THE IMPORTANCE OF CUSTOMER RELATIONSHIP MANAGEMENT AND ITS POTENTIAL IN BANKING SECTOR - A STUDY IN KANCHIPUARM DISTRCT

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Abstract : In today's highly competitive business environment companies are not capable to longer survive with a transactional attitude towards customers. They have to focus their marketing lenses more rational dimension, which is considered to be the most suitable approach for satisfying and maintaining customers The essence of CRM is to create customers and retain them. Therefore now banks emphasize on total customer satisfaction which indicates that the customer is satisfied and delighted with respect to using a service. Hence an attempt was made by the researcher in this study to examine the level of satisfaction on customer relationship management practices in selected private sector banks and Public sector banks.

IndexTerms - **Customer Relationship Management; Loyalty; Private and Public Sector Banks Service Quality; Trust**

I. INTRODUCTION

CRM is a sound business strategy to identify the bank's most profitable customers and prospects, and devotes time and attention to expanding account relationships with those customers through individualized marketing, repricing, discretionary decision making, and customized service-all delivered through the various sales channels that the bank uses. CRM is not simply some applications or software but the philosophy, the way a company works so as to build long-lasting relationships with its customers. CRM is a comprehensive strategy and the process of acquiring, retaining and partnering with selective customers to create superior value for the company and the customer. Customer Relationship Management (CRM) came into the power when banking institutions were getting more and more competitive.

Customer Relationship Management (CRM) is a strategic orientation which is the most important long-term customers and develops an understanding of these customers whom can be retained. Technologies used by companies to attract successfully and retain customers for the maximum corporate growth and profit. CRM is the goal of meeting customer expectations and needs to value them. CRM includes the breaking down of departmental barriers, improving information flow and work processes. These changes influence effectiveness of an organization. CRM is not a technology thing, though technology is fundamental in making it successful: CRM is a business philosophy.

1.1 CONCEPT OF CRM

Customer Relationship Management is the establishment, development, maintenance and optimization of long-term mutually valuable relationships between consumers and the banks. Successful customer relationship management focuses on understanding the needs and desires of the customers and is achieved by placing these needs at the heart of the business by integrating them with the organization's strategy, people, technology and business processes. CRM permits businesses to leverage information from their databases to achieve customer retention and to cross-sell new products and services to existing customers.

1.2 NEED FOR CRM IN THE BANKING INDUSTRY

➢ Over time, retail bank customers tend to increase their holding of the other products from across the range of financial products / services available.

➢ Long-term customers are more likely to become a referral source.

➢ The longer a relationship continues, the better a bank can understand the customer and his/her needs & preferences, and so greater the opportunity to tailor products and services and cross-sell the product / service range.

1.3 ABOUT KANCHIPURAM DISTRICT

Kancheepuram district is situated on the northern East Coast of Tamil Nadu and is adjacent by Bay of Bengal and Chennai city and is bounded in the west by Vellore and Thiruvannamalai district, in the north by Thiruvallur district and Chennai district, in the south by Villuppuram district in the east by Bay of Bangal e district has a total geographical area of 4393.37 Sq.Kms and coastline of 87.2 Kms. Kancheepuram, the temple town is the district headquarters. For administrative reasons, the district has been divided into 4 revenue divisions comprising of 13 taluks with 1137 revenue villages. For development reasons, it is divided into 13 development blocks with 633 Village Panchayats. ccording to 2011 census, the District had population of 39.99 lakh, which is about 5.53% of the total State population. The total population of the District was 39,98,252 in which 20,12,958 were Male and 19,85,294 were Female. In rural 14,59,916 and in Urban it was 25,38,336.

Kancheepuram is also known as 'Silk City' and 'Temple City', since one of the main professions of the people living in and around is weaving silk sarees. The silk weavers of Kanchi settled more than 400 years ago and have given it an enviable reputation as the producer of the best silk sarees in the country. More over kanchipuram district has major areas are, Chengalpattu, Cheyyur, Kanchipuram, Madurantakam, Sriperumbudur, Tambaram, Thiruporur, Tirukalukundram, Uthiramerur, Walajabad Kanchipuram district has branches of almost all the nationalized and private banks like state bank of india, Dena bank, icici bank, hdfc bank, Punjab national bank, south india bank, etc.

1.4 OBJECTVE OF THE STUDY

- ➢ To study and analyse the customers' perception on Customer Relationship Management (CRM) practices and its impact on customer loyalty in selected public and private sector banks in Kanchipuram.
- ➢ To examine the impact of CRM practices on customer satisfaction towards the services of selected public and private sector banks in Kanchipuram.
- ➢ To assess the impact of CRM practices on customer loyalty on the selected public and private sector banks in Kanchipuram.

1.5 HYPOTHESES OF THE STUDY

- ➢ There is no significant difference among the Public Sector Banks and Private Sector Banks with respect to the various aspects of CRM practices.
- ➢ There is no significant difference among the Public Sector Banks and Private Sector Banks with respect to customer loyalty.

II. REVIEW OF LITERARTURE

Khare, A. (2010)73 In today's commercial world, practice of dealing with existing customers and thriving business by getting more customers into loop is predominant and is mere a dilemma. Installing a CRM system can definitely improve the situation and help in challenging the new ways of marketing and business in an efficient manner. Hence in the era of business every organization should do some sort of research on customer relationship management.

Won-Moo, H., Jungkun, P., & Minsung, K. (2010)77the relationship between customer and service providing organization usually constructed in two different ways. The first way is to attracting the customer by their products and secondly building and managing the long term relationship with the existing customers so that the economic and business objective of the both parties will keep. At the first stage, attracting, establishing or creating these is the concepts that make the basis of a continuous or long term relationship over the time.

Smith, W. K., & Lewis, M. W. (2011)84customer relationship management is the integration of the customer focus business strategy which makes a close relationship with sales and marketing in any business sector. In the modern business world it has been using as the key instrument to optimizing profitability, revenue and customer satisfaction by identifying potential customer group and market segmentation. With the help of technology crm help an organization to look better insight, higher level of customer involvement, more effective interaction and integration of multiple customer channels.

Rosenblatt, V. (2011)85CRM provide the integral method of communication that enable an organization to manage all customers' accounts. From these customers the organization derived future directions in order to achieve some key objectives like as: building better relationship with the organization; to identify and serve better customer needs and; overall growth of the organization. Shengdong and Xue (2011)60 look specifically at CRM effectiveness in the mobile telephony sector of China. They suggest that in China, for CRM to be effective, organizations should not give up unprofitable customers. Moreover, they note that technology and intuition are drivers of CRM success in an emerging market environment. More studies on CRM in emerging markets have been conducted in India. Despite the fact that there appears to be an increased number of research papers on CRM in emerging markets, these papers have tended to apply constructs from high income, industrialized markets without providing much insights on the peculiarities and the contingency factors of CRM implementation in their own context.

Jiang, Y., & Zhao, J. (2012)71 With the help of the customer relationship management software the financial institution like as bank track customer's interaction and get the required information about the customers as well. The system is ultimately helped to increase the noteworthy improvement and also lead to get closer to the customers. Through this process banking industries

maximize their ability of enhancing further business with the existing customers as well. The customer relationship effort leads marketing is this sense. Information technology and information system here is the main supporting key that successfully worked to the linked with CRM.Nguyen and Mutum (2012)47 found that the firm creates long lasting relationships and successful CRM implementation when there is an effective blend of the following four factors; namely (a) trust and commitment; (b) satisfaction; (c) symmetry and dependence; and (d) fairness. Rangarirai and Donie(2013) write up show the importance of different types of CRM practices in locking customers and increasing switching costs to defecting customers thereby enhancing long term values to commercial banks. Key Words: CRM practices, financial sector, Retention, Bank Performance

 Balakrishnan(2014) The study reveals that the proper CRM practices will increases the customer satisfaction and builds relationship with present and prospective customers by managing information and improves performance of delivering products and services at a great speed that facilitates customer creation and retention. Agnihotri (2015) to analyze the effect of CRM Practices on the profitability of banks, to identify the challenges faced by the banks in the implementation of CRM practices. The study may provide the banking industry an insight on successful implementation of CRM Practices in Banking Sector effectively with the available resources, budget and time Renuga(2016) The structural model validates the previously extracted factors along with their indicators. The findings of this study validate the long held belief that CRM is a multidimensional construct and serves as a critical success factor for business performance. And also the objective is to effectively analyze all the available data about the customer

Munaiah (2017) The lack of understanding on Customer Relationship Management (CRM) is always a concern among the service providers especially banks. Banks have their own way of managing their relationships with the customers. However, the perception of customers on CRM practices among banks should also be taken into consideration. Hasan(2018) Customer Relationship Management (CRM) is a foreseeable practice in the banking area in Bangladesh. City bank is the best customer oriented banks amongst all the commercial private banks in Bangladesh. This is a qualitative study and mainly based on a discussion with an employee of City Bank working currently as customer relations officer of principle branch and the main objective of this study is to explore how City Bank practices customer relationship strategies to enhance customer experience and thereby maximize customer retention.

III. RESEARCH METHODOLOGY

3.1 Research Design
The quantitative research study adopts that survey design to achieve the research objectives. It entailed the collection of data on a number of variables at a single juncture. In the conventional sense, this survey research adopts the descriptive design.

3.2 Source of Data and Unit of Analysis
The data were obtained from both primary and secondary sources. The primary data were collected by structured questionnaire and distributed to 350 customers in selected private and public sector banks in Chennai city. Stratified random sampling was adopted for the study. Sample size is 300 customers from selected private and public sector banks.

Sample techniques can be divided into two broad categories of probabilities and non-probability sample. Probability sample (also commonly called random samples) are distinguished by the fact that each population element has a known, nonzero chance of being include in the sample. Sample size is 300 customers from selected private and public sector banks Our Data has stratified into Public Sector Bank and Private Sector Bank. Each strata consist of 150 samples from the regions like South Chennai, Central Chennai and North Chennai Framework of analysis Structural Equation Model (SEM) These analysis techniques were considered the most appropriate to answer the research questions and Hypotheses.

3.3 Structural Equation Modeling (SEM)
Structural Equation Modeling is a general term that has been used to describe a large number of statistical models used to evaluate the validity of substantive theories with empirical data. Statistically, it represents an extension of General Linear Modeling (GLM) procedures, such as the ANOVA and multiple regression analysis. One of the primary advantages of SEM (vs. other applications of GLM) is that it can be used to study the relationships among latent constructs that are indicated by multiple measures. It is also applicable to both experimental and non-experimental data, as well as cross-sectional and longitudinal data. SEM takes a confirmatory (hypothesis testing) approach to the multivariate analysis of a structural theory, one that stipulates causal relations among multiple variables. The causal pattern of inter variable relations within the theory is specified a priori.

The goal is to determine whether a hypothesized theoretical model is consistent with the data collected to reflect this theory. The consistency is evaluated through model-data fit, which indicates the extent to which the postulated network of relations among variables is plausible. SEM has a number of synonyms and special cases in the literature including path analysis, causal modeling, and covariance structure analysis.

AMOS"Amos" is an abbreviation of "Analysis of Moment Structures." IBM SPSS Amos implements the general approach to data analysis known as Structural Equation Modeling (SEM), also known as analysis of covariance structures, or causal modeling. This approach includes, as special cases, many well-known conventional techniques, including the general linear model and common factor analysis.

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IV. ANALYSIS AND INTERPRETATION

SEM analysis is performed based on data from 300 respondents with the AMOS 23 statistical package from 5 point Likert-scale survey to assess the various aspects in CRM practice and its impact on Customer Satisfaction and Customer Loyalty towards Private Sector Banks in Chennai through various variables. Circles represent latentvariables and rectangles represent measure variables.

Fig 1 . Structural Equation Modeling

Observed,

endogenous variables
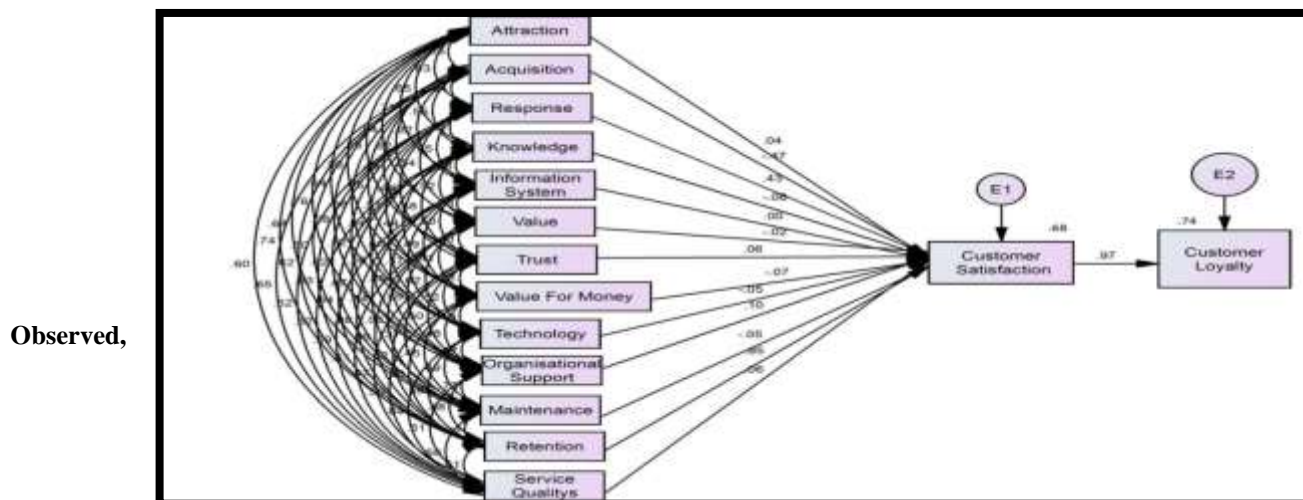
> Customer_ Satisfaction
> Customer_ Loyalty

> Customer_ Attraction
> Customer_ Acquisition
> Customer_ Response
> Customer_ Knowledge
> Customer_ Information_ System
> Customer_ Value
> Customer_ Trust
> Value For_ Money
> Technology
> Organizational_ Support
> Customer_ Maintenance
> Customer_ Retention
> Service_ Quality

Observed, exogenous variables

- e1
- e2

Unobserved, exogenous variables

. **Table 1 Model Fit Indices and Summary of Structural Equation Model**

Indices	Value	Suggested value
Chi-square value	25.794	-
DF	13	-
Chi-square value/DF	1.984	< 5.00 (Hair et al., 1998)
P value	0.181	> 0.05 (Hair et al., 1998)
GFI	1.000	> 0.90 (Hu and Bentler, 1999)
RMR	0.025	< 0.08 (Hair et al. 2006)
AGFI	0.984	> 0.90 (Hair et al. 2006)
CFI	1.000	> 0.90 (Daire et al., 2008)
RMSEA	0.000	< 0.08 (Hair et al. 2006)

the above table reveals the relationship and its effects on endogenous variable . Also all t he model fit indices were within the

limit.

PARAMETER ESTIMATES

In addition to considering overall model fit, it is important to consider the significance of estimated parameters, which are similar to regression coefficients.

Table 2. Variables in the Structural Equation Model Analysis

Variables			Un- standardized co-efficient	S.E.	Standardized co-efficient	t-Value.	P Value
Customer Satisfaction	<---	Customer Attraction	.027	.044	.038	.619	.536
Customer Satisfaction	<---	Customer Acquisition	.367	.092	.470	4.007	<0.001**
Customer Satisfaction	<---	Customer Response	.343	.092	.429	3.725	<0.001**
Customer Satisfaction	<---	Customer Knowledge	.042	.040	.055	1.064	.287
Customer Satisfaction	<---	Customer Information System	-.004	.069	-.005	.059	.953
Customer Satisfaction	<---	Customer Trust	.060	.050	.059	1.214	<0.001**
Customer Satisfaction	<---	Value For Money	.070	.047	.072	1.494	<0.001**
Customer Satisfaction	<---	Technology	-.036	.053	-.046	.680	.496
Customer Satisfaction	<---	Organizational Support	.087	.070	.097	1.250	<0.001**
Customer Satisfaction	<---	Customer Maintenance	.046	.049	.053	-.931	<0.001**
Customer Satisfaction	<---	Customer Retention	.791	.083	.850	9.475	<0.001**
Customer Satisfaction	<---	Service Quality	.053	.061	.059	.873	<0.001**
Customer Satisfaction	<---	Customer Value	-.019	.041	-.023	.458	.647
Customer Loyalty	<---	Customer Satisfaction	.751	.011	.970	69.461	<0.001**

Note: ** denotes significant at 1% level

The asterisks (***) indicate statistical significance i.e., the p value is lesser than .05 in majority of the cases. All loadings are highly significant except four cases. The regression weights associated with the 10 out of fourteen variables are statistically significant. It is likely that this predictor model is more appropriate to describe the Impact of Service Quality dimensions on Customer Satisfaction and Loyalty.

Customer Retention to be the best indicator of the Degree of Satisfaction than others. Their standardized regression weights are .850. This means that impact explains about .85 or 85% of the variance in the Customer Satisfaction and Customer Retention (shown in SEM Model).

Customer Satisfaction appears to be the best indicator of the Customer Loyalty than others. Their standardized regression weights are .970. This means that impact explains about .97 or 97% of the variance in the Customer Satisfaction and Customer Loyalty (0.97) (shown in SEM Model).

All the variables have small to moderate standardized loadings and appeared to have relationship with the hypothesized impact factor.

The inter-construct correlations are positive and more significant. The correlation is higher in majority of the variables. Squared multiple correlations are independent of units of measurement. AMOS displays a squared multiple correlation for each endogenous variable. The squared multiple correlations provide information on how much variance the common factors account for in the observed variables. Customer Satisfaction on Various aspects of Service Quality has a moderate R^2 of 0.4692 (square of .685) meaning that Customer Satisfaction on Service Quality explains practically moderate variance in this item. Impact of Service Quality on Customer Loyalty has R^2 0.5505 (square of 0.742) meaning that Impact of Various aspects of Service Quality on Customer Loyalty explains practically little more variance in this item than others.

The Results of significance tests reflect not only the absolute magnitudes of path coefficients but also factors such as the sample size and inter-correlations among the variables. The Standardized path coefficients with absolute values less than 0.10 may indicate a "small" effect, values around 0.30, a "medium" effect and Values greater than 0.50, a "large" effect. Here, the values are between -0.470 and 0.970 which indicate the large effect.

Examining this SEM (Path Model), we can conclude that, out of various o aspects of service quality of banks, Response, Technology, Retention, Organizational support and Value for Money leads more to Customer Satisfaction as well as Customer Loyalty than others. Customer Satisfaction also leads to Customer Loyalty.

The analysis is made based on the parameters identified, the research questions were answered and the hypotheses were tested by applying the various statistical tools and the proper interpretation is provided. The following chapter presents the summary, findings, discussion, conclusion, the limitations of the study, the Contribution of the study and suggests its implications for management and academics practitioners. Avenues for future research are presented.

V. CONCLUSION

The Banking industry is a dynamic and ever competitive industry with lot of business opportunities and potential. The employee profile of the industry is very different among other industries. Also this industry provides equal importance and opportunities to all employees working in the industry. Even though employees in the team, they focused on their individual targets. Banks must create CRM teams in each branch and also design the objectives, motto, functions and responsibilities of the teams. Each CRM teams headed by a managerial cadre official and they have to report periodically to the General Manager of the Bank.

Bank managers and bank employees should be aware of the fact that a bank's interaction with clients influences the institution's CRM and level of service quality. Organizations have to makes the employees to feel valued, inspired and self motivated, by this way they will be voluntarily take initiatives to achieve goals of their teams and company. The wellbeing of the employees makes them healthy and happy. So, they will work with love and affection. So their quality and quantity will be high. Due to that, the organizations have to take care of their employees' wellbeing and task as simply.

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