

A Study on Customer Relationship Management Practices in Indian Banks With Special Reference to Chennai City

OPEN ACCESS

Manuscript ID:
MGT-2021-09013913

Volume: 9

Issue: 1

Month: July

Year: 2021

P-ISSN: 2321-4643

E-ISSN: 2581-9402

Received: 20.04.2021

Accepted: 13.06.2021

Published: 01.07.2021

Citation:

Kumar, TS, and K. Kalairaja.
“A Study on Customer Relationship Management Practices in Indian Banks With Special Reference to Chennai City.” *Shanlax International Journal of Management*, vol. 9, no. 1, 2021, pp. 66-70.


DOI:

<https://doi.org/10.34293/management.v9i1.3913>



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Abstract

The banking landscape has undergone a paradigm shift from welfare oriented banking to profit oriented banking over a period of three decades. The deregulation has completely transformed a very complex of commercial banks in the early nineties. Prior to deregulation syndrome, the customers were given short shrift in the social sector banking era. The customers were made to run from pillar to post to get an ordinary personal loan. Only those who can afford to offer security were made eligible for big ticket loans. The borrowers had to wait endlessly for various types of consumer loans. The customers in the current era of liberalized environment are enjoying the privilege of choosing their banks in terms of various considerations. The main objectives of the study is to examine the current customer relation strategies adopted in Indian Banks, to identify the deficiencies in the existing customer satisfaction variables which lead to Bridge the customers and the bank, to study the difference in perception of the customers of the bank toward various services provided by bank and to analysis the satisfaction level of customer services provided by the bank. The survey reveals that assenters are satisfied in most of the aspects and they want to continue with their respective banks. So now if the banks use proper strategies to overcome the shortcomings faced by customers, the banks can easily build a strong relationship and that will allow the bank to earn profit in the competitive environment.

Keywords: CRM in Indian banks, Customer relationship management, Service provided in Indian banks, CRM in banks at Chennai city, Customer satisfaction on banks

Introduction

Customer Relationship Management is the process of managing detailed information about individual customers and carefully managing all the customer touch points. CRM is sound strategy to find out the most profitable customer and retain them by providing most valuable services. Over the few decades, the nature and scope of services provided so much. Modern technology can develop innovative customer solutions to attain growth and profitability within the frame work of sound risk-management practices. Recent development in critical area of IT, have changed the way the banks are managing their customer relationships. This study helps in understanding the perception of customers towards the bank's CRM strategies.

Objectives of the Study

In order to have a clear understanding on the customer Relationship Management in Indian Banks objectives are as follows.

- To evaluate the current customer relation strategies adopted in Indian banks

- To find out the deficiencies in the existing customer satisfaction variables which lead to building relate with customers in Indian banks.
- To study the difference in perception of the customers of the bank toward various services provided by banks.
- To analysis the various satisfaction level of customer with respect to the basic services provided by the banks.

Scope of the Study

- The basic need for the study of CRM is collecting the data on the satisfaction level of the customers.
- The study helps customers in being aware of the banking operation of Indian banks.
- To find what made people to choose this specified Bank especially.
- Helps to improve in the place where they think they lack in diplomacy.
- This study helps to provide necessary information required finding out the current position of the Bank and the scope is to better understand needs of expectation of consumers.

The banking company is gaining a lot of important of India. The banking market shows stable growth and tough competition industry analysis say volumes have picked up in the country in the past 5 years with the entry of foreign banks. There is a sharp growth rate in the rural market as per the survey.

Research Methodology

The methodology includes collection of primary data, secondary data, sampling design and tools for analysis. The researcher has attempted to collect both the primary and secondary data as both data are vital to this study.

Sample Design

The present study is infinite; hence, it was decided to use Random sampling technique. Samples chosen are 120 assenters representing different status viz., businessmen, students, professional, employees, etc.

Statistical Tools used for the Study

The collected data were analysed with the help of various statistical measures such as percentage,

weighted average ranking technique, Garrett’ ranking technique and Chi-square test.

Analytical Frame Work

Table 1: Occupation of the Assenters

S. No	Occupation	No. of Assenters	%
1	Government Employee	25	21
2	Private Employee	67	56
3	Business People	15	12
4	Student	13	11
Total		120	100

Source: Primary Data

It reveals the status of the assenters 67 (56 percent) assenters are private employees, 25 (21 percent) assenters are government employee, 15 (12 percent) are business people and 13 (11 percent) are students.

Table 2: Monthly Income of the Assenters

S. No	Monthly Income (in Rs)	No. of Assenters	%
1	Less than 10,000	50	41
2	10,000-20,000	43	36
3	20,000-50,000	14	12
4	Above 50,000	13	11
Total		120	100

Source: Primary Data

It shows the distribution of assenters based on their monthly income. Out of 120 assenters, 50 (41 percent) income is below Rs.10,000. 43 (36 percent) income earn is Rs.20,000, 14 (12 percent) earn Rs.20,000-50,000. and 13 (11 percent) earn above Rs.50,000.

Table 3: Period of Relationship with the Bank

S. No	Period	No. of Assenters	%
1	Less than 1 year	12	10
2	1-3 years	38	32
3	3-5 years	27	22
4	5-10 years	29	24
5	More than 10 years	14	12
Total		120	100

Source: Primary Data

From the above table reveals that total 120 assenters, 38 (32 percent) assenters are having 1 to 3 years of relationship with the bank, 29 (24 percent) assenters have 5 to 10 years of relationship with the bank, 27 (22 percent) for 3 to 5 years, 14 (12 percent) assenters for a period of more than 10 years and the remaining 12 (10 percent) are having relationship with the bank for less than 1 year.

Table 4: Type of Account Maintained by the Assenters

S. No	Type of Account	No. of Assenters	%
1	Savings account	105	88
2	Current account	13	11
3	Recurring account	2	1
Total		120	100

Source: Primary Data

From the above table reveals the 105 (88 percent) assenters savings account, 13 (11 percent) assenters current account and the remaining 2 (1 percent) Assenters maintain recurring account.

The below table inferred that 58 (49 %) assenters visit bank monthly, 30 (25 percent) assenters visit the bank situations required by, 25 (21 percent) assenters visit the bank on weekly basis and the remaining

7 (5 percent) assenters visit the bank fortnightly.

Table 5: Frequency of Visit to the Bank

S. No	Frequency	No. of Assenters	Percentage
1	Weekly	25	21
2	Fortnightly	7	5
3	Situation	30	25
4	Monthly	58	49
Total		120	100

Source: Primary Data

Table 6: Classification of Assenters based on their Accounts with the Banks

S. No	Banks	No. of Assenters	%
1	Less than 2 banks	90	75
2	2-4 banks	25	21
3	Above 4 banks	5	4
Total		120	100

Source: Primary Data

The above table is inferred that 90 (75 percent) assenters have account in less than 2 banks, 25 (21 percent) assenters have account in 2-4 banks and 5 (4 percent) assenters have account in more than 4 banks.

Table 7: Opinion Regarding Information Accessibility

Opinion	Strongly agree	Agree	Moderate	Disagree	Strongly disagree	Total	Rank
New Schemes are Informed through Mobile and E- Mail	30	56	24	09	01	465	I
	150	224	72	18	01		
Notice Board Updation	20	50	38	08	04	434	III
	100	200	114	16	04		
New Scheme Display	25	45	37	09	04	438	II
	125	180	111	18	04		
Interest Rate Display	19	44	35	19	03	417	VI
	95	176	105	38	03		
Modified Interest Rate Display	20	43	38	14	05	419	V
	100	172	114	28	05		
Placement of Notice Board	27	48	16	16	13	420	IV
	135	192	48	32	13		

Source: Primary Data

Table reveals that majority of assenters are in favour of new schemes informed through mobile phones and e-mail. It means that sending information

through mobile and e-mail does much in maintaining customer relationship management.

Table 8: Complaint and Grievance Handling Procedure

S. No	Procedures	Garrett Mean Score	Rank
1	Suggestion box	51.16	III
2	Place of suggestion box	39.04	V
3	Customer meeting	57.25	I
4	Grievance handling	55.16	II
5	Redressal of complaints	47.37	IV

Source: Primary Data

It can be inferred from table, that is complaint and grievance handling procedures ‘customer meeting’ ranks first, ‘grievance handling’ ranks second, ‘suggestion box’ ranks third, ‘redressal of complaints’ ranks fourth and ‘placement of suggestion box’ ranks last.

Chi-Square Test

This is the formula used for the study.

$$\chi^2 = \sum (O-E)^2/E$$

With $(r - 1)(c - 1)$ degrees of freedom

O = Observed frequency

E = Expected frequency

r = No. of rows in contingency table

c = No. of columns in contingency table

The calculated value χ^2 is compared with the table value of χ^2 , for a given level of significance, usually at 5 percent level. If at the stated level the calculated value is less than the table value, the null hypothesis is accepted. Otherwise, it is rejected.

Null Hypothesis

The null hypothesis is framed to find out whether the demographic factors of the assenters are independent of their level satisfaction.

Table 9: Consolidated Results of Chi-Square test

Factors	DF	Calculated value	Table value	Remark
Age	6	0.283	12.59	Insignificant
Sex	2	0.324	5.99	Insignificant
Education	6	0.209	12.59	Insignificant
Occupation	6	0.073	12.59	Insignificant
Monthly income	6	0.381	12.59	Insignificant

Source: Primary Data

The above table analysis, it is seen that the calculated value is less than the table value and hence the null hypothesis is accepted. Thus, it is revealed the demographic factors like age, sex, education, occupation, and monthly income do not influence the satisfaction level of customer relationship management practices in commercial banks.

Findings of the Research

- The major findings of the research are stated below.
- Majority i.e., 51 (42 percent) assenters are in age group of 20-30 years.
- Sex-wise distribution of samples show that majority of 71 (59 percent) assenters are male.
- Regarding educational qualification 59 (49 percent) assenters are post graduates.
- Out of 120 assenters, 67 (57 percent) assenters are private employees.
- 41 percent of the assenters have income less than Rs. 10,000 – 20,000.
- Mostly i.e., 38 (32 percent) assenters are having 1 to 3 years of relationship with the bank.
- Out of 120 assenters, 105 (88 percent) assenters are maintaining savings account.
- Majority i.e., 58 (49 percent) assenters are visiting the bank monthly.
- Out of 120 assenters, 90 (75 percent) assenters are having accounts in less than 2 banks.
- The demographic factors like age, sex, education, occupation, monthly income are not significantly related with satisfaction level of the assenters.
- New schemes are informed through mobile and e-mail and this ranks first in the information accessibility provided by the commercial banks.
- In complaints and grievance handling procedures ‘Customer meeting’ ranks first and ‘Good grievance handling’ the second rank.

Suggestion

The study reveals that the banks maintain a good relationship with customers in general, but they need to improve in certain areas, in order to improve their relationship with the customers by overcoming certain problems as given below:

- The place where suggestion box kept is not easily identifiable. To overcome this, the banks should keep the suggestion box in the place where customers can identify very easily.
- The interest rate should be displayed and updated in the notice board properly.
- Modified interest rate should be displayed.
- The banks should take immediate action to redress the customer's complaints.

Conclusion

A Study on CRM and the service provided in Indian banks with special reference to Chennai. Reveals that assenters are satisfied in most of the aspects and they want to continue with their respective banks. So if the banks use proper strategies to overcome the shortcomings faced by customers, the banks can easily build a strong relationship and that will allow the bank to earn profit in the competitive environment.

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