



Customer Preferential Study on CRM Factors for Public and Private Sector Banks with Reference to Ahmadabad District

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Abstract:

Customer Relationship Management (CRM) was developed as a popular tool in today's competitive business environment. The technique enables the business firms to identify and target their most profitable customers. For applying CRM technique in any business process, a systematic analytical study is required. In this paper an attempt is made to compare the various CRM factors of customer's services provided by private and public sector banks of Ahmadabad district. Also concluding summary is given about effects of demography factors on CRM for both types of banks.

Key Words: Relation Marketing, CRM, CRM Factors, Classification of Data, Statistical Analysis, Testing of Hypothesis, t-test statistics.

1. INTRODUCTION & LITERATURE REVIEW

Customer Relationship Management (CRM) was developed as a popular tool in today's competitive business environment. The technique enables the business firms to identify and target their most profitable customers. CRM involves cultivating systematic steps for new development and improvement in strategies which not only retain the existing customers but also acquire new customers. It has been invented as a unique technique capable of significant changes in total output of business firms. The concept of relationship marketing was initially introduced in early 90s when financial services, airline and other services firms has started to give reward to the existing customers by introducing various loyalty programmes. CRM is only technique through which the customers can release the differences in various organizations' services working in the same business. There are many definitions for CRM and all of them are more or less correct. It is important that the customer is in the centre, not the product in CRM. According to Michael Otto, (Erste Bank) [7] "Having the right offer for the right customer, at the right time via the right channel' is CRM". According to RadiBadidi, (ABM AMBRO) [7] "CRM to be a business strategy than anything else, not just technology, not just analytics, not just an impressive story of how customer focused you are". Dyche (2001) [6] define CRM as "The infrastructure that enables the delineation of and increasing customer value and the correct means by which to motivate valuable customers to remain loyal-indeed to buy again". According to GopalSondur (Infosys) [7] "CRM is the essential instrument to build a customer-centric organization". In the literature, after the growth in the relationship marketing viewpoint the phrase CRM appeared. **Berry** (1983) [7] has defined the relationship marketing as 'attracting, maintaining and enhancing the customer's relationships in multi-service organization'. After a few decades the development in relationship marketing view point reformed the word relationship marketing to Customer Relationship

Marketing (CRM). According to **Brown** (2000) [4] CRM is process of procuring new customers, retaining the existence customers, and at the same time recognizes, anticipates and manages the needs of an organization's current and potential customers. Furthermore, **Mylonakis** (2009) [11] described CRM as an innovative process to create a long term relationship and acquisition of trust. From the above, it can be concluded that the purpose of CRM is bring about Customer focused Services. **Almossawi** (2001) [1] examined the bank selection criteria and observed that there are four selection criteria of banks in Bahrain namely technology, convenience, financial benefits and employees or customer interactions. **Want** (2004) [15] developed an integrative framework for customer value and CRM performance based on the identification of the key dimensions of customer value viz. functional value, social value, emotional value and perceived sacrifices. The organizational performance is enhanced because marketing efficiency is achieved due to the cooperative and collaborative process. These bring about two important processes of proactive customer business development and building partnering relationships with the most important customers (**Chitanya**) (2005) [5]. **Bansal and Sharma**, (2008) [2] has suggested that a strong idea of CRM along with appropriate strategies if applies in bank is beneficial in maintaining the customer's service quality, customer's satisfaction and customer's retention with the bank which ultimately leads to the growth of organization and profitability. **Girdhar**(2009) [8] observed that by satisfying the internal customers and building good relationships with them, the relationship with the external customers can also be retained and satisfied by the financial organization. **Kumar & Rajesh** (2009) [10] reveals that any bank that wishes to either growth in size of its banking operation or improves its profitability must consider the challenges affecting its Customer Relationship Service quality in banking implies consistently anticipating and satisfying the needs and expectations of customers also the challenge before the banks is not only to obtain updated

information for each customer, but also to use the information to determine the best time to offer various products to bring in profit for the bank, it becomes necessary for the bank to provide excellent services to those customers, otherwise they switch to other banks. **Ray** (2007) [13]. **Parasuraman**(1985) [12], CRM is a key to create a customer relationship by creating a clear understand, by emerging services and products based on the added value for target groups. **Hussain** (2009) [9] Many researchers have been done in various industries especially in the banking service that focusing on customer oriented services **Rootman** (2008) [14] The literature on CRM suggests that banks should consider the customer relationship life cycle is in six dimensions namely customer acquisition, customer response, customer knowledge, customer information system, customer value evaluation, and customer information process.

2. RESEARCH METHODOLOGY AND DESIGN

The population for the study consists of public sectors and three private sector banks of Ahmadabad district. Our study is limited for the three Public sector banks State Bank of India, Bank of Baroda and Canara Bank and three Private sector banks HDFC Bank, ICICI Bank and AXIS Bank. Determining the sample size plays critical role in any research. The time taken by researcher for collecting sample is played major role in research, research scolder detailed interaction with bank customer. The population of the study consists of all types of customers of above six Public and Private sector banks of Ahmadabad district. Primary data was collected by researcher from bank customer

from six above sample banks by online and offline mode. From collecting the sample of 400 for bank customer, Sample of 317 for bank customer is finalized after removing defective samples or not traceable samples. The finalized sample consist of 76 State bank of India, 48 Bank of India, 37 Canara bank, 54 HDFC bank, 53 ICICI bank and 49 of AXIS bank for customer. The data are processed through SPSS.

3. CLASSIFICATION OF DATA

As our study focus on comparison of bank type to various CRM factors of customer services provided by the different types of bank, here we have made an attempt to tabulated and visualize various tables of bank type and customer related CRM factors based on the data collected through survey. We have taken view of respondents on CRM factors in five scales namely poor, below average, average, good and excellent. It will give us saturation views of respondents. For obtaining general impression of various factors of ambience the last two scales (good and excellent) given by customer to the factor are considered.

3.1. CRM Factors

Customer Relation Management (CRM) is very important in banking industry. Customer relationships are becoming significant for banks as market situation get harder, As Competition is increasing; margins are decreasing. Today's customers are becoming more demanding and more diversified in their demand.

Table .1. Sample Statistics for Customer Regarding CRM factors

Serial Order	CRM Factors	Bank Type	Yes	No	Not Aware	Total
(a)	Convenient Location	Public	138	19	4	161
		Private	142	9	5	156
(b)	Different Scheme To Customer Requirements	Public	94	40	27	161
		Private	111	21	24	156
(c)	Quality Software	Public	90	50	21	161
		Private	120	26	10	156
(d)	Professional Staff	Public	119	40	2	161
		Private	136	12	8	156
(e)	Service Charges	Public	69	56	36	161
		Private	63	59	34	156
(f)	Competitive Interest Rate	Public	77	58	26	161
		Private	88	43	25	156
(g)	Sufficient ATM s	Public	111	40	10	161
		Private	125	27	4	156
(h)	Sufficient Branches	Public	88	62	11	161
		Private	106	45	5	156

In general data suggest private sector banks customer are more satisfied for CRM factors like convenient location, different scheme to requirements, quality software, professional staff, competitive interest rates, sufficient ATMs and sufficient branches and public sector banks customer are satisfied for CRM factors service charges.

3.2. CRM Maintenance

In order to retain the customers and to acquire new business, CRM implementation is the first step in banks but the most crucial step is maintenance of CRM. Implementation process is very simple while maintenance process is very stiff.

TABLE.2. SAMPLE STATISTICS FOR CUSTOMER REGARDING CRM MAINTENANCE

Serial Order	CRM Maintenance	Bank Type	Poor	Below Average	Average	Good	Excellent	Total
(a)	Operating Hours	Public	1	3	25	80	52	161
		Private	0	1	7	67	81	156
(b)	Computerized Banking Operation	Public	13	12	60	68	8	161
		Private	4	3	35	92	22	156
(c)	Easy Documentation Process	Public	8	12	69	64	8	161
		Private	0	6	82	52	16	156
(d)	Prompt And Quick Service	Public	5	8	64	78	6	161
		Private	0	9	31	95	21	156
(e)	Simplicity Of Operation	Public	4	18	65	59	15	161
		Private	2	6	68	56	24	156
(f)	Complain Solved Within Time	Public	5	17	78	53	8	161
		Private	0	9	35	94	18	156
(g)	Privacy Of Information	Public	1	12	48	85	15	161
		Private	1	5	52	74	24	156
(h)	Complaint Handling Center	Public	5	17	78	53	8	161
		Private	1	7	48	81	19	156
(i)	Trustworthiness	Public	2	20	62	58	19	161
		Private	0	12	57	67	20	156
(j)	Brand Image	Public	1	11	39	70	40	161
		Private	3	11	30	53	59	156

Data reveals that private sector banks customer are more satisfied for CRM factors like operating hours, computerized banking operation, easy documentation process, prompt and quick service, simplicity of operation, complain solved within time, complain handling center and trustworthiness. For privacy of information and brand image gives almost same satisfaction for both types of banks.

3.3. Technology in CRM: Today's era of digital technology, customers are generally aware with telephone, mobile, gadgets

and computer. So there is need of technology in CRM, technology in CRM helps customer fulfill their banking need without going to bank branch. It will save the time and money of customers. Now a day there are so many technologies in CRM like core banking, 24 hour customer care center, computerized banking transaction, SMS and mail facilities and mobile banking are used.

TABLE.3. SAMPLE STATISTICS FOR CUSTOMER REGARDING TECHNOLOGY IN CRM

Serial Order	Technology in CRM	Bank Type	Poor	Below Average	Average.	Good	Excellent	Total
(a)	Core Banking	Public	0	4	36	62	59	161
		Private	0	1	18	60	77	156
(b)	24 Hour Customer Care Center	Public	64	51	19	22	5	161
		Private	64	30	22	31	9	156
(c)	Computerized Banking Transaction	Public	13	17	45	72	14	161
		Private	8	8	28	89	23	156
(d)	SMS and Mail Facilities	Public	1	9	70	64	17	161
		Private	1	4	56	69	26	156
(e)	Mobile Banking	Public	20	24	42	55	20	161
		Private	9	16	29	58	44	456

Data shows that according to customers view private sector banks bitterly implemented technology in CRM for all factors like core banking, 24 hour customer care center, computerized banking transaction, SMS and mail facilities and mobile banking.

It will help banks to find positive and negative CRM factors and after analyzing these factors banks takes actions on these factors. some of these factors are customer satisfaction is achieved, problem solution of customer, prompt services, growth in banking service, increase in overall performance of bank and customer inclusion in policy making.

3.4 Impact of CRM on Customer: After implementation of CRM in banks, banks should study the impact of CRM on

TABLE.4. SAMPLE STATISTICS FOR CUSTOMER REGARDING IMPACT OF CRM ON CUSTOMER

Serial Order	Impact of CRM On Customer	Bank Type	Poor	Below Average	Average	Good	Excellent	Total
(a)	Customer Satisfaction Is Achieved	Public	1	0	27	83	50	161
		Private	0	0	12	77	67	156
(b)	Problem Solution Of Customers	Public	1	8	73	65	14	161
		Private	0	6	60	74	16	156
(c)	Prompt Services	Public	1	9	70	71	10	161
		Private	1	12	52	72	19	156
(d)	Growth In Banking Service	Public	0	14	59	74	14	161
		Private	0	5	55	77	19	156
(e)	Increase In Overall Performance Of Bank	Public	2	13	49	72	25	161
		Private	1	13	49	71	22	156
(f)	Customer Inclusion In Policy Making	Public	15	24	72	46	4	161
		Private	5	17	59	59	16	156

Data reveals that private sector banks have more impact of CRM for factor like customer satisfaction is achieved, problem solution of customer, prompt services, growth in banking service, and customer inclusion in policy making. For increase in overall performance of bank gives almost same satisfaction for both types of banks.

4. TESTING OF HYPOTHESIS

As per the objective of the study we framed various hypotheses for customer data. Based on data collected from customers, we have verify the various statements on t-test at 5% level of significance for Bank type and various CRM factors based on the objective of the study was established.

TABLE. 4. SAMPLE STATISTICS AND T-TEST FOR ANALYSIS OF CRM FACTORS ON CUSTOMER

Factors	Bank Type	N	Mean	Std. Dev.	Mean Std. Error	t-Value	Sig. Value	Decision
CRM Factors	Public	161	11.96	2.480	0.195	3.510	0.001	Not to Accept
	Private	156	11.02	2.297	0.183			
CRM Maintenance	Public	109	37.80	3.044	0.291	-5.027	0.000	Not to Accept
	Private	126	39.76	2.931	0.261			
Technology In CRM	Public	94	17.35	3.174	0.327	-3.513	0.001	Not to Accept
	Private	109	18.85	2.914	0.279			
Impact of CRM on Customer	Public	119	22.46	2.231	0.204	-3.291	0.001	Not to Accept
	Private	123	23.34	1.958	0.176			

5. CONCLUSIONS

(a) It is conclude that there is no major difference between public and private banks Implementation of CRM factors, although we can some public sectors banks have better implemented CRM factors compare to private sector banks.

The CRM factors which are better in public sector are quality software, sufficient ATMs and sufficient branches. Study shows that there no major difference for convenient location, different scheme to requirements, professional staff, service charges and competitive interest rates between both types of banks.

(b) Based on findings we conclude that private sector banks maintain CRM very well compare to their counterparts.

The CRM maintenance which are better in private sector are operating hours, computerized banking operation, prompt and quick service, complain solved within time and complain handling center. It is concluded from study for easy documentation process, simplicity of operation, privacy of information, trustworthiness and brand image there is no major difference between both types of banks.

(c) Here we observed that private sector banks have imposed CRM Technology domineeringly to public sector banks.

The Technology in CRM which are better in private sector are core banking, computerized banking transaction and mobile banking. Study reveals that there is no major difference for 24 hour customer care center, SMS and mail facilities between both types of banks.

(d) Analysis reviles that there are more Impacts of CRM on private sector banks customers compare to public sector banks customers. The Impact of CRM on customer which is better in private sector is customer satisfaction is achieved, prompt services and customer inclusion in policy making. Study

indicates that for problem solution of customer, growth in banking service and increase in overall performance of bank there isno major difference between both types of banks.

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