A STUDY ON CUSTOMER RELATIONSHIP MANAGEMENT PRACTICES FOLLOWED BY STATE BANK OF INDIA BRANCHES WITH SPECIAL REFERENCE TO VIRUDHUNAGAR

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Abstract

The purpose of this study was to examine the various facets of customer relationship management practices adopted by SBI in Virudhunagar. The research design in this study will consist of exploratory research whereby different aspects with regards to CRM in the SBI have been extracted from existing studies and tested on a sample of customers. This study examined demographic profile of customers, customer awareness on CRM policies, customer perception on CRM practices, and role of E-CRM measures of SBI in customer satisfaction. This study utilized 100 samples in various branches in SBI in Virudhunagar. The data for the study have been collected through questionnaire. The statistical tools like simple percentage, chi-square, t-test, was used in this study. This study revealed that the customer relationship management practices followed in SBI is satisfactory to the customers.

Key words: Customer perception, Customer relationship management, CRM Policies, CRM practices, Customer awareness, State Bank of India.

Introduction

Indian banking system has witnessed rapid growth in recent past with the initiation of financial sector reforms. The thrust of financial sector reforms is to improve efficiency, competitiveness and productivity of the financial system. Building relationship with customers is now recognized as over-riding goal of marketing and especially emphasized in service based sectors. Customer Relationship Management (CRM) is a vital factor to improve the performance of the banks and to ensure customer satisfaction. Customer relationship management involves organizing activities around the sole customer which can ensure differentiation at each point of service by creating a unique experience. In fact with augment competition in the retail banking sector has intensified the use of CRM as a means of securing competitive advantage.

Banking Sector in India

The Indian banking system consists of 26 public sector banks, 20 private sector banks, 43 foreign banks, 56 regional rural banks, 1,589 urban cooperative banks and 93,550 rural cooperative banks, in addition to cooperative credit institutions. The Indian banking sector's assets reached US$ 1.8 trillion in FY14 from US$ 1.3 trillion in FY10, with 70 per cent of it being accounted by the public sector.

Total lending and deposits increased at a compound annual growth rate (CAGR) of 20.7 per cent and 19.7 per cent, respectively, during FY07-14 and are further poised for growth, backed by demand for housing and personal finance. Total asset size of banking sector assets is expected to increase to US$ 28.5 trillion by FY25. Deposits have grown at a CAGR of 13.6 per cent during FY05–15 to an estimated US$ 1.48 trillion in FY15. Deposit growth has been mainly driven by strong growth in savings amid rising disposable income levels.

Indian banks are increasingly focusing on adopting integrated approach to risk management. Banks have already embraced the international banking supervision accord of Basel II. According to RBI, majority of the banks already meet capital requirements of Basel III, which has a deadline of March 31, 2019. Most of the banks have put in place the framework for asset-liability match, credit and derivatives risk management

Rising incomes are expected to enhance the need for banking services in rural areas and therefore drive the growth of the sector; programmes like MNREGA have helped in increasing rural income aided by the recent Jan Dhan Yojana. The Reserve Bank of India (RBI) has relaxed its branch licensing policy, thereby allowing banks (which meet certain financial parameters) to set-up new branches in tier-2 to tier-6 centers, without prior approval from RBI. It has emphasised the need to focus on spreading the reach of banking services to the un-banked population of India.

CRM in Indian Context

It is evident that there has been a phenomenal change and paradigm shift towards customer focus during the past five decades in India.

Banking industry in India has fives facets in the delivery of services to the customer. The progress of customer relationship management can be explained with the help of the figure-1. The CRM in Indian banking is evolved like service, satisfaction, pleased Approach, delighting and maintaining relationship with the customers.

Changing Perception of Customer

The perception of a customer has drastically changed. Peter Drucker said twenty-five years ago, that the purpose of a business wads to attract and retain a customer. There has been a phenomenal change and paradigm shift towards customer focus during the past five decades in the Indian context,

- 1961-1970 Servicing the Customer,
- 1971-1980 Satisfying the Customer,
- 1981-1990 Pleasing the Customer,
- 1991-2000 Delighting the Customer,
- 2001 and beyond Relating the Customer.

Today, the customer relationship between the banker and customer has come under the sharp focus both the customers ends.

Objectives
This study is started with the following objectives:
1. To know the demographic profile of customers who are all using SBI services.
2. To study the customer awareness on customer relationship management policies of SBI
3. To check the customer relationship management practices followed in branches of SBI in Tamilnadu.
4. To study the role of E- CRM strategies in bringing customer satisfaction.

Review of Literature
Berker and Nasr (1998), Mulhern (1999), and Jain and Sing (2002) Found out that managers expect customer relationship relationships to be enduring, he anticipated that the seller will capture as much of the buyer's business as possible for as long time as possible. This research on CLV suggests that man companies are using these concepts to determine those customers to select for their CRM programs and how much to spend on these programs for each customer.

Ashok and Kumar (2006) in their Endeavour to elicit the opinion of the customers on their satisfaction with selected bank branches have carried out this empirical study. Banks are the mart of the world, the nerve centers of economics and barometers of nation's property. Today, the cost of retaining a customer is one-tenth when compare with the cost of acquiring a new one. Banks do offer tangible services but that cannot satisfy the customers, who need intangible services which could be experienced like behavior and efficiency of staff, speed of transactions and the ambience. The focus of this study is to bring out by what extent the selected bank branches cater to the needs of the customers. Customer awareness has to be created and their satisfaction should be known to the customers. Quartile deviation has been used to find the customers level of satisfaction with their banks. Chi square test is applied between the personal and the independent variables to study the factors influencing the level of customer satisfaction. The study concludes that the focus of banking business will have to be customer centered. It also further indicates that nationalized banks are attempting its best to attract higher rate of customer satisfaction.

Research Methodology
The study is intended to investigate how customer relationship management practices followed in SBI branches in Virudhunagar. Population for this study is customers of SBI, target population is retail customers. Data have been collected from sample of 100 at different branches of SBI Data is gathered through field survey. A well-structured questionnaire is developed to collect the data. This is a descriptive study using primary data collected through survey. The instrument is structured with 5-parts, part-1 is

pertaining to the demographic profile of customers; part-2 focused specifically customer awareness on CRM policies of SBI;part-3 is concerned with customer perception on CRM practices; part-4 deals with factors influencing customer relationship management practices and part-5 focus on role of E-CRM strategies in customer satisfaction. The scale 1 to 5 have been developed, where 1 stands for strongly agree and 5 for strongly disagree. The following statistical tools are applied to get the reliable inferences, that is, simple percentage analysis, chi-square test, factor analysis, multiple linear regression test and t-test.

Results & Discussions

Table 1: Analysis of Demographic Profile

Characteristics	Distribution	Frequency	Percentage
Gender	Male	78	78%
	Female	22	22%
Age	18 – 25 Years	23	23%
	26 - 40 Years	28	28%
	41 – 55 Years	36	36%
	56 Above	13	13%
Monthly Income	Less than 10,000	15	15%
	10,001 - 25,000	51	51%
	25,001 - 50,000	21	21%
	50,001 & above	13	13%
Educational Qualification	Up to HSC	34	34%
	UG	15	15%
	PG	35	35%
	Professional	16	16%
Occupation	Private Sector	29	29%
	Government Sector	27	27%
	Self-Employed	26	26%
	Student and others	18	18%
Online Banking Habit	Yes	66	66%
	No	34	34%

Source: Primary Data

To observe the relationship between customer awareness on CRM policies of SBI and demographic profile, chi-square test is computed. It is used to test whether there are any significant differences in awareness. The results of Chi-square test presented in table-2 shows that as an overall, there are no significant differences between customer awareness on CRM policies of SBI based on gender, age, education, occupation. It is evident that in all

cases the calculated value is greater than the table value as shown in table-2. This implies that customer awareness on CRM policies in SBI is similar, regardless of gender, age, education and occupation. Thus it is examined that when SBI want to recognize the awareness of customers on their CRM policies, demographic profiles did not persuade what customers perceived.

Table 2: Descriptive Statistics on CRM Polices and Demographic Factors
(Pearson One-way ANOVA)

CRM Policies	Gender		Age		Education		Occupation	
Descriptive Statistics	x^2	Sig.	x^2	Sig.	x^2	Sig.	x^2	Sig.
Customer recognition	3.14	0.76	13.22	0.25	17.23	0.24	6.44	0.64
Quick response	3.90	0.62	11.53	0.37	9.42	0.61	12.34	0.56
Retention strategy	2.93	0.78	8.24	0.89	17.34	0.01*	13.87	0.75
Technology based service	4.53	0.64	11.58	0.43	13.28	0.72	7.47	0.76
Personnel assistance	5.22	0.28	10.52	0.63	16.97	0.53	24.56	0.37
Transparency in cost	3.75	0.45	6.26	0.76	11.35	0.42	15.29	0.83
Grievance redressal	4.47	0.84	12.58	0.74	6.85	0.54	7.25	0.21
May I help you service	7.43	0.15	14.59	0.55	11.23	0.68	12.57	0.54
Information on new service	1.54	0.56	9.84	0.63	15.24	0.37	13.65	0.65
ATM Service	7.35	0.54	15.47	0.48	14.26	0.56	8.28	0.58
Online banking service	5.06	0.27	11.41	0.62	12.35	0.36	15.69	0.69

Source: Primary Data
     *significant at 5% level

Customer Relationship Management Practices

The true banking business is to keep and satisfy customers, CRM has caught the attention of practicing commercial banks. This research provides the essential insight into the relationship management practices of this revolutionary concept. This study provides 12 variables of CRM practices followed in SBI such as, courtesy of employees, ambience of bank, environment of bank, facilities in the bank, customer friendly products, promptness in services, ability to help customers, knowledge of customer redressal, familiarity of the customer, ATM locations, working hours and execution of service. The application of t-test is to evaluate the computed mean value based on the perception of customers. In this t-test the computed mean value of the customers is compared with hypothesized mean value 3 to get the significance or insignificance value. The results are depicted in the following table-3.

Table 3: Customers Perception on CRM Practices

(N = 100)

Variables	Mean	Std. Deviation	Std. Error Mean	t-value	Sig (2 tailed)
CRMP1	3.7935	1.1357	0.3674	13.679	.000
CRMP2	4.5623	0.6465	0.4257	36.794	.000
CRMP3	4.4675	0.6873	0.2675	23.588	.000
CRMP4	3.6426	1.1531	0.5278	12.689	.000
CRMP5	4.8153	1.2648	0.3426	-10.099	.000
CRMP6	2.7383	1.0676	0.3899	22.098	.000
CRMP7	2.0653	1.0354	0.4973	-12.985	.000
CRMP8	4.2558	0.9742	0.5296	-19.591	.000
CRMP9	3.7479	1.0222	0.5824	22.565	.000
CRMP10	3.6156	0.5637	0.2367	16.295	.000
CRMP11	2.7615	1.2135	0.3795	17.934	.000
CRMP12	2.8695	1.2641	0.3966	14.462	.000

Source: Primary Data

It is found in the above table that the mean value of the CRM practice variable range from 2.0653 to 4.8153. In particular, it is identified that the variable number from CRMP1 to CRMP4, and from RMP8 to CRMP10 the mean values are strictly greater than 3. It is found that the bank customers are strongly agreed the t-values are greater than that is, 13.679, 36.794, 23.588, 12.689, 22.098, 22.565, 16.295, 17.934 and 14.462 which are statistically significant at 5% level. The customers are disagreed that the t-values are 10.099, 12.985, and 19.591. Therefore it could be concluded that the CRM practices followed in SBI is agreed by the customers.

Table 4: Multiple Linear Regression Analysis

Independent Variables	Dependent Variable	Un-standardized coefficients		Un-standardized coefficients		Un-standardized coefficients
		Beta	Std. Error		t value	coefficients
Constant		-0.821	0.620		-1.466	0.002
Physical Service		0.414	0.061	0.456	6.933[@]	0.001
Reliability in Service	CRM Practices in SBI	0.213	0.074	0.161	1.724[$]	0.003
Openness in Service		0.219	0.081	0.143	1.676[$]	0.003
Service Delivery		0.178	0.043	0.088	0.834[$]	0.014
Need Understanding		0.156	0.061	0.113	1.226[$]	0.007
Personal Welfare		0.112	0.034	0.118	1.252[$]	0.025

Note: @ significant at 1%

$ Significant at 5%

Multiple linear regression analysis shows that all six independent variable are positively related with the CRM practice of SBI. Table 5 reveals the value of R^2 and adjusted

R^2 as 0.640 and 0.56 respectively, which indicates that 64% of variation on CRM practice, explained by six underlying factors. Physical service in bank having highest beta coefficient 0.414 and t value 6.933 is statistically significant at 1% level. It indicates that the strong influence on customer relationship management practices of SBI Reliability in service, openness in service, service delivery, need understanding and personal welfare are statistically significant at 5% of level. From this analysis, it is found that there is significant influence on CRM practices in SBI.

Role of E-CRM Strategies

E-CRM strategies play a significant role in customer satisfaction. The role of following factors such as, internet banking, ATMs, mobile banking, E-mails, smart cards, fund transfer and e-cheque has been presented among the customers. The customers are asked to rate their satisfaction level to the variables on the basis of five point scale. The components are identified in the pre-test and customers are asked to rate the most appropriate strategies to enhance CRM in electronic way. One sample t-test is applied on the above variables in E-CRM strategies; it is performed with assigning test value 3 to the identified variables.

Table 5: One-Sample t-Test

Variables	Test Value = 3					
	t	df	Sig.	Mean difference	95% Confidence Interval of the Difference	
					Lower	Upper
Internet banking	21.856	99	.000	.943	.887	1.074
ATMs	22.527	99	.000	.847	.826	1.153
Mobile banking	19.854	99	.000	.773	.646	.816
E-mails	20.357	99	.000	.728	.613	.799
Smart cards	21.267	99	.000	.847	.775	.986
Fund transfer	18.169	99	.000	.816	.724	.916
e-cheques	17.745	99	.000	.763	.711	.824

Source: Primary Data

It is clear from the above table that t-test values are extensively greater than the test value 3 at 5% level of significance. It acknowledges that E-CRM factors mostly rely with the beginning of many strategies in electronic mode. The customers overwhelmingly believe that the internet banking, ATMs, E-mails, smart cards, here the t-values are greater than 20. Furthermore mobile banking, fund transfer and e-cheque has moderate impact on the bringing satisfaction to them. E-banking leads to maintain good rapport with the customers by providing speedy services. This test proves that E-CRM strategies have significant impact on the customer satisfaction.

Findings & Conclusion

In this modern technology era, when the customer is having access to a variety of products and services it is fetching very difficult for banks to endure. In this circumstances, when customer inquiries are not met easily or transactions are convoluted, the customer will asks for new levels services, and only choose those banks who are making a real effort to provide a high level of quality, fast and efficient service through the bank touch points, ATMs, and other e-banking services. Hence the commercial banks are considering this fact with the maintenance of good relationship. The findings of the study show that the influence of demographic factors on customer's awareness towards CRM policies in State Bank of India was examined. Analysis of variance and chi-square were executed to test whether the means of the customer's awareness differ by gender, age, education and occupation. The results indicate that there was no significant difference in means between customers awareness on CRM policies among banks based on these demographic factors. This would simply that customer's awareness on CRM policies in SBI was similar regardless of demographic variables. The customer perception on customer relationship management practices adopted by the SBI is agreed about nine practices. In order to assess the impact of different antecedents of customer relationship management, multiple regressions is also used. The results clearly revealed that there is a significant impact exists among the variables. E-CRM has significant attention on the maintaining relationship with the customers. It is seen that banks are applying customer oriented relationship management and attempting for the establishment of long-term relationships.