

CUSTOMER RELATIONSHIP MANAGEMENT IN PUBLIC SECTOR BANKS IN KERALA

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Abstract

The implementation of CRM implies the various measures which have been adopted by banks for maintaining CRM. The implementation of the CRM is essential to ensure a better performance of the banks and hence, it is imperative to analyse the level of implementation of CRM in banks. For this purpose, the customers' perceptions about the CRM have been measured. The six dimensions on which CRM have been perceived by the customer are value, trust, commitment, communication, conflict handling and strategies and practices adopted by the banks. This chapter covers the implementation of CRM in Public Sector Banks in Kerala comprising the role of strategies and practices adopted by the banks, comparison of CRM implementation across the banks.

Key words: CRM, Strategies and Practices, Public Sector Banks.

Introduction

Customer Relationship Management is a comprehensive strategy and process of acquiring, retaining and partnering with selective customers to create superior value for the organisation and the customer. The purpose of CRM is to improve marketing productivity. Marketing productivity is achieved by increasing marketing efficiency and by enhancing marketing effectiveness. In CRM, marketing efficiency is achieved because co-operative and collaborative processes help in reducing transaction costs and overall development costs for the organisation. Two important processes of CRM include proactive customer business development and building partnering relationship with most important customers. These lead to superior mutual value creation. It is a discipline that covers all the elements needed to build successful relationships with customers. The purpose of CRM is to increase revenue. CRM increases revenue by enabling the organisation to meet and exceed customer expectations and by increasing loyalty.

CRM is the strategic use of information, processes, technology and people to manage the customer's relationship with the organisation across the whole customer's life cycle. This definition of CRM is quite broad and covers many activities. CRM is limited to activities that take place in the customer-facing functions, including marketing, sales, customer services and product support.

Need and Importance of the Study

Customers are the source of every business organisations. Banks are not an exception to it. So Customer Relationship Management plays a vital role in banking sector. In banking sector major revenue comes from their

customers. To maintain cordial relationship with customers is essential in banking organisations. Public sector banks play an important role in providing banking services. It offers a wide range of banking products and financial services to customers through different branches in different places. In this context, “Customer Relationship Management in Public Sector Banks in Kerala” assumes considerable attention.

Scope of the Study

The study is confined to making an analysis of the CRM in Public sector banks in Kerala. Among the banks in Kerala six banks of public sector are considered. For the purpose of the study various aspects of CRM are analysed from the perceptions of the customers of the banks. The customers selected for the study includes SBI, Canara bank, Union bank, Syndicate bank, Indian Overseas bank and Punjab National bank from Public sector banks with equal representation. Moreover, the customers of the above said banks include customers of both urban and rural areas from the three districts selected.

Objectives of the study

The objectives of the study are:

- (1) To analyse the level of implementation of CRM in Public Sector Banks in Kerala.
- (2) To study and compare CRM implementation among the Public Banks in Kerala.

Hypotheses

In this study the researcher has formulated and tested the following hypotheses:

1. HO₁: The level of implementation of CRM in Public Sector Banks is excellent.
2. HO₂: There is no significant difference in the implementation of CRM among the Public sector Banks.

Analysis and Discussion

Confirmatory Factor Analysis

The statistical analysis comprises of two stages. The first stage examines the descriptive statistics of the measurement of items and assesses the reliability and validity of the measures applied. The second stage tests the proposed research model and this involves assessing the contribution and significance of the manifest variables path coefficient. The CFA model is designed to test the relationship among the factors of CRM implementation. The measurement of CRM implementation, service quality, customer satisfaction and customer retention are tested by a Confirmative Factor Analysis (CFA). CFA provides a more explicit framework for confirming prior notions about the structure of a domain of content. CFA is applied to test how well the explored model fit the data. Next the researcher considers the measurement model of factors to test the convergent validity. For this purpose, factors of CRM practices are taken in to account.

Structural Equation Model (SEM)

SEM is a multivariate statistical analysis technique which is used to analyse the structural relationships. SEM is the combination of factor analysis and multiple regression analysis. It is used to analyse the structured relationship between measured variables and latent constructs. This is used by the researcher since it estimates the multiple and interrelated dependence in a single analysis. To find out the significant influence of Customer Value, Customer Trust, Commitment towards Customers, Communication with Customers, Conflict Handling and Service Strategies and Practices Evaluation on implementation of CRM in banks, Structural Equation Model is applied.

Bank Wise Customer Value Evaluation

For the purpose of the study, One-way ANOVA is applied. In this case, bank is considered to be the independent variable, which includes six banks such as includes SBI, Canara bank, Union bank, Syndicate bank, Indian Overseas bank and Punjab National bank. So ANOVA is used to compare the mean intention scores of different banks and the result is exhibited in Table below. For analysing the customer value evaluation the following hypothesis is framed.

HO: There exists no significant difference in the customer value evaluation among the banks.

**Table Showing
Mean, Standard deviation and F value of Customer Value Evaluation – Bank Wise**

<i>Variable</i>	<i>Bank</i>	<i>N</i>	<i>Mean</i>	<i>Standard deviation</i>	<i>F</i>	<i>p value</i>
Customer Value Evaluation	SBI	90	21.20	2.96	26.932	0.001
	Canara Bank	90	20.28	3.20		
	PNB	90	17.53	3.19		
	Union Bank	90	19.72	3.26		
	Syndicate Bank	90	19.70	2.81		
	Indian Overseas Bank	90	16.78	3.09		

Source: Primary Data

Table depicts the bank wise customer value evaluation. It shows that the mean score of customer value evaluation is high (21.20) with a SD of 2.96 for SBI followed by Canara Bank (20.28) with SD of 3.20. The value of F is 26.392 and P is 0.001. Since the calculated P value is less than 0.05, the test is found to be significant. So, the null hypothesis is rejected and it is concluded that there is significant difference in the mean score customer value evaluation among the banks.

Bank Wise Customer Trust Evaluation

The bank wise analysis of customer evaluation is made with the use of ANOVA and the result of the same is exhibited in Table given below.

Table Showing

Mean, Standard deviation and F value of Customer Trust Evaluation - Bank Wise

<i>Variable</i>	<i>Bank</i>	<i>N</i>	<i>Mean</i>	<i>Standard deviation</i>	<i>F</i>	<i>P value</i>
Customer Trust Evaluation	SBI	90	18.24	3.62	12.246	0.001
	Canara Bank	90	14.57	3.57		
	PNB	90	16.24	3.02		
	Union Bank	90	15.95	3.12		
	Syndicate Bank	90	15.26	3.18		
	Indian Overseas Bank	90	16.03	3.02		

Source: Primary Data

Table reveals the ANOVA result of bank wise customer trust evaluation. It shows that the mean score of customer trust evaluation is high (18.24) with a SD of 3.62 of SBI followed by PNB (16.24) with SD of 3.02. Value of F is 12.246 and P value is 0.001. Since the calculated P value is less than 0.05, the test is found to be significant. So, the null hypothesis is rejected and concluded that there is significant difference in the mean score of customer trust evaluation among the banks.

Bank Wise Commitment Towards Customers Evaluation

The bank wise analysis of commitment towards customers' evaluation is made with the use of ANOVA and the result of the same is exhibited in Table given below.

Table Showing

Mean, Standard deviation and F value of Commitment Towards Customers Evaluation- Bank Wise

<i>Variable</i>	<i>Bank</i>	<i>N</i>	<i>Mean</i>	<i>Standard deviation</i>	<i>F</i>	<i>P value</i>
Commitment towards Customers	SBI	90	25.58	4.96	13.164	0.001
	Canara Bank	90	22.38	4.98		
	PNB	90	22.24	4.23		
	Union Bank	90	20.42	4.42		
	Syndicate Bank	90	21.38	4.48		
	Indian Overseas Bank	90	22.34	4.16		

Source: primary Data

Table shows that the mean score of commitment towards customers evaluation is high (25.58) with a SD of 4.96 for SBI followed by Canara Bank (22.38) with SD of 4.98. The value of F is 13.164 and P is 0.001. Since the calculated P value is less than 0.05, the test is found to be significant. So, the null hypothesis is rejected and it is concluded that there is significant difference in the mean score of commitment towards customers' evaluation among the banks.

Bank Wise Communication with Customers Evaluation

For analysing bank wise communication with customers' evaluation ANOVA is applied and its result is narrated in Table exhibited below.

Table Showing

Mean, Standard deviation and F value of Communication with Customers Evaluation - Bank Wise

<i>Variable</i>	<i>Bank</i>	<i>N</i>	<i>Mean</i>	<i>Standard deviation</i>	<i>F</i>	<i>p value</i>
Communication With Customers	SBI	90	40.32	6.23	31.324	0.001
	Canara Bank	90	38.66	6.62		
	PNB	90	32.46	6.65		
	Union Bank	90	32.09	6.20		
	Syndicate Bank	90	35.08	7.51		
	Indian Overseas Bank	90	30.02	5.71		

Source: primary Data

Table reveals that the mean score of communication with customers is high (40.32) with a SD of 6.23 for SBI followed by Canara Bank (38.66) with SD of 6.92. Value of F is 31.324 and P is 0.001. Since the calculated P value is less than 0.05, the test is found to be significant. So the null hypothesis is rejected and it is concluded that there is significant difference in the mean score of communication with the customers among the banks.

Bank wise Customer Conflict Handling Evaluation

For the purpose of the study ANOVA is used and the result is exhibited in Table below.

Table Showing

Mean, Standard deviation and F value of Customer Conflict Handling Evaluation – Bank Wise

<i>Variable</i>	<i>Bank</i>	<i>N</i>	<i>Mean</i>	<i>Standard deviation</i>	<i>F</i>	<i>p value</i>
Customer Conflict Handling	SBI	90	28.38	4.36	25.364	0.001
	Canara Bank	90	26.90	3.83		
	PNB	90	23.21	3.18		
	Union Bank	90	23.72	2.85		
	Syndicate Bank	90	23.85	3.32		
	Indian Overseas Bank	90	23.38	5.46		

Source: Primary Data

Table reveals that the mean score of customer conflict handling is high (28.38) with a SD of 4.36 for SBI, followed by Canara (26.90) with SD of 3.83. Value of F is 25.364 and P value is 0.001. Since the calculated P value is less than 0.05, the test is found to be significant. So the null hypothesis is rejected and it is concluded that there is significant difference among the banks on customer conflict handling.

Bank Wise Service Strategies and Practices Evaluation

For the purpose of the study, One-way ANOVA is applied and the result of the same is shown in Table below.

Table Showing

Mean, Standard deviation and F value of Service Strategies and Practices Evaluation – Bank Wise

<i>Variable</i>	<i>Bank</i>	<i>N</i>	<i>Mean</i>	<i>Standard deviation</i>	<i>F</i>	<i>P value</i>
Service Strategies and Practices Evaluation	SBI	90	38.84	4.15	87.642	0.001
	Canara Bank	90	38.23	4.98		
	PNB	90	29.10	4.28		
	Union Bank	90	30.09	4.78		
	Syndicate Bank	90	33.29	3.96		
	Indian Overseas Bank	90	27.14	6.24		

Source: primary Data

Table reveals that the mean score of service strategies and practices evaluation is high (38.84) with a SD of 4.15 for SBI, followed by Canara Bank (38.23) with SD of 4.98. Value of F is 87.642 and P value is 0.001. Since the calculated P value is less than 0.05, the test is found to be significant. So the null hypothesis is rejected and it is concluded that there is significant difference among the banks with regard to service strategies and practices evaluation.

Bank wise Implementation of CRM

One of the objective of the study is to compare the CRM implementation among the banks in Kerala. For this, One-way ANOVA is applied and the result is exhibited in Table 4.77. Here, the selected banks include SBI, Canara bank, Union bank, Syndicate bank, Indian Overseas bank and Punjab National bank. Following hypothesis is framed for analysing the same.

HO₂: There is no significant difference in the CRM implementation among the banks.

Table Showing

Mean, Standard deviation and F value of Implementation of CRM- Bank Wise

<i>Variable</i>	<i>Bank</i>	<i>N</i>	<i>Mean</i>	<i>Standard deviation</i>	<i>F</i>	<i>P value</i>
CRM implementation	SBI	90	171.08	11.36	118.762	0.001
	Canara Bank	90	169.57	10.66		
	PNB	90	169.62	11.32		
	Union Bank	90	158.61	10.64		
	Syndicate Bank	90	144.58	10.88		
	Indian Overseas Bank	90	145.26	11.46		

Source: Primary Data

Table shows the bank wise customers perception of the level of implementation of CRM in banks. It shows that the mean score of the CRM implementation is high in SBI (171.08), followed by Canara Bank (169.57) with a standard deviation of 11.36 and 10.66 respectively. The mean score of PNB is 169.62, Union Bank is 158.61 and Indian Overseas Bank is 145.26 with a SD of 11.32, 10.64.30 and 11.46 respectively and the least mean score is for Syndicate Bank , which is 144.58 with a SD of 10.88.

Findings of the study

1. Bank wise customer value evaluation shows that the mean score of customer value evaluation is high (21.20) with a SD of 2.96 for SBI followed by Canara Bank (20.28) with SD of 3.20. The value of F is 26.392 and P is 0.001. Since the calculated P value is less than 0.05, the test is found to be significant. So, the null hypothesis is rejected and it is concluded that there is significant difference in the mean score customer value evaluation among the banks.

2. Bank wise customer trust evaluation shows that that the mean score of customer trust evaluation is high (18.24) with a SD of 3.62 of SBI followed by PNB (16.24) with SD of 3.02. Value of F is 12.246 and P value is 0.001. Since the calculated P value is less than 0.05, the test is found to be significant. So, the null hypothesis is rejected and concluded that there is significant difference in the mean score of customer trust evaluation among the banks.

3. Bank wise commitment towards customers evaluation shows that the mean score of commitment towards customers evaluation is high (25.58) with a SD of 4.96 for SBI followed by Canara Bank (22.38) with SD of 4.98. The value of F is 13.164 and P is 0.001. Since the calculated P value is less than 0.05, the test is found to be significant. So, the null hypothesis is rejected and it is concluded that there is significant difference in the mean score of commitment towards customers' evaluation among the banks.

4. Bank wise communication with customers' evaluation reveals that the mean score of communication with customers is high (40.32) with a SD of 6.23 for SBI followed by Canara Bank (38.66) with SD of 6.92. Value of F is 31.324 and P is 0.001. Since the calculated P value is less than 0.05, the test is found to be significant. So the null hypothesis is rejected and it is concluded that there is significant difference in the mean score of communication with the customers among the banks.

5. Bank wise customer conflict handling evaluation reveals that the mean score of customer conflict handling is high (28.38) with a SD of 4.36 for SBI, followed by Canara (26.90) with SD of 3.83. Value of F is 25.364 and P value is 0.001. Since the calculated P value is less than 0.05, the test is found to be significant. So the null hypothesis is rejected and is concluded that there is significant difference among the banks on customer conflict handling.

6. Bank wise service strategies and practices evaluation reveals that the mean score of service strategies and practices evaluation is high (38.84) with a SD of 4.15 for SBI, followed by Canara Bank (38.23) with SD of 4.98. Value of F is 87.642 and P value is 0.001. Since the calculated P value is less than 0.05, the test is found

to be significant. So the null hypothesis is rejected and it is concluded that there is significant difference among the banks with regard to service strategies and practices evaluation.

7. Bank wise customers perception of the implementation of CRM in banks shows that the mean score of the CRM implementation is high in SBI (171.08), followed by Canara Bank (169.57) with a standard deviation of 11.36 and 10.66 respectively. The mean score of PNB is 169.62, Union Bank is 158.61 and Indian Overseas Bank is 145.26 with a SD of 11.32, 10.64.30 and 11.46 respectively and the least mean score is for Syndicate Bank, which is 144.58 with a SD of 10.88.

Conclusion

The banking sector in the present scenario has emerged as the sun rise sector in an economy. The significance of it is further emphasised by the increase in the number of troupe in the sector. The severe competition customary among the banks has led them to taking all the appropriate steps to do well. Therefore, they must strategise their business approach and plans in such an effective way that they can maintain themselves in a profitable manner for a longer period of time. The present study on customer relationship management in Public sector Banks in Kerala concludes that CRM implementation is high in SBI, followed by Canara Bank. This indicates that, they have been more innovative in understanding their customers and in building up good relation with them.

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