

**A Study on Customer Relationship Management Practices of Commercial Banks in Thanjavur District**

**Dr.P.Kanagaraju  
R.Sivaraj**

Assistant Professor & Research scholar, Department of Commerce, Thanthai Hans Roever College, Perambalur.

Research scholar (Part Time) Department of Commerce, Thanthai Hans Roever College, Perambalur.

**Introduction**

At the bottom of growth in banking business is a herculean task, but it can be successfully done, if the focus is on customers. With hot winds of competition blowing across the banking industry in India, increasing an emotionally close, symbiotic relationship with customers has become highly important than ever before. Any bank that wishes to grow in the size of its business or improve its profitability must consider the challenges surrounding its customer relationships. Banks now have realized that, of all the problems the business can have, the loss of recognized customers is one of the most serious. Hence, banks have come out with pioneering measures to satisfy their present customers, acquire new ones, and at the same time adopt procedures to win back the lost customers. Customers' expectations regarding quality, service and value are ever increasing, and hence, a banker can build good relationship with its customers only if it is able to understand their needs and desires. Customer relationship management attitude, if properly implemented, will enable the banker to develop long-lasting relationship by developing trust and expressive bonding through personalized communication and sharing of values and goals. Before the nationalization of banks in India, 'class banking' was practiced because there were very few business class customers of banks, and hence, the banks were dependent on these few valuable customers. Hence, the bankers at that time tried their level best to provide what the customer was in need of, and kept them for generations. But the nationalization of banks and shift from class banking to social banking made drastic changes in the behavioural pattern of bank staff. The increase in customer base, legal restrictions and protected environment caused a sharp decline in the customer service quality and customer-friendly atmosphere in banks. Financial sector reforms initiated in the early 1990s purposefully tried to create a competitive environment by softening the bank licensing policy. The entry of new generation banks with IT-enabled financial services, and with young and trained customer-oriented staff, shocked the old generation banks. The 'real time' services with human touch offered by the new banks lead to attrition of high-end customers from old banks to new ones. The old generation banks realized the need for IT-enabled services and superior customer service quality. During the past few years, public sector banks and old private banks exhibited a dramatic performance in implementing technology-based services, which created a level playing-ground in the banking sector. Now, the most important factor creating remarkable difference between banks in customer experience is the human factor, ie. the service quality and customer orientation of bank staff.

CRM strategies are formulated to retain the good customers during their entire life cycle to maximize the customer lifetime value. This kind of a long-lasting relationship requires an emotional attraction. Building emotionally competent relationship with customers starts with love, caring and respect. The banks can cross-sell different products during different life stages and the banker can improve the profitability and efficiency in operation. Successfully keeping old customers, through service excellence, motivates the staff to devote their time and energy for the well-being of the organization. Banking involves interaction between staff and customers. Hence, the front-line employees' skills and orientation in successfully managing the interaction shape the experience of customers with banks. The staff should have the patience to listen to the customers, understand what they need, and guide them to the next stage by giving a positive experience. In order to do this successfully, the staff should

understand the customers' behavioural pattern, areas of interest, and response towards offers and so on. Good word-of-mouth opinion by the existing customers is regarded as the most precious asset that can bring new valuable customers by referrals, create positive opinion in the minds of other existing customers, who will then be ready to invest in those products and services newly offered to them. Recognizing the importance of customer service, banks are investing heavily on technology, but little attention is shown towards giving their staff a customer orientation and training to sharpen their skills. The understanding regarding CRM on the part of people at the top of the administrative hierarchy also plays a big role in this. They should realize the fact that technology is a facilitating factor and it cannot be the whole. Many banks in India have acquired and implemented CRM software packages even without properly understanding what the philosophy behind CRM is and what groundwork is to be done for the successful implementation. Customer relationship management orientation among branch-level managers and frontline employees is a must to produce better result out of CRM package.

This study proposes to evaluate the CRM in commercial banks operating in Thanjavur District. It proposes to measure the Customer Relationship Management Orientation of branch-level managers and the Customer Relationship Strength of customers. Appropriately, the study is captioned "*A Study on Customer Relationship Management Practices of Commercial Banks in Thanjavur District*".

### **Customer Relationship Management**

Customers are very important for any kind of business. Customers changing needs should be exactly identified by the business firms. Banks are not exceptional in this process. Old methods of CRM confirmed the importance of relationship management and it is no longer suitable to the present tech-savvy people. Banks are in constant touch with their customer with the help of technology. CRM process will build the business and make the firm profitable. Banking is made convenient to the customers and it has become 24x7. Any time, the information is made available to the customers. This has generated many customers to the banks. Retention of customers is also a big challenge to the banks, because of choices of many other banks. If they not retained they will lose business to their competitors. This study focusses the importance of CRM in Banks.

### **Need and Significance of the Study**

In the growing economy, banking sector is tremendous pressure and challenges in obtaining new customers. The second challenge faced by banks is competition that leads to difficulty in retaining the existing customers. Technology has forced the banks to be more dynamic and create more convenience to the customers. In the process of creating convenience and providing value, customers need to be understood and a consistent relationship has to be maintained by the banks. Customer loyalty is fading because of competition and only through effective CRM activities customer retention and loyalty is possible. This research study is focused to study the customer relationship management practices followed in commercial banks. Since a CRM practice contributes the success of business and profit to banks, its effectiveness has to be studied and measured every now and then. The gaps in CRM practices are to be filled after understanding the existing methods. A suitable method has to be followed by banks since every business is different in nature. This research study is tried to understand how CRM practices in commercial banks are implemented to safeguard the interests of the banks by maintaining a good business relationship with customers. A detailed analysis of CRM practices has to be studied. CRM practices in the changing scenario have to be understood to enable the business processes of the banks. Therefore, a detailed study is required for the betterment of commercial banks. The study has been proposed to conduct to understand the CRM practices in commercial banks in Thanjavur district of Tamilnadu.

## **Statement of the Problem**

Customer is the King component in the banking business. The banking cannot function without customers, nor is the business done by acquiring a certain number of customers. Hence, the secret key factor of a bank's success is effective CRM. As compared to other business relationships, the relationship between the banker and his customer deserves special attention because it can influence the future financial well-being of the customer and his/her family. Hence, banker-customer relationship is more emotional as compared to other business relationships. People in Thanjavur are dealing with scheduled commercial banks, cooperative banks and private institutions for getting various financial services. Cooperative banks are successful in mobilizing deposits as they are giving a higher interest than do the scheduled commercial banks. Public sector banks are offering loans at a comparatively lower rate than their counterparts. Private sector banks are offering high speed services, with a human touch. Since different categories of banks are giving/offering different benefits to customers, the customer should identify his/her bank, and the duration of relationships depends upon the quality of the relationship and the personality characteristics of the customer. In financial dealings, many customers are rational and have multiple bank dealings. Building a strong and enduring relationship with customers gives a competitive edge by enhancing customer loyalty and cross selling. Strong banker- customer relationship can have its impact on the present as well as future prospects of banks. Hence, the study focuses on the customer relationship management orientation and customer relationship strength in commercial banks.

## **Objectives**

The following are set as objectives for this research study.

- 1) To identify the Customer Relationship Management practices in banking sector in Thanjavur District.
- 2) To study the customer perceptions of Customer Relationship Management Practices in commercial banks of Thanjavur District.
- 3) To assess satisfaction level of the customer on Customer Relationship Management Practices in commercial banks of Thanjavur District.
- 4) To know the factors influencing the customers through the CRM practices implemented in commercial banks of Thanjavur District.
- 5) To recommend that how the CRM strategies can be strengthened and the possible strategies for effective CRM practices.

## **Hypotheses**

1. The average level of customer loyalty in the banking sector of Thanjavur does not differ between different customer groups based on: a) gender, b) age.
2. There is no difference in the average emotional attachment to primary banks between customers of different bank groups.
3. Regression of overall performance of bank branches (y) on managers' orientation in trust, bonding, communication, shared value and empathy is not valid.

## **Scope of the Study**

This research study on customer relationship management is mainly undertaken to understand the practices on CRM in banks and to evaluate customers' satisfaction on CRM practices in the selected commercial banks of Thanjavur district of Tamilnadu. Customers of commercial banks in the study area have participated in the study and rendered their opinion. Customers of the randomly selected banks that have implemented the CRM practices were taken as sample for this research study.

## **Research Design**

Research Design is a method planned to conduct research according to the objectives set for the research. A research design is a prearrangement of situations for collection and analysis of data in a way which purposes to syndicate relevance to the research purpose. It is employed to organize the research, to specify that all the major components of the research

have been planned to work together. Research design gives an empirical base to get the results for the proposed research. Descriptive research design has been adopted for this research study. The motive for choosing the descriptive design for this research is that it would support in generalization to a greater extent than any other method. Descriptive research design was used to conduct the research and to understand the various dimensions of CRM followed by commercial banks in Thanjavur District of Tamilnadu.

The researcher approached all the branches and made a personal request to branch heads to participate in the survey. Some managers deputed their junior managers to deal with it, some others directly participated, some others summararily rejected the appeal. As many as branch-level managers with different designations, from chief managers to deputy managers, participated in the survey.

### **Sampling Design**

Sample design is a significant section of Research Design. As per Malhotra (1999), “sample design process includes five steps: define population, determine sampling frame, select sampling technique, determine sample size and execute the sampling process”.

### **Sampling Method**

Customers of selected Commercial Banks in Thanjavur district are taken as sample. To conduct this research study, stratified and convenient sampling was applied in selecting the respondents. Customers visiting the banks were interviewed to understand their opinion on Customer relationship Management practices of the banks. Majority of the population are not able spend time to render their opinion for the survey and most them were involved in agriculture related activities. People who were ready to spend time to participate in the study were included as respondents for this research study. This made the researcher to adopt the convenience sampling method that gives flexibility to meet, only those respondents who are prepared to devote time to fill the questionnaire.

### **Sample Size**

520 customers of the selected banks (Canara bank, Vijaya bank, Indian Overseas bank, Central bank of India, State bank of India, Bank of Baroda, Repco bank, Indian bank, Syndicate bank, Panjab National bank) of Thanjavur district have participated in the study and rendered their opinion on CRM practices. Customers of ten different commercial banks have participated in the study and rendered their opinion.

### **Data Collection**

The data for this research study were collected using both primary data and secondary data. The details regarding this are presented in this section. Primary data were collected with the help of field survey method. For this purpose, a well- structured questionnaire was framed with the help of the research supervisor and experts of the CRM studies and marketing fields, respondents were directly met and data were collected by asking them the questions. The researcher asked the questions to the respondents and recorded the responses. The primary data were augmented by a sequence of secondary data. The secondary data were collected from the records related to rural marketing from well-equipped libraries located in Tiruchirappalli, Chennai, and Coimbatore and from internet sources. To write the literature review chapter and other conceptual information related to the research study magazines, newspapers, journals and research reports are verified form library and e-resources. A number of standard text books were also referred to obtain the appropriate literature on banking, CRM strategies and customer attraction towards CRM practices.

### **Tools Used For Data Collection**

A well-structured questionnaire was framed and data were collected from the customer of commercial banks of Thanjavur District. The data obtained from the survey as well as data from secondary sources collected and presented in the present report, descriptive research was considered as appropriate method for the study. Research problems and the questions to

the respondents were all framed accordingly. The suggestions are offered in the final chapter of the research report developed from the inferences drawn from the study of the respondents' opinion that have rendered their opinion on CRM Practices followed by Commercial Banks of Thanjavur district.

### **Pilot Study (Pre-Test)**

A pilot study is a methodical tool for primary research that allows the researchers to conduct a preliminary analysis before committing to a full-fledged study. Researcher of this study used pilot study to test the feasibility, equipment and methods as a small-scale rehearsal of the research design. A well-structured interview schedule was prepared with the consultation of research supervisor and experts in the research field. A preliminary investigation is undertaken by contacting 50 randomly selected customers of commercial banks of Thanjavur district. The purpose of the pilot study is to test the quality of the items in the questionnaire and to confirm the feasibility of the study.

### **Period of the Study**

The data for the present study was collected from 10 commercial banks in Thanjavur district of Tamilnadu from August 2015 to July 2016.

### **Framework of Analysis**

The data thus collected was presented in a simple tabular form and suitable statistical tools like Percentage, Average, Range, Standard Deviation, Two-way tables, Multiple regression analysis, Factor analysis, analysis, Henry Garrett ranking and Chi-Square ( $\chi^2$ ) analysis were used by assessing the appropriateness of the statistical tools.

### **Level of Significance**

After examining the construct validity of the instrument, the data was collected, tabulated, processed and analyzed with reference to each of the specific objectives, with the help of appropriate tools of analysis. All tests were conducted for five percent level and one percent level of significance. Analysis made to meet the purpose of each of the specific objectives and test the hypotheses.

### **Limitations of the Study**

- The study covers the significant aspects of the concept of CRM and its implementation practices in banking sector with reference to select commercial banks in Thanjavur district. The analyses were made with regard to assessment and role of CRM in improvement of banking practices of commercial banks in Thanjavur district. Though the study is very comprehensive in nature, it has the following limitations.
- The study is primarily based on the data collected from the customers of select commercial banks; therefore, the accuracy of the data provided by them is relied upon the point of time of taking perceptions from the customers of Thanjavur district.
- The study is carried out through the selected banks of Thanjavur district of Tamilnadu, so the findings may not represent the entire banking sector or banks of other places.
- Sample size is limited to 520 people only. The sample size may not adequately represent the whole market.

### **Major Findings**

- 1) The study offers an outline of the CRM initiatives that take has taken place in banks. Thus, the suggestion based on findings can be used to identify the key success factors of CRM.
- 2) Majority of the customers are satisfied with the CRM practices followed by the commercial banks in Thanjavur district
- 3) Proper match of the expectations and perceptions of customers will help the banks to achieve the anticipated results
- 4) Male customers are influenced by CRM practices than Female customers

- 5) The level of satisfaction of graduates is higher than other category of respondents participated in the study
- 6) Respondents who have the annual income of Rs. 2 lakh to Rs.4 lakh are satisfied than other category
- 7) Knowledge of Bank staff towards the banking operations is felt as most important factor than any other factors in influencing customers.

### **Conclusion & Recommendations**

The main purpose of this study is to understand the CRM practices in selected commercial banks in operating in Thanjavur district. Customer satisfaction towards CRM practices has been studied. The vital aim of the CRM practices followed by banks is to retain the customers and enhance their loyalty. Unless this is achieved banks cannot make the customers to spread a positive word of mouth communication and make new customers. In the world of dog-eat-dog competition every bank need to take their step carefully in customer retention and make their business successful. This research study understood the importance of CRM practices and how banks are successful in retaining the satisfaction of customers of Thanjavur district. Many respondents participated in the study agree that they will change the bank if the bank is not meeting their demands. Therefore it is important to understand the changing needs of the customers and meeting their demand in time. Constant relationship with customers will help the banks to achieve the results. The following are the recommendation provided through the research to the banks for better CRM practices.

- 1) Forecast and understand the demands of the customers and offer them products and services in the way they want.
- 2) Educate the customers to adopt the technology and its importance for better relationship to be maintained.
- 3) Customers should be treated with personal attention when they visit the banks, a personal touch should be expressed in the process of CRM.
- 4) A service organization is judged based on the employees' behaviour towards customers. Banks are no exception. The success of banks depends upon the behaviour of the employees handling customers directly.
- 5) Try to provide better service and timely communication; this will create a competitive advantage to the banks.
- 6) Developing innovative and customized services for the customers will also enhance the quality of service.