

CUSTOMER RELATIONSHIP MANAGEMENT IN BANKING SECTOR WITH SPECIAL REFERENCE TO ICICI AND SBI BANK IN PATNA.

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ABSTRACT

Customer relationship management marketing strategy customers should be given more importance i.e. all the marketing efforts should be customers oriented. Sometimes marketing efforts affects consumer behavior and vice-versa. In banking sectors, all the marketing strategies should be designed keeping in view the needs and aspiration of customers. Even after the development of information technology and innovative marketing strategy, banks are still following the traditional marketing strategy due to fear of failure, loss of capital, traditional attitude, marketing inertia etc. Due to absence of knowledge about CRM banks are hesitant to adopt it in their banks. And they are managing their customer's affairs using their own traditional ways of managements only few banks have adopted CRM (customer relationship management) in their banks.

In this paper, attempt has been made to study the different aspects of CRM (customer relationship management) of both banks ICICI and SBI. This paper is from the point of view of customers of both banks. The researcher has expressed its opinion that CRM should be adopted uniformly in the entire banking sector without any prejudices, for the betterment of banking sectors.

KEYWORDS: CRM, SBI, ICICI, Information technology service sectors.

1. Introduction

Customer relationship management is directed towards focusing on individual customer. It builds firm relationship between customers and organization. Good relationship between customer and organization depend on the ability of an organization to respond towards the needs and wants of the customers. CRM is a strategy to manage customers by making them feel like a worthy individual. CRM is a philosophy to establish long term relationship with customers by delivering best quality of goods and services to customers. An organization can make good relationship with customers only when it understands the needs and aspiration of customers.

Customers are the Centre of all CRM activities and success of CRM is attained by integrating all the resources available with the organization for the development and maintenance of long term relationship with customers.

CRM IN BANKING SECTORS:-

The role of customer relationship management is quite different from other sectors. As we know the objective of the bank in to increase profitability and to achieve such objective. The banking sector should adopt CRM strategy. This CRM strategy helps in the identification of profitable customers and this CRM strategy develop customer base by paying attention to most worthy customer through customized services. In banking sector, CRM can be defined as understanding about the customer, and remain in touch with the customer and to know about the need and want of customers and ensure to fulfill their needs and also know about the reason of their satisfaction or dissatisfaction and finally we make efforts to win the customer by rendering services according to their aspiration. On the basis of the performance of the bank, satisfied customers can recommend others to use banking services with the bank where he is a customer. L

CRM IN INDIAN BANKS:-

The Philosophy of globalizations along with the rise of international trade has contributed a rapid transformation in banking industry across the world. In India too, due to deregulation, globalization of 1990 has played a pivotal role in the rise of competition in the banking & financial sectors. The global trade and the advent of new players has reduced the margins of the bank, which forced to embrace new strategy to retain, maintain and increase the customer base by providing better services and fulfillment of commitments, with the advent of new players in the market and multiple channels, customers have become less loyal and more demanding in nature. In the era of neck to neck completion, margins have reduced, which compelled banks to adopt customer oriented strategy, in order to increase or at least maintain the market share. Therefore, it is essential to provide best products and services in the competition most to ensure customer delight. In order to sustain in the stiff competitive market of banking sectors and to address the challenges of market share and such challenger can be addressed by attaining innovate approach of CRM and banks now realize that

branches are one of the best assets to create best customer relationship to increase profitability. So they are making efforts to transform bank branches from a centre of transaction to customer oriented centre. This would help them to sustain in the competitive market. Bank branches are also used to educate customers for effective utilization of different channels of banks, besides suggest other new offerings of the banks, for example- loan, insurance & mutual funds etc. Banks now feel that in absence of strong bonding with customers, all other efforts of banks towards operational excellence are worthless, if approaches of CRM are implemented effectively. ? Then the customer satisfaction level will increase.

BENEFITS OF CRM TO BANKS:-

Recently, banking sector is rethinking their strategies. They now understand the benefits of customer satisfaction that's why now making efforts to keep them happy. The strategy that once governed the entire Indian banking sector has changed. They have now accepted that embracing a customer oriented strategy is essential and required to be compulsorily undertaken. Now banks realize that there is need to adopt customer relationship management strategy for sustainability of the banks.

There are so many CRM software is used to increase the customer base and boost growth in the banking sector. CRM based banking services change the thinking of the employees and trained them to act as a customer oriented people.

Following are benefits of CRM: - CRM focus on the customer. CRM places customer at the center of the organization in order to fulfill needs and their aspiration to get more profit of the organization. CRM helps in increasing overall profitability by providing training to improve performance. Banks which deny adopting CRM find their profitability declining year by year in the stiff competition of the banking sectors compared to those who adopt CRM. CRM also plays a pivotal role to feel customer satisfied. Only a satisfied customer will stay and help in increasing market share.

(1) CRM helps in demand creation through Multi-channel campaigns. This ensures that the marketing message is communicated personally and to most worthy customers. As a result prospects are converted into real customers (2) CRM increases operational efficiencies by eliminating manual task, reducing process time thus enable swift completion of tasks. (3) CRM enables to manage lead and opportunities and manage the lead through interaction with the prospects, and deal closer etc.

RESEARCH PROBLEM:-

Customer relationship management raises the level of customer satisfaction and it can be implemented all the sectors of marketing and sales. In banking sectors too it binds customers and banks. Researcher opines that CRM can be implemented in banking sectors for making good relation between customers and the banks. Because CRM raises the level of satisfaction of customers it is implemented uniformly. There are some banks which are yet hesitating to implement CRM because of marketing inertia financial reasons and risk of failure etc.

CRM is a strategy to acquire, grow and retain profitable customers in order to get competitive advantage. In this paper researcher has focused to study the implementation, practices of CRM along with the sideline of its impact on the

customer satisfaction with special on the reference to SBI and ICICI bank Patna district.

OBJECTIVE OF THE STUDY:-

To study the literature of CRM in banking sectors.

To assess the impact of CRM on the retention of customer in SBI and ICICI bank.

To study the importance of CRM in banking sector

METHODOLOGY: - The study is from the point of view of customers of two banks that is SBI and ICICI of Patna. This study is comparative and analytical too. A set of 18 questionnaires was prepared to serve the purpose of the study. Three point likert scales has been used to measure the perception of customers on CRM adopted by banks, 75 customers of SBI and 75 customers of ICICI bank, total of 150 customers of selected banks was taken for the study of Patna district. Data collected were processed by using statistical tools.

LITERATURE REVIEW: - This paragraph deals with the concept and importance of CRM as well as its adoption in banking industries.

Brown (2000) opines that CRM is a process of acquiring new customers, retaining the existence customers, and at the same time understands, anticipates, and manages the needs of and firm's present and prospective customers. According to pishardoi et.al. (2003) CRM is customers oriented that connect informational, operational and organizational component of CRM are very much important for the successful implementation of CRM. Injazz,et.al (2003) in his study found that successful implementation of CRM needs a balanced and integrated approach to people, process and technology. Chitanya 2005 discusses two important processes as of CRM i.e. productive customer business development and making good relationship with most profitable and worthy customers it opines that such process creates good relationship between the organization and the customer. Bajaj (2000) it analyzed e-payment system in banking system. He concluded that digital payment system in banking is getting acceptance in market as it helps to cut down expenses. It opined that CRM provides opportunities to create good relationship with customers. Gopal Krishna (2001) put his views regarding CRM that CRM is an internal part of management as it plays important role in today's business. According to patnait & chhatol (2006) cysliners services should be provided according to the needs of customer. All approach of the bank should be to understand the need of customer. Then one can provide better services as it is found in various researches that retaining customer is always cheaper than acquiring new one. Nilson (2004) opined that good relationship helps to retain customers and it is also helps the salesman to interact with customers and to builds trusts. Pedhiwa - suggested that banks should focus on customer delivery system rather than developing product strategy. Dyche (2002) puts their views that information technology helps the firm to trace customers, as well as helps them to analyze their needs and aspiration. Wanget al. (2004) formed a frame works for CRM performance and customer value on the basis of important dimension of customer value, for example perceived sacrifices, emotional, social and functional value. Dibb et.al.(2004)

found shifting of marketing direction towards relationship marketing and the adoption of CRM in retail banking sector. Players are now offering personal banking etc. Ray (2007) suggested that efforts should be made to understand the needs and expectation of the customers and they should be given excellent services otherwise they will switch to other banks. Girdhar (2009) opined that by satisfying the needs of internal customers and making good relationship with internal customers. One can make long lasting relation with external customers.

ANALYSIS AND FINDING OF THE STUDY:-

CRM is an innovative marketing strategy that is enabling to identify and target worthy customers and it focuses on retaining the present customers and has do efforts to attract new customers. CRM has been able to find out relationship between perceptions of customers as well as their satisfaction in the banking sector. Through data analysis we find that customers select their banks on the basis of distance of bank from home or offices. Private commercial banks are offering personalized services to their most profitable customers. Banks are now providing technology based services to their customers which escalates the competition in the banking sector. Now customers have more option to choose better banks which suit their need and aspiration.

The banking sector now embraced the value of CRM and is eager to implement it to provide better customer support system. An efficient customer support system is able to gather data about customers from every touch point, which is further synchronized into single view of the customers. They use such gathered data in customer segmentation, customer retaining, maintaining, attracting new customers, cross-selling and profiting etc.

Following table shows the opinion of customers on various aspects of customer perception on CRM:-

F- Test value: 1.63

Total value: 1.534 (degree of freedom 42, 42 at 5% level of significance.

Remarks: - Rejected.

Variable	ICICI		SBI	
	AM	SD	AM	SD
CRM CONSTANCTS				
Promotes customer loyalty	2.5	8.66	2.4	10.23
Retention of present customers	3.7 3	9.31	3.59	12.15
Retention of present customers is major challenge	2.5 7	8.31	3.32	11.17
Swift services are provided on time	2.4 8	9.17	2.53	9.23
Bank willingly adopt CRM	3.6 8	9.41	3.39	8.12

CRM practices at all the level	2.8 1	10.42	2.72	8.89
CRM raises the confidence level customer.	3.8 7	10.68	3.48	9.64
CRM strengthen the bonding between bank & customer.	3.3 7	8.56	2.59	8.93
CRM makes the atmosphere of the bank friendly.	3.8 9	10.67	3.58	9.89
CRM helps to get new customer	2.7 9	10.68	2.28	9.74
CRM promotes among customer about the offerings of bank.	2.4 8	9.17	2.36	8.12
CRM improves performance and productive of the bank.	2.6 7	9.59	2.45	8.38
CRM helps in providing basic	2.5 9	8.35	3.20	13.82
Employee of the bank adopts CRM to attract customers.	4.3 7	8.3	4.19	9.40
CRM is found as a key point in annual report of the bank.	3.7	4.7	9.41	8.39
ATM of the bank provides bill payment money transfer facility with ease.	4.5 6	11.42	4.16	10.21
I am treated with respect by the bank staff	3.8 1	11.62	3.42	10.48
I would like to buy more financial products from the same bank in future.	4.5 9	12.16	4.02	11.42

Table: 1 Variable differences between ICICI and SBI

It is clear from the study that SBI banks customers are being exposed to the innovative techniques of the banking. It is found from the study that customer is unaware about the CRM practices of the bank.

It is clear from the study that customer retention is not a major problem to SBI bank. CRM play important role in increasing the confidence of the customers, while providing services on time. CRM of ICICI bank play important role in retaining important customers as compared to SBI bank. Because CRM of ICICI bank is also found that the attitude of the employee towards CRM is very poor. For them it is burden.

It is clear from the study that majority of the customers are not sure that CRM is regarded as a centre of any particular department in the bank whereas very few customers have opinion that CRM is adopted by the bank in almost all the departments of the bank. Banks have opinion that CRM play important role in improving service delivery system.

It is noticed that to get commercial return CRM is required to be implemented at all the departments in the banks. It is further observed that SBI bank is unable to increase image with the customers. Majority of the customers.

The perception of customers of both ICICI and SBI about CRM is compared and tested using 'F' - ratio. It is supposed that there is no significant difference between the customer perception of ICICI bank and SBI bank regarding CRM. The hypothesis is rejected at 5% significant level. As after calculation we get (1.65) of 'F' which is higher than the standard 1.54). And, it is evident from calculation, that there is significant difference between that perception of ICICI bank and SBI bank customers regarding CRM.

CONCLUSION:- on the basis of data analysis, it is clear that mostly the performance of ICICI and SBI is similar and shows difference in working performance of the both bank ICICI and SBI to some extent. The ICICI is taking much interest in implementation of CRM, Whereas SBI is slightly lagging behind to adopt CRM in their bank ICICI customer management handling system is better, It provide customer queries in mean time and the meet the expectation of customers by providing desired services and product. ICICI is performing better in the areas of customer loyalties. It is working hard to retain customers, raising the level of customer confidence. It is also promoting e-marketing by creating robust information technology based infrastructure. Whereas SBI is working well in rendering services on time, customer satisfaction, creating public image creating awareness regarding CRM, is making good effort to retain customer. It is working well to update the data responding customers in order to create better CRM with customer.

On the basis of analysis it is clear that to a some extent both banks ICICI and SBI are making similar efforts to improve CRM at their banks whereas to a some extent their approaches regarding CRM is different that's why both the banks have different level of reach to the customers, due to different strategy, potential etc. From analysis it can be said that CRM is very important tool of marketing to create customer oriented strategy and to alert maintain and improve relationship with customer in order to get profit in a long run. It is also evident from the study that banks can improve their CRM approach by addressing the concern of customers, which are important from the point of view of CRM.

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