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Assessing the Impact of CRM Practices of Banking Sector in Enduring Relationships with Customers in Trichirapalli District

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ABSTRACT:

With the advent of deregulation, globalization, and increased competitive pressure, the banking sector began to recognize that the "customer" is the brand ambassador and that retaining customers is less expensive than acquiring new customers for the services. Loyal customers remain longer and refer different customers to banks. A term relationship with customers helps the bank understand customer needs. It is an opportunity to introduce customized products on service and strategically pitch their products to customers. Customers comprehend the banking procedures, which reduces the working expenses arising out of customer related errors. Since the expense of securing a new customer is relatively high when compared to retaining an existing customer, banks started using customer relationship management as a tool to maintain great and consistently enduring relationships with customers. The data are collected through a questionnaire, and the sampling technique is stratified random sampling technique. For statistical analyses, SPSS was used, and statistical tools like percentage analysis, ANOVA, correlation, inter correlation matrix, and 't' test were applied. The findings were based on the research hypothesis, the demographic profile, and various dimensions of customer relationship management practices in banking sectors in Tiruchirappalli district. Suggestions and conclusions are based on these findings.

Keywords: CRM Practices, Bank services, Relationship, Implementation of CRM practices, Customer satisfaction.

1. Introduction

Customer satisfaction is the major success factor for the business. In the modern world, customers' needs and wants have changed, and organizations have recognized the importance of customers for their survival. A highly satisfied customer will be helpful in marketing the banking products, and such customers will bring new customers to the bank, which will increase the business of the banks.

Customer relationship management (CRM) is a need in any customer- centered industry.. For banks, it's particularly helpful instrument for meeting sales and marketing objectives and exceeding customer expectations. Customer relationship management (CRM) is a need in any

customer-focused bank. For banks, it's a particularly helpful tool for meeting sales and promoting objectives and exceeding customer expectations. CRM in the banking sector helps in managing a bank's relationship with existing and potential clients through a set of collected data, the integration of communication channels, and streamlining customer service.

Implementation of customer relationship management is the most important aspect of the banking industry. To enrich customer satisfaction, the implementation of CRM practises has become inevitable. Developing a relationship with customers is far easier than keeping them. Relationships thrive when advertisers meet customers' core expectations.

CRM has emerged as a critical factor in improving bank performance. Technology aided services like Internet banking, inter-branch network work; mobile banking changed the banking environment in India and added new dimensions to automation in Indian banking. To maintain leadership, HDFC Bank used CRM to establish a single platform for the execution of its strategies across products, departments, and channels. On the basis of market capitalization, HDFC Bank is the largest private bank in the country with more than 25 million customers. Unlike other banks, HDFC Bank did not want to buy growth at the expense of its profitability, rather, to retain its competitive advantage, the bank felt it needed to improve its customer engagement processes. The bank selected CRM Next's solution, which promised to fulfil the bank's needs.

With customers opting for web based financial arrangements rather than in-person experiences, strategizing a way to foster long-term relationships can be difficult for many organizations.

A banking CRM provides a wealth of data that can be used to provide personalized services in a proactive manner. Since CRM empowers respondents to record customer notes and individual data, customers can upgrade each insight. Under this concept, this paper analyses "customer relationship management practices in banking sectors"

2. Review of literature

Deepak Bhattacharya and Patil (2014) made an attempt to understand how banks manage CRM. It is qualitative research conducted through the survey method, where a questionnaire was pre- designed. The study concluded that all banks believe that CRM is an essential technique for maintaining, acquiring, and enhancing customers. There is more professionalism and seriousness about CRM in foreign banks such as American Express Bank. However, Allahabad Bank and Shamrao Vithal Bank did not contribute much to the CRM practices. All the banks believe that there is a good future for CRM in the banking sector.

Rashmi (2015) determined the significance of the banking sector in CRM. How the banking sector reaped the benefits of CRM practices. The study concluded that CRM played an important role in customer satisfaction for public sector banks. Maintaining good CRM practises is one of the biggest challenges for open division banks, as customer fulfilment rates in open segment banks are not attractive when contrasted with those in private area banks. The scientist advised banks to understand the reasons for such CRM rehearsals among open and private sector banks.

Renuga and Durga (2016) say that CRM practises in the banking sector help understand the concept of different banking areas. According to the researchers, in order for banking companies to be successful in today's competitive environment, they should strive to satisfy customers by providing efficient banking services.

Shaik Sharifuddin and Talluri Sreekrishna (2017) examined CRM practises in the banking industry and their impact on customer satisfaction. It was discovered that the foundation of the two banks was recognised as a major reason for arriving at the top CRM. The examination found that most of the respondents concurred with the announcements in the different measurements utilized. It was likewise discovered that the absence of comprehension of CRM was a worry among the specialist organizations, particularly the banking division.

Noopur Saxena (2018) estimated the adequacy of CRM rehearsals in both open and private segment banks in Delhi. The specialist studied the customers of private and open area banks. The factor investigation demonstrates that customer experience, innovation direction, hierarchical duty, procedure-driven methodology, and unwavering quality were the elements in charge of

CRM. The examination noticed that the overview helped the analyst assess the genuine impression of customers

3. Research Methodology Statement of the Problem

There is fierce competition in the banking industry, and it is growing both within and outside of the industry. It reduces profits and forces banks to serve their customers as efficiently as possible with the resources they have. In Trichirappalli district, the scope of the banking sector has changed on account of globalization of the banking business, competition among private and public sector banks, a series of deregulations, and headways in innovation. There exists a solid requirement for keeping up customer relationships among the executives in the banks. Today, this segment is confronting a strong challenge, and numerous banks have lost a considerable portion of their decade old customers to recently entered private segment banks and outside banks. As a result, customer relationship management is required as a viable tool for financial organizations in order to attract new customers and retain existing ones. Thus, the paper analyses customer relationship management practices in banking sectors in Trichirappalli district.

Objectives of the Study

1. To find-out the level of Customer Relationship Management practices in banking sectors.
2. To describe socio-demographic profile of the employees.
3. To examine the level of CRM practices and its implementation.
4. To analyze various factors of Customer relationship management practices in banking sectors.
5. To find out suitable suggestions to improve CRM practices in their banks.

Research Design

Research design proposed for the study is ‘Descriptive’ type of research design. This type of research deals with customers who are living in Trichirappalli district. Sample size: 97. The sample data was collected from the customers who are living in Trichirappalli district in

Tamil Nadu. Stratified random sampling technique has been used to select the sample.

Research Hypothesis

1. There is a significant correlation between age of the respondents and various dimensions of Customer relationship management practices in banking sectors.
2. There is a significant inter correlation matrix among various dimensions of Customer relationship management practices in banking sectors.
3. There is a significant difference between gender of the respondents and various dimensions of Customer relationship management practices in banking sectors.
4. There is a significant difference between marital status of the respondents and various dimensions of Customer relationship management practices in banking sectors.
5. There is a significant variance among the respondents' educational qualification with regard to various dimensions of Customer relationship management practices in banking sectors.
6. There is a significant variance among the respondents' occupation with regard to various dimensions of Customer relationship management practices in banking sectors.
7. There is a significant association between respondents' monthly income and various dimensions of Customer relationship management practices in banking sectors.

Period of Study

The study on Customer relationship management practices in banking sectors in Trichirappalli district in Tamil Nadu was carried out during the period of May 20th 2024 to June 21st 2024.

Table 1: Karl Pearson's Co-Efficient of correlation between the respondents' Age and various dimensions of Customer relationship management practices in banking sectors

S. No	Customer relationship management practices in banking sectors	Correlation value	Statistical Interface
1.	Age and CRM Practices	0.609^{**}	$P < 0.01$ Significant
2.	Age and Bank services	0.575^{**}	$P < 0.01$ Significant
3.	Age and Relationship	0.617^{**}	$P < 0.01$ Significant
4.	Age and Implementation of CRM practices	0.642^{**}	$P < 0.01$ Significant
5.	Age and Customer satisfaction	0.589^{**}	$P < 0.01$ Significant
6.	Age and Customer Relationship Management practices in banking sectors	0.548^{**}	$P < 0.01$ Significant

** Correlation is significant at the 0.01 level

* Correlation is significant at the 0.05 level

Table 1: There is a significant relationship between age of the respondents and various dimensions of Customer relationship management practices in banking sectors such as CRM Practices, CRM Practices, Relationship, Implementation of CRM practices, Customer satisfaction and Overall Customer Relationship Management practices in banking sectors.

Table 2: Inter Correlation Matrix among various dimensions of Customer Relationship Management practices in banking sectors

	CRM Practices	Bank services	Relationship	Implementation of CRM practices	Customer satisfaction	Customer Relationship Management practices in banking sectors
CRM Practices	1					
Bank services	.915**	1				
Relationship	.967**	.938**	1			
Implementation of CRM practices	.936**	.880**	.944**	1		
Customer satisfaction	.933**	.899**	.946**	.974**	1	
Customer Relationship Management practices in banking sectors	.955**	.939**	.955**	.937**	.966**	1

** Correlation is significant at the 0.01 level
* Correlation is significant at the 0.05 level

Table 2: There is a significant relationship among the various dimensions of Customer relationship management practices in banking sectors such as CRM Practices, CRM Practices, Relationship, Implementation of CRM practices and Customer satisfaction at 0.01 level.

Table 3:'t' test between the respondents' Gender and Customer Relationship Management practices in banking sectors in various dimensions

	Male **(N:49)**	32.7551	4.09538	**t =10.505** p < 0.001 **Significant**
	Female **(N:48)**	42.4375	4.95042	
6.	**Customer Relationship Management practices in banking sectors**			**t =10.037** p < 0.001 **Significant**
	Male **(N:49)**	129.4286	14.90805	
	Female **(N:48)**	165.6667	20.29604	

S.No	Customer Relationship Management practices in banking sectors	$\bar{X}$	S.D	Statistical Inference
1.	CRM Practices			t =9.496 p < 0.001 Significant
	Male (N:49)	29.1224	7.95464	
	Female (N:48)	43.6667	7.09610	
2.	Bank services			t =12.244 p < 0.001 Significant
	Male (N:49)	13.4694	4.19872	
	Female (N:48)	25.8333	5.65435	
3.	Relationship			t =12.761 p < 0.001 Significant
	Male (N:49)	13.7959	4.33964	
	Female (N:48)	24.3542	3.78401	

4.	Implementation of CRM practices			t =10.123 p < 0.001 Significant
	Male (N:49)	29.2245	6.28578	
	Female (N:48)	40.6667	4.71906	
5.	Customer satisfaction			

Table 3: There is a significant difference between respondents' Gender and various dimensions of Customer relationship management practices in banking sectors such as CRM Practices, CRM Practices, Relationship, Implementation of CRM practices, Customer satisfaction and Overall Customer Relationship Management practices in banking sectors.

Table 4:'t' test between the respondents' marital status and Customer Relationship Management practices in banking sectors in various dimensions

S.No	**Customer Relationship Management practices in banking sectors**	$\bar{X}$	**S.D**	**Statistical Inference**
1.	CRM Practices			t =12.277 p < 0.001 Significant
	Single (N:35)	25.4571	6.27011	
	Married (N:62)	42.4516	6.69641	
2.	Bank services			t =11.987 p < 0.001 Significant
	Single (N:35)	11.4286	3.08970	
	Married (N:62)	24.1935	5.84734	
3.	Relationship			t =15.453 p < 0.001 Significant
	Single (N:35)	11.5429	2.74765	
	Married (N:62)	23.2419	3.96991	
4.	Implementation of CRM practices			t =13.381 p < 0.001 Significant
	Single (N:35)	26.3429	4.96424	
	Married (N:62)	39.7097	4.58575	
5.	Customer satisfaction			t =11.097 p < 0.001 Significant
	Single (N:35)	30.9429	3.35141	
	Married (N:62)	41.2742	4.89285	
6.	Customer Relationship Management practices in banking sectors			t =9.764 p < 0.001 Significant
	Single (N:35)	123.5714	13.69475	
	Married (N:62)	160.7903	20.04269	

Table 4: There is a significant difference between respondents' marital status and various dimensions of Customer relationship management practices in banking sectors such as CRM Practices, CRM Practices, Relationship, Implementation of CRM practices, Customer satisfaction and Overall Customer Relationship Management practices in banking sectors.

Table 5: One way analysis of variance among the respondents' occupation with regard to various dimensions of Customer Relationship Management practices in banking sectors

S. N O	Source	Df	SS	MS	_X	Statistical Inference
1.	**CRM Practices**				G1=26.5128	**F=74.001**
	Between Groups	2	6441.763	3220.881	G2=41.2069	P < 0.001
	Within Groups	94	4091.330	43.525	G3=44.6207	**Significant**
2.	Bank services				G1= 12.0769	F=98.065
	Between Groups	2	4093.564	2046.782	G2= 21.9655	P < 0.001
	Within Groups	94	1961.942	20.872	G3= 27.3103	Significant
3.	Relationship				G1= 12.1795	F=140.114
	Between Groups	2	3204.905	1602.452	G2= 22.0000	P < 0.001
	Within Groups	94	1075.054	11.437	G3= 25.2414	Significant
4.	Implementation of CRM practices				G1= 27.1282	F=88.014
	Between Groups	2	3988.083	1994.042	G2= 39.0690	P < 0.001
	Within Groups	94	2129.669	22.656	G3= 41.1379	Significant
5.	Customer satisfaction				G1= 31.4615	F=68.716
	Between Groups	2	2511.935	1255.968	G2= 40.3448	P < 0.001
	Within Groups	94	1718.106	18.278	G3= 42.9310	Significant
6.	Customer Relationship Management practices in banking sectors				G1= 125.3333	F=71.106
	Between Groups	2	37249.153	18624.576	G2= 152.3448	P < 0.001
	Within Groups	94	24621.218	261.928	G3= 172.0000	Significant

G1= Business, G2= Employment and G3= Profession

Table 5: There is a significant variance among the respondents' Occupation with regard to various dimensions of various dimensions of Customer relationship management practices in banking sectors such as CRM Practices, CRM Practices, Relationship, Implementation of CRM practices, Customer satisfaction and Overall Customer Relationship Management practices in banking sectors.

Findings and Suggestions

Findings Based on Socio-Demographic Profile

1. More than three-fourth (i.e.) 77.3 per cent of the respondents were more than 35 years old.
2. More than half (i.e.) 50.5 percent of the respondents were male.
3. Majority (i.e.) 63.9 percent of the respondents were married.
4. More than half (i.e.) 55.7 per cent of the respondents were Post Graduates.

5. Nearly half (i.e.) 40.2 per cent of the respondents were doing business.
6. Nearly half (i.e.) 42.3 per cent of the respondents got monthly income from Rs.20000 to Rs.40000.
7. Nearly three-fourth (i.e.) 72.2 per cent of the respondents became customers to the bank for more than 10 years.
8. More than half (i.e.) 52.6 per cent of the respondents availed Credit/Debit cards.

Findings Based on Low and High Level of Various Dimensions of Customer Relationship Management Practices in Banking Sectors

1. More than half (i.e.) 51.5 per cent of the respondents got high level with respect to CRM Practices.
2. More than half (i.e.) 50.5 per cent of the respondents had high level with respect to Bank services.
3. More than half (i.e.) 53.6 per cent of the respondents obtained high level with regard to Relationship.
4. More than half (i.e.) 51.5 per cent of the respondents acquired high level with regard to Implementation of CRM practices.
5. More than half (i.e.) 51.5 per cent of the respondents got high level with regard to Customer satisfaction.
6. More than half (i.e.) 50.5 per cent of the respondents had high level with respect to Customer Relationship Management practices in banking sectors.

Findings Based Hypotheses

1. There is a significant correlation between age of the respondents and various dimensions of Customer relationship management practices in banking sectors.
2. There is a significant inter correlation matrix among various dimensions of Customer relationship management practices in banking sectors.
3. There is a significant difference between gender of the respondents and various dimensions of Customer relationship management practices in banking sectors.
4. There is a significant difference between marital status of the respondents and various dimensions of Customer relationship management practices in banking sectors.
5. There is a significant variance among the respondents' educational qualification with regard to various dimensions of Customer relationship management practices in banking sectors.
6. There is a significant variance among the respondents' occupation with regard to various dimensions of Customer relationship management practices in banking sectors.
7. There is a significant association between respondents' monthly income and various dimensions of Customer relationship management practices in banking sectors.

Suggestions

1. It is suggested that level of perception on Customer Relationship Management strategies among the non-business customers and business customers differ with each other, bank management should pay attention to design and introduce different CRM strategies for this type of customers.
2. The bank should have separate research and development department to identify the changing needs of the customers and monitor the effectiveness of customer relationship management at regular intervals.
3. The Bank management should do the customers' needs and must prepare them to face the changing environment in future.
4. Bank management must always keep one step ahead of the competitor's bank by

introducing innovative services hence to develop long lasting bonding between customers and the banks.
5. Freedom should be given to branch offices to change CRM practice as per the situation as the customer base of every branch may not be uniform.
6. Feedback from the customers should be seriously considered while framing the policies & while designing the products.
7. Needs of special persons (Visually challenged persons etc.,) must be taken into account while designing internal layout of the banks

4. Conclusion

This paper is a study on customer relationship management practices in the banking sector in Trichirappalli district in Tamil Nadu. Customer relationship management has become a powerful concept to align the interests of a bank and its customers. Successful Customer Relationship Management implementation requires attention to four critical areas: individuals, strategy, processes, and technology. Customer views on the implementation of CRM have to be evaluated. This paper concludes that banks have to pay more attention at their CRM practices, including customer perception and feedback.

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