

## BANKERS' PERCEPTION TOWARDS CUSTOMER RELATIONSHIP MANAGEMENT IN NEW GENERATION PRIVATE BANKS IN PUDUCHERRY

S. Sharmila<sup>1</sup> & N. Jamunarani<sup>2</sup>

<sup>1</sup>Research Scholar, Department of Commerce, Annamalai University, Chidambaram, Tamil Nadu, India

<sup>2</sup>Assistant Professor, Department of Commerce, Government Arts College for Women, Pudukkottai, Tamil Nadu, India

---

Received: 14 Jun 2018

Accepted: 01 Aug 2018

Published: 30 Sep 2018

---

### ABSTRACT

Banking is the strength of character in the course of mobilization and channeling of financial resources. Banks facilitate financial settlement through the payment system, influence money market rates and provide a means for international payment in an economy. To survive in the competitive world, banks are realizing the importance customer relationship management to create customer loyalty. The liberalization and financial sector reforms force the Indian banks to revisit their goals and strategies. Banks recognize the significance of customer relationship management. The present market scenario of the banking sector is highly complex and competitive with little stability due to the entry of national and international financial institutions in the emerging economies. Therefore, an attempt has been made to look at the perception of employees towards customer relationship management of the new generation private banks in Puducherry. The study is limited to six new generation banks namely HDFC Bank, ICICI Bank, Axis Bank, Yes Bank, Kotak Mahindra Bank, and IndusInd Bank. For collecting primary data from the bankers, multi-stage sampling technique was used. In the first stage, 2 regions namely Puducherry and Karaikal were selected out of 4 regions. In the second stage, 60 per cent of the branches i.e. 11 branches were chosen out of 18 branches of 6 new generation private banks in the Puducherry and Karaikal regions. In the final stage, from each of the branches 6 employees i.e. 2 managers and 4 staff were selected. The primary data were collected from 66 employees with the help of schedule. The findings of the study show that 33.33% of the employees neither agree nor disagree towards CRM practices adopted in the new generation private banks, followed closely by agree (25.76%) and disagree (25.76%). Out of 66 respondents, 31.80% of the respondents agree with practical utility of CRM practices, followed by neither agree nor disagree (28.80%) and disagree (19.70%). 12.10% and 7.60% of the respondents strongly agree and strongly disagree respectively with the practical utility of CRM practices. The employees suggest various measures to improve the customer relationship management in the new generation private banks.

**KEYWORDS:** Customer Relationship Management, Relationship Marketing, Marketing of Banking Services, Customer Satisfaction, Etc

### INTRODUCTION

Banking is the strength of character in the course of mobilization and channeling of financial resources. Banks facilitate financial settlement through the payment system, influence money market rates and provide a means for international payment in an economy. To survive in the competitive world, banks are realizing the importance customer

relationship management to create customer loyalty. The liberalization and financial sector reforms force the Indian banks to revisit their goals and strategies. Banks recognize the significance of customer relationship management. The present market scenario of the banking sector is highly complex and competitive with little stability due to the entry of national and international financial institutions in the emerging economies. To understand the creditworthiness of a customer, the bank has to develop a close relationship with customers. It is crucial for banks to develop long-term associations with customers through quality services. Customer relationship management creates a customer-centric enterprise that makes the best use of customer value and long-term organizational profitability through a realization of mutual beneficial with customers. Thus, customer relationships have the potential to permit businesses to improve from infrequent sub-optimal responses to customer needs to frequent optimal responses to their needs and expectations.

### **Customer Relationship Management in Banks**

With ever-increasing competition, banks are competing to attain a competitive advantage. On account of stiff competition, it is difficult for banks for acquiring new customers as well as it is an expensive process. Therefore, banks are focusing on retention of existing customers through customer relationship management. The use of CRM in banks has gained significance with the destructive strategies for acquiring and retaining the customer in today's competitive environment. The private banks are adopting innovative strategies to attract new customers and to retain existing customers. The banking industry, being a service industry with regular interaction with human beings is a bigger challenge for the implementation of customer relationship management.

### **Statement of the Problem**

There is a strong need for upholding customer relationship management in the banks. With the intense competition among the banks and broad use of technology, banks are attempting to satisfy the customers. The main issues of the banks today are on the fronts of customer's service expectations, customer relations, wounding operational costs, reducing inflexibility to change, technological advancements and managing competition. In times gone by, the banking sector operated in a comparatively stable environment, banks' operations are customer focused, simply because they had customers. Now, customer relationship management is a valuable tool for bankers to acquire new customers and to retain the existing ones. The CRM in the banks can improve their ability to lure affluent prospects, elevate the banks' profitability, lower operation costs, and create greater customer loyalty. Therefore, an attempt has been made to look at the perception of employees towards customer relationship management of the new generation private banks in Puducherry.

### **OBJECTIVES OF THE STUDY**

The following are the objectives of the present study:

- To study the acceptance levels of the bankers towards CRM practices adopted in the new generation private banks.
- To study the opinion of bankers with reference to the practical utility of customer relationship management practices.
- To offer policy measures to improve the customer relationship in the new generation banks in Puducherry.

### Testing of Hypotheses

The following null hypotheses have been framed:

**H<sub>01</sub>:** There is no significant relationship among the bankers belonging to different demographic profiles towards CRM practices of the new generation private banks.

**H<sub>02</sub>:** There is no significant relationship among the bankers belonging to different socio-economic profiles towards the practical utility of the customer relationship management practices.

### Sampling Design

The study is empirical in character. The area of the study is Puducherry Union Territory. Puducherry Union Territory constitutes four regions: Puducherry, Karaikal, Mahe, and Yanam divided into 15 communes. In the first stage, 2 regions namely Puducherry and Karaikal were selected out of 4 regions. For collecting primary data from the bankers, multi-stage sampling technique was used. In the second stage, 60 per cent of the branches i.e. 11 branches were chosen out of 18 branches of 6 new generation private banks in the Puducherry and Karaikal regions. In the final stage, from each of the branches 6 employees i.e. 2 managers and 4 staff were selected. Therefore, the sample size consists of 66 employees.

**Table 1: Sampling Distribution**

Bank	No. of Branches in Operation	Samples		
		Branches	Managers	Staff
HDFC Bank	4	2	4	8
ICICI Bank	5	3	6	12
Axis Bank	5	3	6	12
Yes Bank	1	1	2	4
<i>Kotak Mahindra Bank</i>	2	1	2	4
IndusInd Bank	1	1	2	4
<b>Total</b>	<b>18</b>	<b>11</b>	<b>22</b>	<b>44</b>

### DATA COLLECTION AND TOOLS OF ANALYSIS

The primary data were collected from 66 employees with the help of schedule. The secondary data were collected from journals, magazines, government reports, books, and unpublished dissertations. The perception of the bankers has been analyzed using student t-test, analysis of one-way variance, analysis of coefficient of variation, and multiple regression analysis. To arrive at possible solutions, descriptive and simple percentage analyses were employed.

### Findings of the Study

- No significant relationship is found among the employees belonging to different genders, age groups, educational qualifications, and banks towards CRM practices adopted in the new generation private banks. On the other hand, a significant relationship is found among the respondents belonging to different monthly salary groups, designations, and years of experience towards CRM practices adopted in the new generation private banks.
- Female employees, employees in the age group above 55 years, customers with PG and above qualification, managers, employees having a monthly salary above Rs.40000, employees with work experience up to 5 years and employees of HDFC Bank have higher acceptance level towards CRM practices adopted in the new generation private banks.

- Consistency is found among the acceptance level of the male employees, respondents in the age group 46-55 years, employees having PG and above qualification, managers, employees whose monthly salary is up to Rs.20000, employees having up to 5 years of work experience and employees of *Kotak Mahindra Bank* towards CRM practices adopted in the new generation private banks.
- There has been a moderate correlation (0.607) between the acceptance levels towards CRM practices adopted in the new generation private banks and the selected personal variables. Gender, educational qualification and years of experience have no significant effect on the respondents' acceptance towards CRM practices adopted in the new generation private banks. Further, age at 5% significance level and monthly salary and years of experience at a 1% significance level have a significant effect on the respondents' acceptance towards CRM practices adopted.
- Out of 66 respondents, 33.33% of the employees neither agree nor disagree towards CRM practices adopted in the new generation private banks, followed closely by agree (25.76%) and disagree (25.76%). 10.61% and 4.55% of the employees strongly agree and strongly disagree respectively towards CRM practices adopted in the new generation private banks. The mean score reveals that the respondents have a higher acceptance level (3.35) towards customer interaction management practices, followed by service performance (3.26). In the case of customized services, the respondents have lower acceptance score (2.94).
- There is no significant relationship among the respondents belonging to different genders, educational qualifications, monthly salary groups, years of experience and banks towards practical utility of CRM practices. A significant relationship is found among the respondents belonging to different age groups, and designations towards the practical utility of CRM practices.
- Male employees, employees in the age group 36-45 years, employees having PG and above qualification, managers, employees having monthly salary Rs.30001-40000, employees with work experience up to 5 years and employees of *Yes Bank* towards the practical utility of CRM practices.
- There is stability among the acceptance level of the male employees, employees in the age group above 55 years, employees having up to H.Sc qualification, managers, employees whose monthly salary is above Rs.40000, employees with work experience up to 5 years and employees of *ICICI Bank* towards the practical utility of CRM practices.
- The results of the discriminant function analysis reveals that 'attracts new customer' is the maximum discriminating variable ( $R^2=24.11\%$ ) between managers and staff, followed by 'creates friendly environment' (12.53%), 'growth in banking service' (9.36%) and 'boosts customer confidence' (6.20%). The contribution of all other items discriminating between managers and staff are less than 5%.
- Out of 66 respondents, 31.80% of the respondents agree with practical utility of CRM practices, followed by neither agree nor disagree (28.80%) and disagree (19.70%). 12.10% and 7.60% of the respondents strongly agree and strongly disagree respectively with the practical utility of CRM practices. The respondents have higher acceptance level with customer inclusion in policymaking (3.48), followed by increasing customer base and promoting customer acceptance (3.42). Conversely, the respondents have lower acceptance score with the role of CRM in boosting customers' confidence (3.08).

- Respondents ranging from 25.76 per cent to 48.48 per cent suggest that range of customized services, customer involvement, customer awareness and recruitment of relationship managers will improve the customer relationship management in the new generation private banks. Conduct of special events and use of technology initiatives of CRM are the suggestions of the respondents at 57.58 per cent and 65.15 per cent respectively to improve the customer relationship management in new generation private banks.

## **SUGGESTIONS**

- The new generation private banks should ascertain the needs of customers and try to answer to them. The banks are required to reorient their approach from a product-centric to a customer-centric so that attract and keep hold of high net worth and profitable customers. Moreover, a conscious effort is required to work on all the segments and, make every segment profitable.
- The new generation private banks should make sure that their customer gets complete information on all services and products. The new generation private banks should focus on pooling and retention of customers.
- Customers of the new generation private banks would get the feeling of security while transacting with the banks. The new generation private banks must consider positioning themselves on the minds of customers that they are customer oriented and all the time explore ways to make banking easier for them.
- Customer relationship management audit by independent teams should be done so as to make out the existing lacunae, and to tackle the loopholes in the customer relationship management strategy as per the recommendations of the audit report.
- The employees of the new generation private banks should be trained in technical and behavioral aspects so that banks can deliver fast and prompt services.

## **CONCLUSIONS**

The successful mantra for business is to focus on customer needs, wants and demands. In order to survive in the vibrant business environment, the value of relationship differentiates from one organization to another. CRM becomes a decisive means of developing and maintaining customer loyalty. It helps the improved performance of the business. Hence, it is necessary for banks to create a special bondage with the customers. Hence, it is imperative for service providers to meet the target customers' satisfaction with the quality of services expected by them. The new generation private banks need to distinguish themselves by offering value-added service and building long-term relationships with their customers.

## **REFERENCES**

1. Anupriya, C (2017). "Customer Satisfaction towards CRM Practices in State Bank of India with Reference to Sivakasi Town, Tamil Nadu, India", *Research Journal of Management Sciences*, Vol. 6, No.3, March.
2. Gayathry, S (2016). "Customer Relationship Management Model for Banks", *Journal of Internet Banking and Commerce*, Vol. 21, No.5, November.

3. Jamunarani, N and Sharmila, S (2017). "Customers' Perception towards Customer Relationship Management in the Select New Generation Private Banks in Puducherry", *International Journal of Business and Administration Research Review*, Vol. 1, No.16, October-December.
4. Karthikeyan, D and Revathi, R (2017). "Customer Relationship Management in Public and Private Sector Banks with Reference to Villupuram Town", *International Journal of Multidisciplinary Research and Development*, Vol.4, No.7, July.
5. Nirmaljeet Virk and Midha, O.P (2015). "CRM Best Practices: A Study of Indian Retail Banks", *International Journal of Business Management*, Vol.2, No.2.
6. Prasanna Kumar and Ravi Varma. Golla (2017). "The Impact of Customer Relationship Management in Axis Bank", *KAAV International Journal of Economics, Commerce & Business Management*, Vol.4, No.4, October-December.