANKS	40	58298	1457.45			
TOTAL	**43**	**80927.18182**				

SOURCE: PRIMARY DATA

Decision: Since F-calculated > F-table for both 5% and 1% l.o.s.

 Null Hypothesis $H_0:\mu_{BOM} = \mu_{DENA} = \mu_{ICICI} = \mu_{SBI}$ is rejected.

Conclusion: There is significant difference between SBI, Dena, ICICI, and BOM as far as awareness is concerned. Average number of respondents in favour of AWARENESS for ICICI is highest, it can be concluded that ICICI bank ranks first as far as AWARENESS of sCRM is considered.
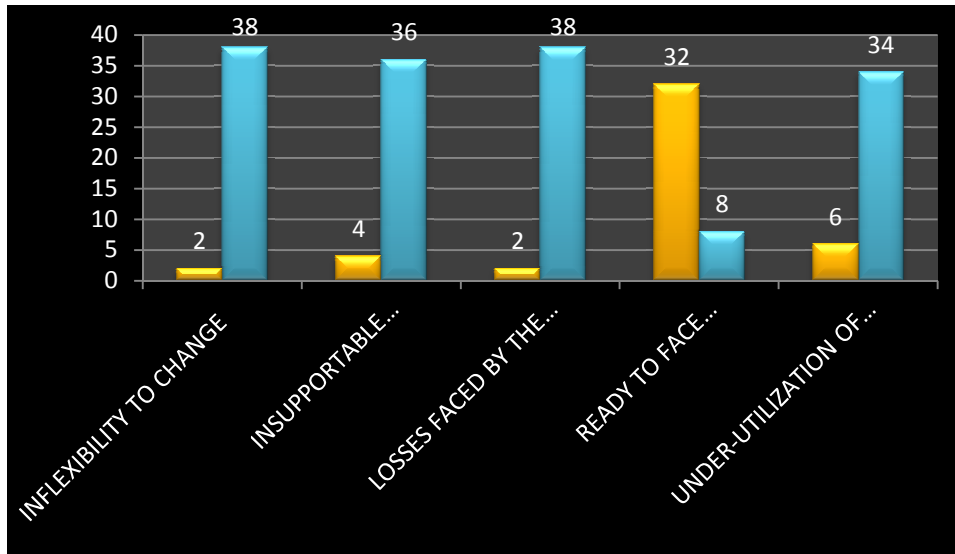
**CHART 1: FACTORS OF PERFORMANCE REVIEW**

INTERPRETATION:

From the above table and graph it is clear that 100% respondents agreed for factors of performance review, i.e. Identifying potential and training needs, generating data for key skills, and business is better with CRM.

CHART 2: PROBLEM FACED BY VARIOUS DEPARTMENTS FOR IMPLEMENTING CRM…

INTERPRETATION:

Out of total respondents 95% agreed that they were flexibility to change, got supportable technology, 80% were ready to face competition and 85% said there was no under-utilization of resources, 95% respondents had profit because of CRM.

CHART 3: NEEDS AND IMPORTANCE FOR IMPLEMENTING CRM…
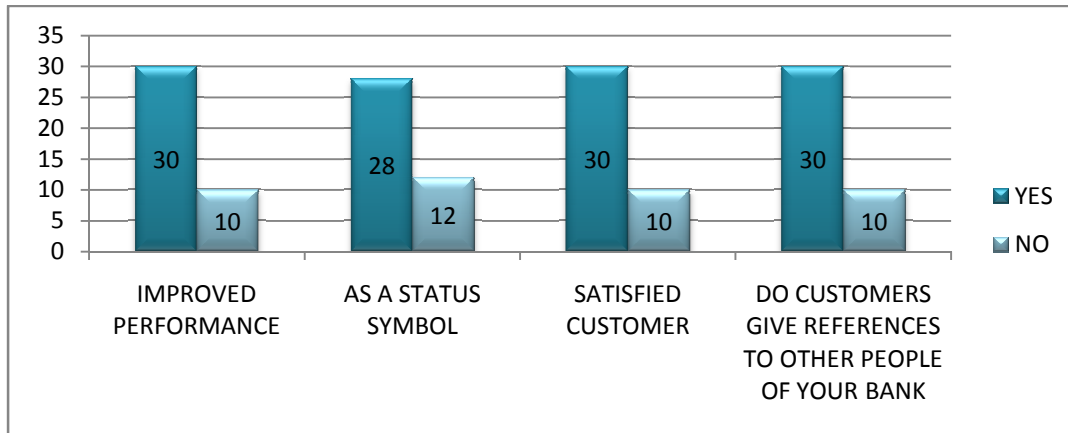
INTERPRETATION:

With the help of table and graph it is clear that 75% respondents are in favour of CRM as it improves bank performance, satisfied the customer, customers' gives bank references to other people, and 70% respondents agreed for CRM as a symbol of status.

FINDINGS:

1. Customers believe that private banks provide superior services than government banks with 65% SBI Bank, 70% ICICI Bank, 90% DENA Bank and 60% BOM Bank.

2. Customers satisfied with bank services with 90% SBI Bank and ICICI Bank, and 80% BOM Bank and 75% DENA Bank.

3. Bank employee empowered to take decision that may positively affect customer satisfaction, in the absence of his superior with 70% SBI Bank, 90% ICICI Bank, 80% BOM Bank and 85% DENA Bank customers.

4. Customers share positive views concerning bank trustworthiness and accuracy of banking solutions. Therefore, it can be argued that customers trust their bank. Indeed, faith is crucial factor including CRM.

5. This result has to do with the new system and technology-based process adopted by the banking sector. It has seen a revolution in the way it has been operating and rendering their service. Due to this, services have become easy and handy, in consumer banking sector. Banking customers will gain several benefits by

adopting an online technology which increases the quality of service, and enable banks management to maintained better relationship building with customer.

6. It can be deduced that the Indian banking sector has not been able to value customer relationships. Therefore, the overall results provide a strong support for Indian banking sector to review its tactical strategies as far as the ability to respond to customers expectations is concerned, provision of an excellent service at any point of contact, convenience and comfort through innovative and modern banking service.

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