

THE UGC XITH PLAN
MINOR RESEARCH PROJECT
(SOCIAL SCIENCE-COMMERCE)

**A STUDY ON CUSTOMER RELATIONSHIP
MANAGEMENT IN INDIAN BANKING INDUSTRY-
WITH SPECIAL REFERENCE TO
PALAKKAD DISTRICT,
KERALA.**

Submitted

By

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(NAAC Accredited at B Level)

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DECLARATION

I do hereby declare that the Minor Research Project titled **“A Study on Customer Relationship Management in Indian Banking Industry with Special reference to Palakkad District, Kerala”**, submitted to University Grants Commission is a record of original work done by me.

The information and data given in this report is authentic to the best of my knowledge.

This report is not submitted to any other University or Institution for the award of any Degree or Diploma or Fellowship or published any time before.

GIRIJA C

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CHAPTER I

INTRODUCTION

CRM, or Customer Relationship Management, is a number of strategies and technologies that are used to build stronger relationships between companies and their customers. A company will store information that is related to their customers, and they will spend time analyzing it so that it can be used for this purpose. Some of the methods connected with CRM are automated, and the purpose of this is to create marketing strategies which are targeted towards specific customers. The strategies used will be dependent on the information that is contained within the system. Customer relationship management is commonly used by corporations, and they will focus on maintaining a strong relationship with their clients. There are a number of reasons why CRM has become so important in the last 10 years. The competition in the global market has become highly competitive, and it has become easier for customers to switch companies if they are not happy with the service they receive. One of the primary goals of CRM is to maintain clients. When it is used effectively, a company will be able to build a relationship with their customers that can last a lifetime. Customer relationship management tools will generally come in the form of software. Each software program may vary in the way it approaches CRM. It is important to realize that CRM is more than just a technology. Customer relationship management could be better defined as being a methodology, an approach that a company will use to achieve their goals. It should be directly connected to the philosophy of the company. It must guide all of its policies, and it must be an important part of customer service and marketing. If this is not done, the CRM system will become a

failure. There are a number of things the ideal CRM system should have. It should allow the company to find the factors that interest their customers the most. A company must realize that it is impossible for them to succeed if they do not cater to the desires and needs of their customers. Customer relationship management is a powerful system that will allow them to do this. The architecture of CRM can be broken down into three categories, and these are collaborative, operational, and analytical. The collaborative aspect of CRM deals with communication between companies and their clients. The operational aspect of the architecture deals with the concept of making certain processes automated. The analytical aspect of CRM architecture deals with analyzing customer information and using it for business intelligence purposes. Each one of these elements are critical for the success of a CRM system. A company must learn how to use all three properly, and when they do this proficiently, they will be able to build strong customer relationships and ensure their profits for a long period of time. As more businesses continue to compete on a global level, it will become more important for them to use successful Customer relationship management techniques.

Origin of the Research Problem

The competition in the banking industry, make banking operations more challenging and complex. So there is noticeable shift in the banking industry in India. Banks are ready to provide number of risky services to customers. To minimise the possibility of customer deflection, bankers have to come out with customer centric strategic decision. The main aim is to draw attention in evolving meaningful CRM, which would

provide a platform for not only existing customers but also by attracting new customers.

Interdisciplinary Relevance

It is related to Economics, Banking, Information Technology and Finance.

International and National Status

Banks plays an important role in International as well as National level. So good Customer Relations Management is necessary in modern banking.

Significance of the Study

Government policies are implemented on the basis of statistical report provided by the RBI. The main purpose of this study is to analyse the customer relationship management in banks situated in Palakkad District and check how far the technology has improved.

Objectives of the Study

1. To study Customer Relationship Management of the selected banks
2. To measure Service Quality, Customer Interaction Management and Customer Retention Management of the banks
3. The compare Service Quality, Customer Interaction Management, Customer Retention Management and Customer Relationship Management between the selected banks.

Hypothesis

The following hypotheses were formulated and stated in null form to ascertain the customer relationship management in banks.

Overall Service Quality

H0: There is no significance difference in the mean service quality of two banks.

H1: There is significance difference in the mean service quality of two banks.

Customer Retention Management

H0: There is no significance difference in the mean Customer Retention Management of two banks.

H1: There is significance difference in the mean Customer Retention Management of two banks.

Customer Interaction Management

H0: There is no significance difference in the mean Customer Interaction Management of two banks.

H1: There is significance difference in the mean Customer Interaction Management of two banks.

Customer Relationship Management

H0: There is no significance difference in the mean Customer Relationship Management of two banks.

H1: There is no significance difference in the mean Customer Relationship Management of two banks

Methodology

The area preferred for the study is Palakkad District. There are total 7 municipalities in the District and from these 3 municipalities (Ottapalam, Shoranur and Pattambi) are randomly selected for the study. For this study one bank from public sector and one bank from private sector are selected. This study is based on primary data collected from 46 respondents from State bank of India and 46 respondents from HDFC bank. The primary data has been collected by administering a questionnaire consisting of 40 questions. The structured questionnaires are given to randomly selected average regular customers who are visiting these selected banks. The questionnaire has been divided into Five Parts: - 1) Personal Data 2) Relationship with the Bank 3) Service Quality 4) Customer Interaction Management and 5) Customer Retention Management.

The questions pertaining to CRM items have been designed using five point Likert Scale. Data analysis done by using SPSS and other Statistical tools. Secondary Data are collected from the site of RBI, other websites, books and journals. The project consists of Five chapters:-1) introduction 2) CRM in Banks 3) Review Literature 4) Data Analysis 5) Findings and Suggestions and conclusion.

Limitations of the study

- Primary data collection was done using random sampling technique.
- Study is restricted to Palakkad District, Kerala.
- Bias of the interviewee may also effects the result of the study.
- Bias of the respondents may effects the results of the study.

Statistical Tools and Techniques used for the study

To analyse the Customer Relationship Management in banks, tools like Arithmetic Mean, Standard Deviation tests are used in order to prove the hypotheses. Statistical analysis has been done using SPSS. In order to draw suitable conclusions with meaningful analysis, interpretation of data is made using tables and graphs.

CHAPTER II

CRM IN BANKS

Customers are the focal point in the development of successful marketing strategy. In banking field a unique “Relationship” exists between the customers and the bank. The lack of understanding on Customer Relationship Management (CRM) is always a concern among banks should also be taken into consideration. The effective relationship between customers and banks depends on understanding of the different needs of customers at different stages. CRM manages the relationships between a firm and its customers. Managing customer relationships requires managing customer knowledge. CRM and knowledge management are directed towards improving and continuously delivering good service to customers. 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 organisation’s strategy, people, technology and business processes. CRM identifies the present and future markets, select the markets to serve and identifies the progress of existing and new services.

The banking scenario in India is at the cross roads and is continuously evolving ,but he progress has been remarkable over the decade with the level of competition increasing in the banking industry ,banks are varying with each other to customers with more personalized service. CRM is a comprehensive approach which provides seamless integration of every area of business that touches the customer-namely marketing, sales ,customer service and field support through integration of people ,process and technology ,taking advantage of the revolutionary

impact of the Internet. CRM creates mutually beneficial relationship with the customer.

In short CRM is about effectively and profitably managing customer relationships throughout the entire lifecycle. In the rapidly expanding world of e-commerce, there is a new generation of empowered customers emerging who demand immediate service with the personalised touch. CRM is not a new concept. It has been already in existence, but has come to light only in the recent days. The reason is being the change in the company's mission from profit centric to service centric.

“Competition and globalisation” of banking services are forcing to be productive and profitable. To certain high Net Worth individuals, banks should focus strongly on relationship management with customers. Innovative Customer Relationship Management (CRM) strategies and cutting edge software can help, to a great extent, in achieving the desired results.

However, there is more to Customer Relationship Management (CRM) than just managing customers and analysing their behaviour. Banks are well aware that their success is predominantly dependent on the CRM strategies adopted by them. Service providers have recognised that good CRM bonds customers with the organisation for longer term, resulting in increased revenues.

Customer

In banking customer means:- There must be some recognisable course or habit of dealing in the nature of regular banking business. A single transaction can constitute a customer; must have an account;

dealing must be of banking nature; some frequency in transactions is expected but is not essential.

Customer Interaction Management

Customer Interaction Management means banks treats customers and manages customer Relationships is a key differentiator and is critical to succeeding in highly competitive and dynamic environments.

Customer retention Management consists of:-

- ❖ Maintaining customer relationships using relationship events over time.
- ❖ Incorporating feedback model to calculate the effectiveness of models.
- ❖ Driving up sell and cross sell opportunities using both inbound and outbound events.

Customer Retention Management

Bank Innovation has a particular interest in innovative banking and bank customer acquisition and retention. Customer retention management includes:

- ❖ Bank need to use data to ask the right questions to gain customer retention insights and build valuable customer relationships
- ❖ Customers with high satisfaction help positively influence others buying decisions.
- ❖ Customer –centric data and predictive analysis useful in retaining customers and increasing marketing effectiveness.

Customer Relationship Management

CRM, or Customer Relationship Management, is the business strategies designed to optimise profitability, revenue, retention, and customer satisfaction. When used to describe software, rather than business processes, CRM applications are those that focus on relationships, rather than transactions”. Edward .D.John.

CRM means:-

- ❖ CRM is fundamental to build a customer –centric organisation
- ❖ CRM system links together the customer data into single and logical customer repository.
- ❖ CRM in banking is a key element of differentiation that allows a bank to develop its customer base and sales capacity.
- ❖ The goal of CRM is to manage all aspects of customer interactions in a manner that enables banks to maximise profitability from every customer.

Customer Relationship Management in Banking

Banks and financial institutions are recognizing that they can no longer look at a consumer from a specific product or snapshot perspective but must encompass the entire customer relationship to fully understand a client’s profitability. From a strategic standpoint, CRM mobilizes resources around customer relationships rather than product groups and

fosters activities that maximize the value of lifetime relationships. From an operational standpoint, CRM links business processes across the supply chain from back-office functions through all touch points, enabling continuity and consistency across customer relationships. From an analytical standpoint, CRM is a host of analytical data tools that enable banks to fully understand customer segments, assess and maximize lifetime value of each customer.

Customers are the source of any and every business organisations. Banks are not an exception to it. So therefore, CRM plays a vital role in banking sector also. Over the last few decades, technical evolution has highly affected banking industry. For more than 200 years, banks were using branch based operations. Since the 1980s, things have been really changing with the advent of multiple technologies and applications. In this technology revolution, technology based remote access delivery channels and payment systems surfaced. ATM replaced cashier tellers, telephone represented by call centers replaced the bank branch ,internet replaced the mail, credit cards and electronic cash replaced traditional cash transactions ,and interactive television will replace face-to-face transactions. CRM plays a vital role in the banking sector. It includes:-

To meet today's customer increasingly expect added value (i.e. money ,service or both) in return and cross –sell opportunities depend on how the bank fares on these points:-

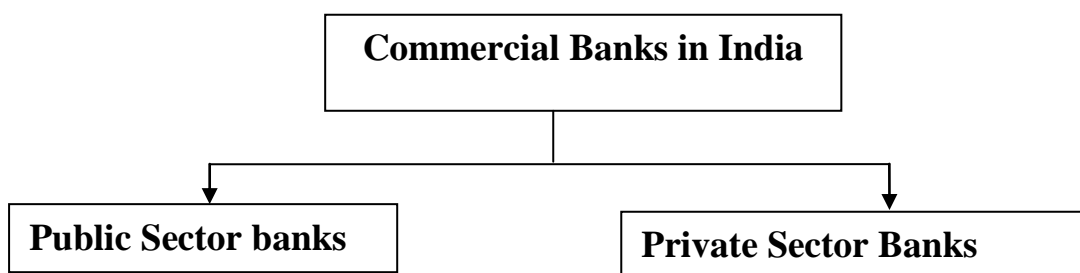
1. To maintain cordial personal relationship with the customers.
2. To build a long term value for any financial institution.

3. To reduce the problem of customer attrition and customer switching to different banks in increasing because of the intense competition among banks and low switching cost.
4. To reduce the customer acquisition cost as it is five times costlier than the customer retention cost.

Banking Industry –An Overview

Banks have played an important role in financial system of the country. With the expansion of trade and commerce, the concept of banking gained importance. In the organised segment, banking system occupies an important place in Nation's economy. It plays a pivotal role in the economic development of a country and forms the core of the money market in an advanced country.

The commercial banking in India consists of both Public sector as well as Private sector banks. There are total 27 public sector banks and 23 Private sector banks are functioning in the country at present.



Public Sector Banks in India

Public Sector Banks are controlled and managed by the Government of India. Public sector banks have been serving the nation for over centuries as well known for their affordable and quality services. There are currently 27 Public sector banks in India out of which 19 are Nationalised banks and 6 are SBI and associate banks and rest two are IDBI bank and Bharathiya Mahila Bank which are categorised as other Public Sector Banks.

State Bank and its associates

1. State Bank of India
2. State Bank of Patiala
3. State Bank of Mysore
4. State Bank of Travancore
5. State Bank of Hyderabad
6. State Bank of Bikaner and Jaipur

Nationalised banks

1. Allahabad Bank
2. Andhra Bank
3. Bank of Baroda
4. Bank of India
5. Bank of Maharashtra
6. Canara Bank
7. Central Bank of India
8. Corporation Bank
9. Dena Bank

10. Indian Bank
11. Indian Overseas Bank
12. Oriental Bank of Commerce
13. Punjab & Sind Bank
14. Punjab National Bank
15. Syndicate Bank
16. UCO Bank
17. Union Bank of India
18. United Bank of India
19. Vijaya Bank

Other public sector banks

1. IDBI Bank
2. Bharatiya Mahila Bank

Private Sector Banks

The concept of Private Sector Banking was introduced about 15 years ago. These are the banks that do not have any Government stakes. Private sector banks have gained quite a strong foothold in the banking industry over the last few years, especially because of optimum use of technology. The private banks are accountable for a share of 18.2% of the Indian Banking Industry.

1. Axis Bank
2. Bandhan Bank
3. Catholic Syrian Bank
4. City Union Bank
5. Dhanlaxmi Bank

6. DCB Bank
7. Federal Bank
8. HDFC Bank
9. ICICI Bank
- 10.IDFC Bank
- 11.UP Agro Corporation Bank
- 12.Karnataka Bank
- 13.IndusInd Bank
- 14.ING Vysya Bank (merged with Kotak Mahindra Bank in April 2015)
- 15.Jammu and Kashmir Bank
- 16.Karur Vysya Bank
- 17.Kotak Mahindra Bank
- 18.Lakshmi Vilas Bank
- 19.Nainital Bank
- 20.RBL Bank
- 21.South Indian Bank
- 22.Tamilnad Mercantile Bank Limited
- 23.Yes Bank
- 24.Goswami Bank

State Bank of India (SBI)

State Bank of India (SBI), with a 200 year history, is the largest commercial bank in India in terms of assets, deposits, profits branches customers and employees. The government of India is the largest shareholder of this Fortune 500 entity with 61.58% ownership. SBI ranked 60th in the list of Top 1000 banks in the world by “The Banker” in July 2012.

The origin of State Bank of India date back to 1806 when the Bank of Calcutta (later called the Bank of Bengal) was established. In 1921, the Bank of Bengal and two other Banks (Bank of Madras and Bank of Bombay) were amalgamated to form the Imperial Bank of India. In 1955, the Reserve Bank of India acquired the controlling interest of the Imperial Bank of India and SBI was created by an act of Parliament to succeed the Imperial Bank of India.

The Housing Development Finance Corporation Limited (HDFC)

HDFC Bank Ltd was incorporated in August 1994 in the name of “HDFC Bank Limited”, with registered office in Mumbai, India.

It commenced operations as a Scheduled Commercial Bank in January 1995. The bank has grown consistently and is now amongst the leading players in the industry.

CHAPTER III

REVIEW LITERATURE

This chapter contains many Research works pertaining to the present study. As this present study elaborately explores the concept of CRM based on the Elementary variables initiation, strategy maintenance, and satisfaction, technology and CRM strategies. It concentrates also on ascertaining the impact of CRM and its customer satisfaction emerged between two domains namely customers and bankers. The present study highlights bird's eye view of certain crucial research works performed by numerous innovative research works.

CRM is the latest philosophy most organizations, service sectors (banks) are adopting successfully. Particularly for initiation of CRM, most of service sectors identified the customers' requirements and fulfil the customers' requirements timely services, hospitality, behaviour, loan facilities and customizations of the bankers' services. Hence, the prospect customers are monitored regularly so as to build the CRM in long term. The following Research articles provide the necessary insights about Initiation of CRM of this Revolutionary concept.

Aihie Osarenkhone (2007) an exploratory study on components of Customer Relationship Management (CRM) strategy to its implementation. This study finding that relationships are not a tactical approach to buyer-seller exchange. CRM strategy requires and commitment from top management, systematic cross-functional communication, and customer loyalty training programmes for all employees. CRM is a strategy business and process is a continuous

learning process where information about individual customer is transformed into a customer relationship. Future researcher analysis should be based when conceptualizing CRM should consist of business strategy, business philosophy and a database application.

Arvind Singh (2004) in his article argues that the truly most productive and desirables assets are not buildings and fixtures but a profitable customer base. He also states that enhanced customer relationship implies taking customer service and associated profitability to new heights by increasingly interactive banking and client links. He also suggests that banks globally must consider themselves as innovative solution providers satisfying the customer rather than just a product driven or a profit driven distribution. He also discusses extensively, now the advancements in technology have changed the face of banking and have compelled banks in UK and the use to rethink their strategies. He also suggests that banks must reassess their strategies and must acquire a mindset in managing customer relationship to be successful in the ever changing markets.

Bennett and Durkin (2002) in their article discuss how the concept of relationship marketing has attracted increasingly the attention of academics and practitioners in the recent years. Issues relating to the practical and context specific implementation of relationship, marketing cultures have been less developed. Indeed, recent literature pinpoints many difficulties associated with the implementation of relationship marketing. This paper addresses a number of key issues associated with the implementation of a relationship culture in the context of a leading and long established retail banking institution. Specifically, the form which such a culture should take is discussed, together with a critical review of how successful the bank has been in its establishment. In light

of this analysis, a conceptual model is proposed for the development of relationship cultures within the banking industry.

Berry Mentions (1983) in his paper on relationship marketing on attracting new customer, but hardly there is any work which had been done on finding the way to retain customers. He suggests about the marketing strategy, which will help the businessmen to develop the relationship marketing plan. Berry mentions about five such strategies, 1. Core Service Strategy, 2. Relationship Customization, 3. Service Augmentation, 4. Relationship Pricing, 5. Internal Marketing.

Biswa and Bhattacharrya (1991) presented a report made by NCAER (1971) & NIBM (1975) NCAER made a study to find the reason for the poor quality of customer service in banks. The result after the study was that more than 50% of the customers who made complaints cited inefficient service being the main cause. The delay in encashment of cheque was the next reason for customer complaints. A similar study was also made by NIBM in 1975, to know how well the commercial banks serve their customer in the city and suburbs of Bombay area. The result of the study pointed out that there was considerable delay in the service rendered which resulted in total dissatisfaction among customers.

Deepak Sirdeshmukh, Jagdip Singh and Barry Sabol (2002) the authors developed a frame work for understanding the behaviour and practices service providers that creates or depletes consumer trust and the mechanisms that covert such trust into value and loyalty in relational exchanges. The result of the study reveals that the conversion of trust to loyalty involves complex, multiple-loop processes that require an understanding of 1. How specific trust- worthiness dimensions can build

greater consumer trust. 2. How increased consumer trust can enhance value for the consumer and 3. How value translates into loyalty. Although there are significant pay offs from building consumer trust in relational exchanges-realizing them is neither the straight forward nor inevitable.

Dibb, Sally, Meadows and Maureen (2004) in their research paper consider the shift towards relationship marketing principles and the implementation of CRM in the retail financial services sector. Many players offering personal banking and related products have now „bought in“ to the concepts behind relationship marketing, and are investing heavily (particularly in new information technology) to enhance customer relationships and improve retention rates. This trend is considered from the perspective of an organisation that is one of those leading progresses made in recent years towards the company“s goals, focusing especially on their introduction of new systems and moves to enhance customer data. However, the analysis also suggests that major challenges remain if the benefits of CRM are to be fully realized with particular concerns for the implementation of CRM principles.

Ghosh (1993) in his article focused on the different ways of communicating effectively with bank customers. He made the following suggestions to improve communication.

- a) Publication in regional language
- b) Use of radios for promoting banking schemes
- c) Use of folders, leaflets and posters for giving publicity about new schemes.

Gupta (2001) study is a modest attempt to identify the implementation issues associated with CRM, importance of CRM, its technology and how does it drive customer service particularly in the banking sector. The study comprehends that banks are still in the initial phase of CRM implementation. With some foreign and private sector banks are taking a initiative on the technology front, public sector banks still have a long way to go in adopting the new technology. The study further revealed the CRM is gradually picking up and is definitely considered as a viable proposition by banks in improving services to their customers.

Injazz, Chen and Karen Popuich (2003) in their study provide an integrated by focusing on customer retention and relationship by focusing on customer retention and relationship development. CRM has evolved from advances in IT and organizational changes in customer centric processes. Although a large portion of CRM is technology viewing CRM as a technology-only solution is likely to fail. Managing a successful implementation requires an integrated and balanced approach to technology, process and people.

Matt, Tim and John (2007) banks have worked hard to improve their bottom- line performance by focusing on cutting costs. The effort made banks leaner, but essential as those efficiency gains have been, as they did little to reduce costly customer defections. This article demonstrates that banks' long-term growth and profitability hinge on their ability to attract and retain loyal customers and describes the key disciplines which they need to master over to become customer-led organizations. The article is based on the results of a global bench marketing survey of senior executives and customers at 30 major retail banks serving 170 million clients in 15 countries to ascertain what factors they saw to be most important to the success of strategies to promote organic revenue and

profit growth. The study revealed that the best-performing banks garner the highest marks across the entire spectrum of managing the customer relationship. On an average, banks that excel across all dimensions of acquiring and retaining loyal customers outgrow their peers and boost their return on enquiry.

Mosad Zineid (2005) in his observation that banking has traditionally operated in a relatively stable environment for decades a better understanding of quality and Customer Relationship Management (CRM) impact on, banking competitiveness. A bank has to create customer relationships that deliver value beyond that provided by the core product. This involves added tangible and intangible elements to the core products, creating and enhancing the product surrounding. The author has one necessary condition for the realization of quality and the creation of value added is a quality measurement and control. The important function is to ensure the fulfilment of given customer requirements. The key way to building a strong competitive position is through CRM, product service quality and differentiation.

Nandi (1985) in his article focused on the different marketing techniques adopted by commercial banks for distribution of banking services. He observed that as days go by, customer exceptions are increasing –as a result customer’s dissatisfaction increases to a great extent. He suggested that the banks should concentrate more on the existing marketing strategies, update it and make it more effective for serving the customers better.

Perrien, Filiatrault and Ricard (1992) in the article analyze and evaluate the competitive pressures as well as the search for fee based incomes, mainly derived from cross-selling, that has forced commercial financial institutions to redefine their marketing strategies and to focus on „relationship marketing”. The analyses of identifying the major problems have been raised by the implementation of an effective relationship approach. The critical analysis concludes that relationship banking is a major corporate issue and not the sole responsibility of front-line people.

Knox et al., (2003) address that CRM is a strategic approach designed to improve stakeholder value (the value the customer receives, the value the organization receives, and the customer retention and its economics) through developing appropriate relationships with key customers and customer segments and through channel and media integration (channel and media suitability, channel and media structure, and multichannel and multimedia integration). CRM unites the potential of IT and relationship marketing to deliver profitable, long-term relationships.

Eapan Varghese and Ganesh (2003) have an empirical study focus mainly on how to measure the speed in which commercial banks are rendering service to their customers in thirteen different dimensions. The result obtained from this study suggests that there is no difference between the public sector banks and private sector banks in the customer’s time consumed for transacting business with the bank. It is generally observed that bankers measure only action time and do not take into account the access time and queuing time which are critical to customers.

Jayakumar and Sathiya (2010) together presented an article main focus of the study was retaining the customer through Customer Relationship Management is quite easy for a company, until they actively or passively slip into erosion. Customer Relationship Management is necessary for achieving high customer profitability- customer revenues over and above customer costs, which demands matching customer expectations with customer satisfaction. High cost of customer acquisition is making today's businesses understand the importance of retaining the customers for long-run sustainability. Increasing dependences on efficient customer management systems is breaking distance barriers, thus enabling companies to come closer to their customers. Building a strong and knitted relationship with customers enables better understanding of the customer expectations, and thus, forms a foundation for constructing customer retention.

Joshua and Moli (2005) in her article objectives are 1. To evaluate the service quality of selected banks in the coastal Karnataka region of Dakshinakannada and Udupi districts. 2. To compare service quality across the banks especially those between old and new generation banks. 3. To identify the areas which need improvement so that the quality service of these banks is enhanced to find out the conclusions is, thus modified servqual instrument can be used to quantify the various dimensions of the service quality in banks and there by identifying areas which require improvement. Thus, it can be used for comparisons of service quality across different banks. This could be used for inter-branch comparisons of the various branches as well as comparisons of performances at different points of time. It was found out that the ICICI bank has outperformed the three selected banks in providing quality service. It is seen that the performance of the new generation banks

across all the service quality dimensions are better than those of old generation banks in the region selected for study.

Purohit, Avinash and Pathardikar (2007) research papers find the conclusions of the study clearly that the nationalized banks have almost all same policies regarding the customer dealings and financial transactions. The perception of the consumer's too different banks may differ due to the behaviour of the individual employees or officers. Almost all the services were rated as good by the respondents: except for loaning interest rate and mortgage facilities. The five dimensions of SERVQUAL were observed as an ideal in all the banks. The slight difference in the reliability of the employees was an exception: it may be due to transferable service nature of the employees. As the banks are also conducting quality measurement surveys on routine basis and accordingly improving their policies at par to the exception of the consumers. The oriental bank of commerce got a position amongst the top ten last year. The criteria adopted by the bank for their ratings were capital, consolidation and corporate governance. In addition, management of banks will also need to focus on building awareness and educate the various stakeholders on interpretation of information to assist in the better understanding of the banks, its operations and performance. The Indian banking industry has a significant role to play in the economy, and appropriate management of the challenges arising out of managing capital, growth risks and governance will be critical to success.

Robert Jacob and Anandan (2002) study was made to find out which bank is considered as the most admired bank, the top 10 banks etc. the annual banking and finance. Tamilnadu had made opinion poll for 2002 anoints a new winner; ICICI bank. The recently merged super bank has

emerged as a world-class, world-scale, player with broad and deep interest in corporate and consumer service. CITI bank emerges as the most admired foreign bank while the SBI tops the public sector category.

Samson (1999) focuses of the study was to identify the important factors in customer choice of bank in urban areas of Nigeria and also to find out if these factors influenced all customers in the same way. The result of the study revealed that in case of individual customers- liquidity, speed and secrecy were the critical determinants for the choice of banks. Liquidity ranking first in contrast, interest rate scored very low. The same study made on corporate customers revealed that speed in service gained highest priority while interest rate fell down in its scoring. All customers exhibited basically the same attitude in their choice of bank. Hence banks should minimize discrimination between individual customers and corporate customers.

Verma and Hema Israney (2001) have made a study on selected banks in Delhi. The study intended to measure the extent of market orientation on a comparative basis in each of the three major group's of commercial banks viz., the public sector banks, the private sector banks and foreign banks. The study revealed that all the three groups of commercial banks differed significantly in terms of both the overall and component-wise means scores of market orientation. Both private and foreign banks are neck-to-neck in competition to gain the largest share of the market by providing superior customer service. The public sector banks are the least market-oriented because, of slow response to change in the customer's tastes and preferences.

Werner and Kumar (2003) present the following objectives to measure empirically life time duration for non-contractual customers and to test the factors that affect customers' profitable lifetime duration and to develop managerial implications for building and managing profitable relationships. The outcome of the study stressed the relevance and importance of establishing Customer Relationship Management capabilities. Customers are heterogeneous on an important relationship characteristic-life time duration. Under such condition an appropriate firm response should be made to develop Customer Relationship Management capabilities which will help such firm to establish competitive advantage in the market.

Michael Lewis (2005) the study examined that, incorporating strategic consumer behaviour into customer valuation. This research study systematically to focus. The calculation of customer value without regard to marketing policy is problematic because the value of managerial flexibility and impact of consumer learning are neglected. This study also develops a structural dynamic programming model of consumer demand that includes marketing variables and consumer expectation of promotions. The author uses the methodology for collecting both primary and secondary data with the help of 1,578 samples. He applied estimated parameters to conduct policy experiments that yield more accurate purchase of customer value and to study the impact of alternative marketing policies. In the context of this article, the policy experiments based approach evaluates the impact of alternative marketing policies. In the context of this article, the policy experiments based approach evaluates the impact of alternative marketing policies and yields more accurate forecasts of customer value. From a substantive prospective, the results are relevant to audience who are interested in pricing aspects of CRM.

CHAPTER IV

DATA ANALYSIS AND INTERPRETATION

Data analysis and interpretation is the process of assigning meaning to the collected information and determining the conclusions, significance, and implications of the findings. The steps involved in data analysis are a function of the type of information collected; however, returning to the purpose of the assessment and the assessment questions will provide a structure for the organization of the data and a focus for the analysis.

This chapter contains the data analysis and interpretation on Customer Relationship Management. The analysis part can be divided into:-

1. General Profile of the Customer
2. Analysis of Overall Service Quality
3. Analysis of Customer Interaction Management
4. Analysis of Customer Retention Management
5. Analysis of Customer Relationship management

GENERAL PROFILE OF THE CUSTOMER

General profile of the customer includes various personal data collected from the customers.

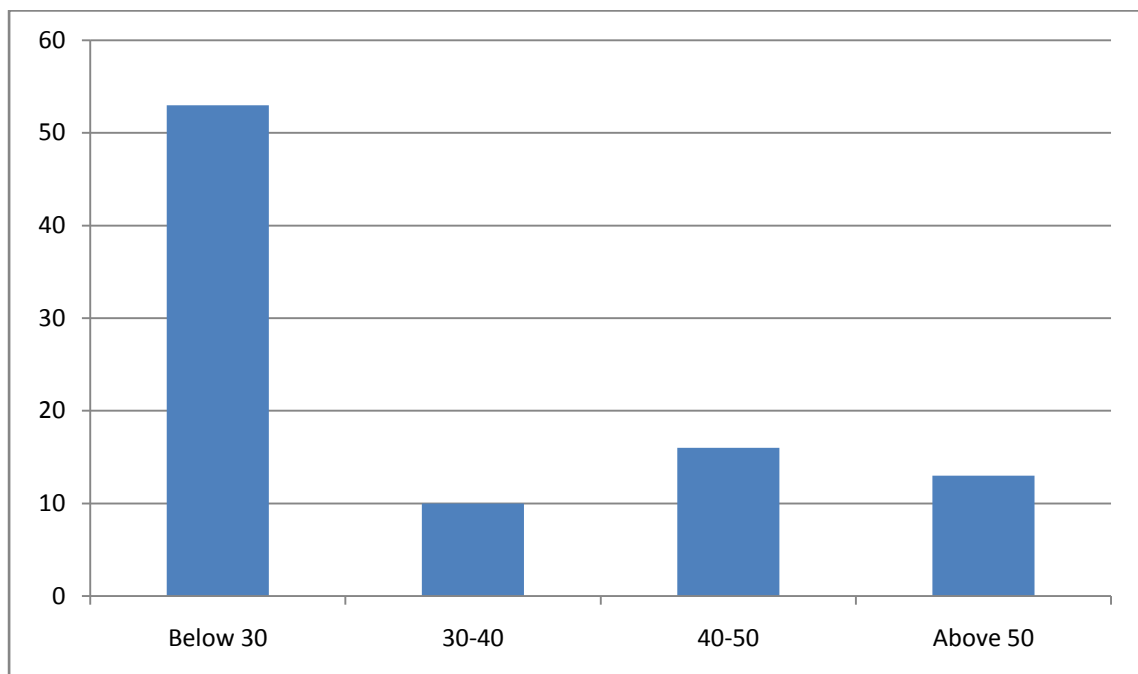
4.1. GENERAL PROFILE OF THE CUSTOMERS

4.1.1. Age Group of Customers

The study collects primary data from 92 respondents; they are the customers of the banks. The area of study is Palakkad districts. Only two banks are selected for the study. From Public Sector State Bank of India and from Private sector HDFC Bank. Out of 92 sample, 53 (57.6%) belongs to the age group of Below 30, 16 (17.4%) respondents belongs to 40-50 age group, 13 (14.1%) respondents belongs to above 50. Only 10 (10.9%) respondents are belongs to the age of 30-40.

Table: 4.1.1

	Age	Frequenc y	Percent	Valid Percent	Cumulativ e Percent
Valid	Below 30	53	57.6	57.6	57.6
	30-40	10	10.9	10.9	68.5
	40-50	16	17.4	17.4	85.9
	Above 50	13	14.1	14.1	100
	Total	92	100	100	

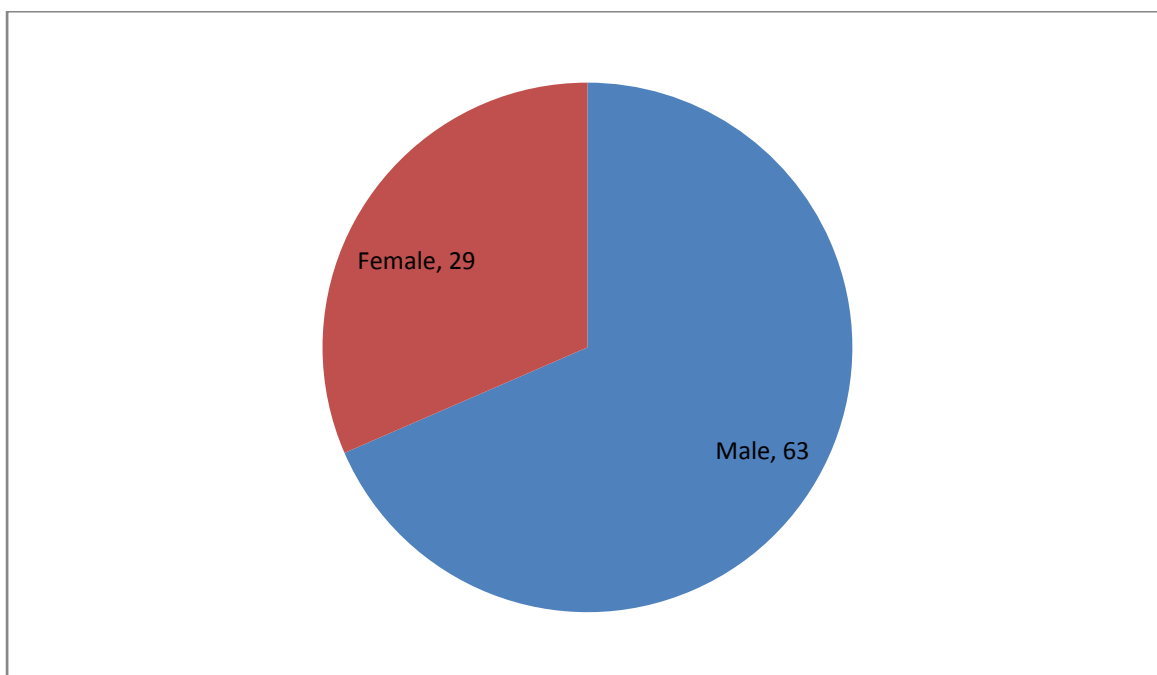


4.1.2. Gender of Customers

Out of 92 respondents 63 are male and 29 are female.

Table 4.1.2

	Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	63	68.5	68.5	68.5
	Female	29	31.5	31.5	100
	Total	92	100	100	

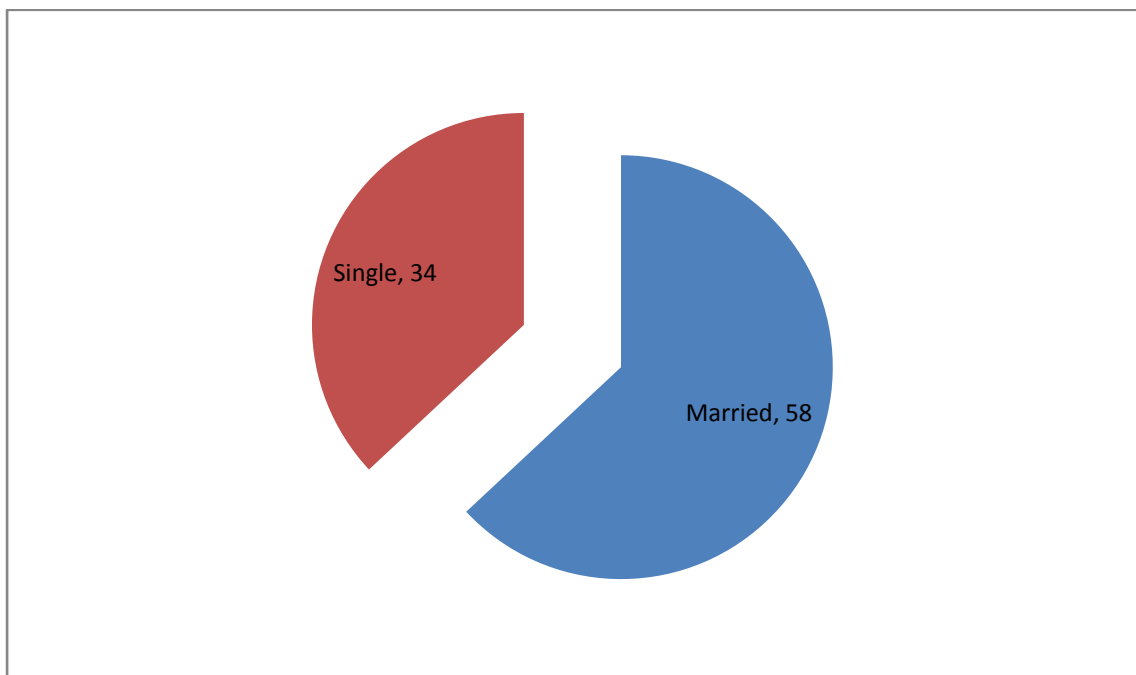


4.1.3. Marital Status of the Customers

Out of 92 respondents, 58 are married and 34 are single.

Table 4.1.3

	Marital Status	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Married	58	63.0	63.0	63.0
	Single	34	37.0	37.0	100.0
	Total	92	100	100	

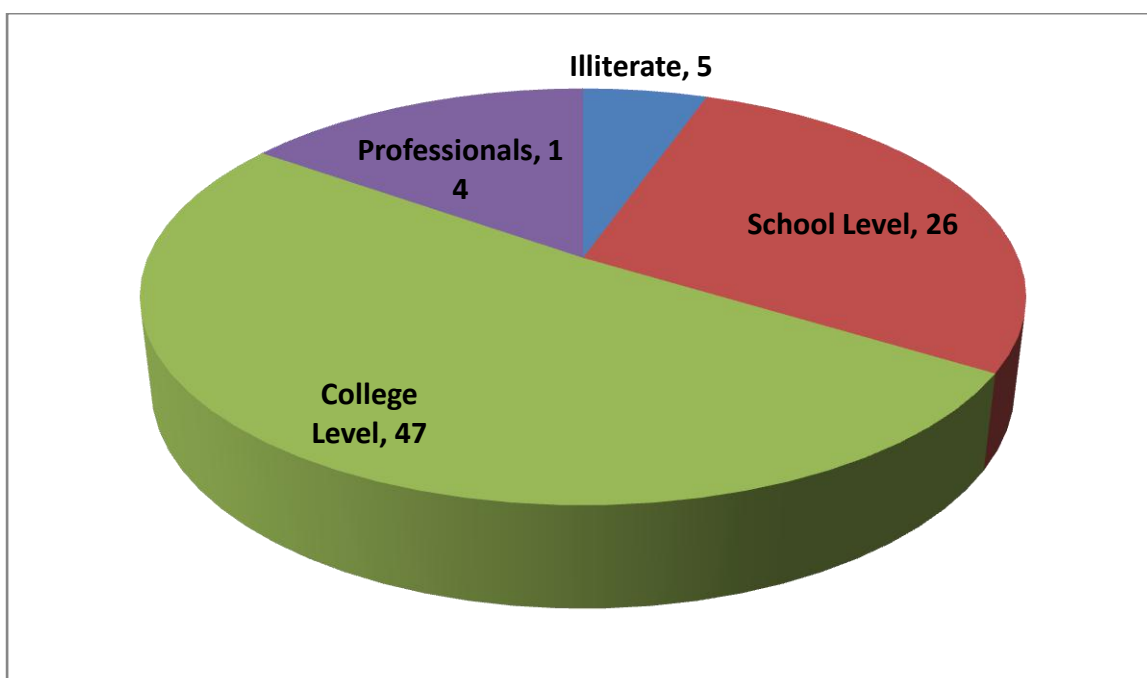


4.1.4. Educational Qualification of the Customers

Out of 92 respondents 47(51.1%) are educated upto college level, 26 respondents (28.3%) are upto school level, 14 respondents (15.2%) are professionals and 5 respondents (5.4%) are illiterate.

Table 4.1.4

	Educational Qualification	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Illiterate	5	5.4	5.4	5.4
	School Level	26	28.3	28.3	33.7
	College Level	47	51.1	51.1	84.8
	Professionals	14	15.2	15.2	100
	Total	92	100	100	

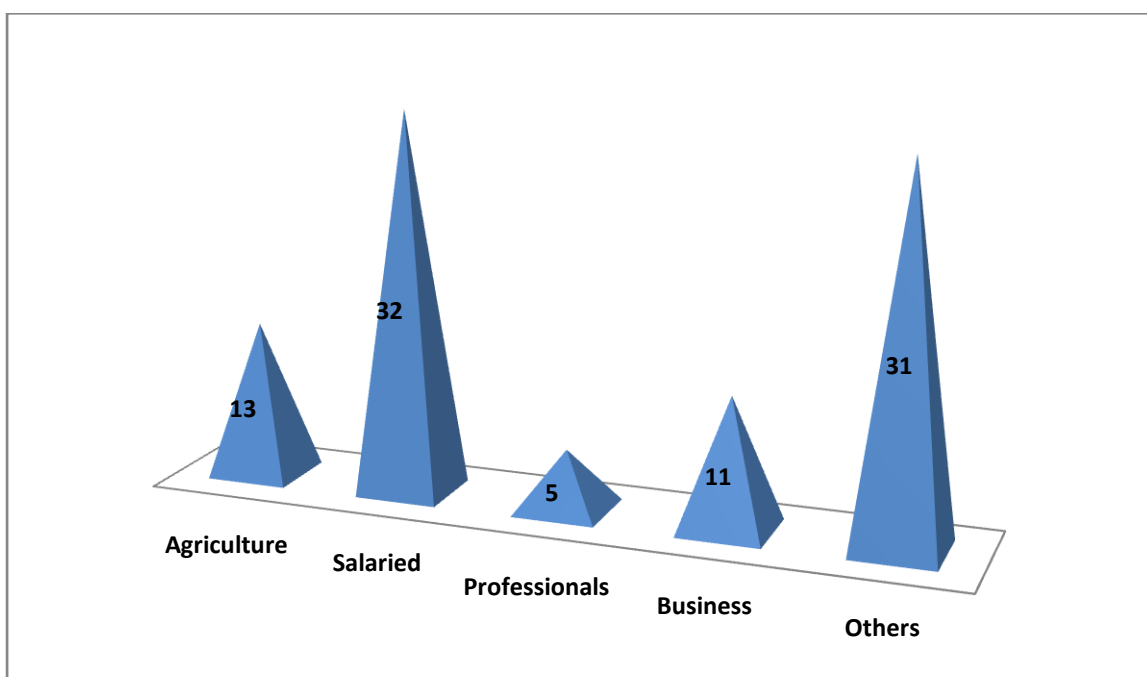


4.1.5. Occupation of the Customers

Out of 92, 13 (14.1%) respondents are belongs to Agriculture Sector. 32 respondents (34.8%) are Salaried employees. Only 5 (5.4%) are Professionals. 11 (12%) respondents from Business. 31 (33.7%) respondents are belongs to others.

Table 4.1.5

	Occupation	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agriculture	13	14.1	14.1	14.1
	Salaried	32	34.8	34.8	48.9
	Professional	5	5.4	5.4	54.3
	Business	11	12.0	12.0	66.3
	Others	31	33.7	33.7	100.0
	Total	92	100.0	100.0	

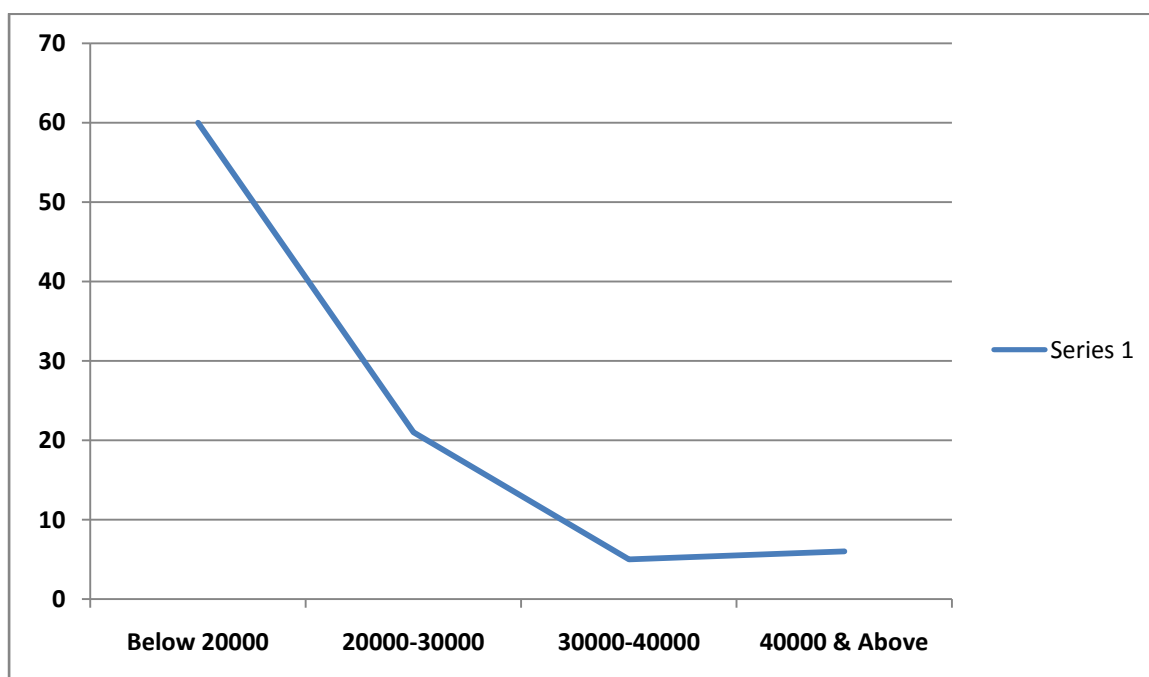


4.1.6. Average Monthly Income of Customers

Out of 92, 60 respondents (65.2%) are having income below Rs.20000, 21 respondents (22.8%) falls in the income 20000-30000, respondents (6.5%) are belongs to 40000 and above, 5 respondents (5.4%) in between 30000-40000.

Table 4.1.6

	Monthly Income	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 20000	60	65.2	65.2	65.2
	20000-30000	21	22.8	22.8	88.0
	30000-40000	5	5.4	5.4	93.5
	40000 & Above	6	6.5	6.5	100.0
	Total	92	100.0	100.0	

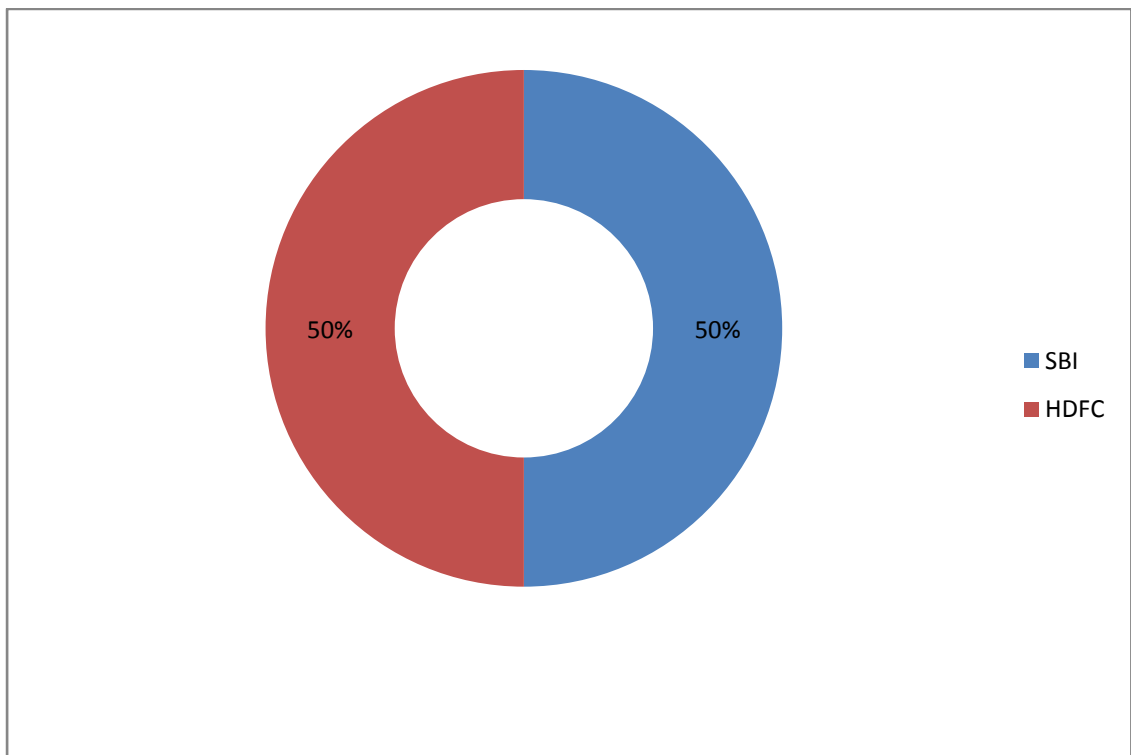


4.1.7. Name of the Bank

Out of 92 respondents, 46 (50%) are SBI customers and 46 (50%) are HDFC customers.

Table.4.1.7

	Name of the Bank	Frequency	Percent	Valid Percent	Cumulative Percent
	SBI	46	50.0	50.0	50.0
Valid	HDFC	46	50.0	50.0	100.0
	Total	92	100.0	100.0	

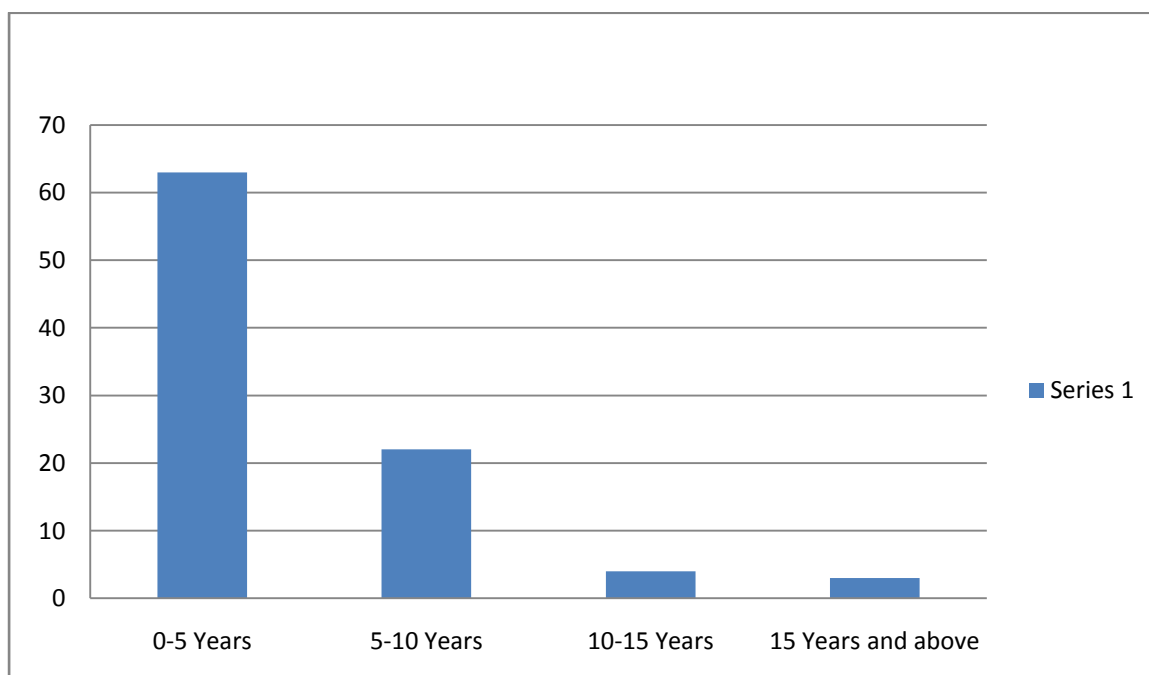


4.1.8. Experience of the Customers with the Bank

Out of 92 respondents, 63 (68.5%) are having less than 5 years experience with the bank, 22 (23.9%) are 5-10 years, and 4 (4.3%) are 10-15 years. Only 3(3.3%) have the experience of 15 years above.

Table: 4.1.8

	Experience in Years	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-5 Years	63	68.5	68.5	68.5
	5-10 Years	22	23.9	23.9	92.4
	10-15 Years	4	4.3	4.3	96.7
	15 years and above	3	3.3	3.3	100.0
	Total	92	100.0	100.0	



OVER ALL SERVICE QUALITY

Cut throat competition and highly stressed profits have introduced the new marketing practices in the Indian banking sector and has also brought the customer satisfaction to the center of the focus. It has become very important for the banks to retain their existing customer base as well as to enlarge the same. As the numbers of banks are increasing; customers' expectations of service quality is growing. It has become imperative to measure the service quality of the bank so that the service providers can assess their level of service quality and identify the quality gaps for improvements. Service Quality is seen to be one of the main determinants of customer satisfaction.

4.2. ANALYSIS OF OVERALL SERVICE QUALITY

- 9 variables are used to measure Service Quality
- Five point Likert scale is used

Service Quality is quantified using the following formulae:

Service quality = (Sum of all items of service quality for quality for each respondents / (Number of variables × Maximum points) × 100

	N	Service Quality
Service Quality	92	74.02147

Overall Service quality is 74.02 which mean that service quality of the bank is good.

Service Quality= 74.02147

Points allotted for measuring scale

Highly Agree	Agree	Neutral	Disagree	Highly Disagree
5	4	3	2	1

Hypothesis:-

H0: There is no significance difference between in the mean service quality of two banks

H1: There is significance difference between in the mean service quality of two banks

Test Statistics: Independent Sample –t-test

Result of Independent Sample –t-test

t-value	df	P-value
1.365	90	0.176

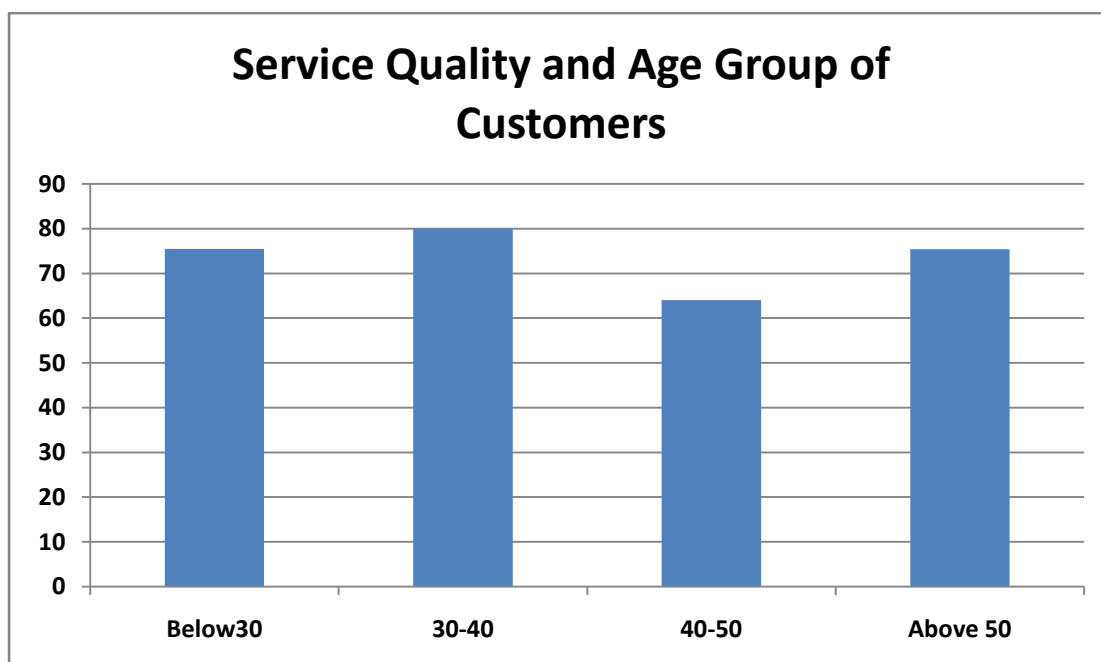
P value is greater than 0.05 thus we can accept the null hypothesis.

4.2.1. Service Quality and Age Group of Customers

The age wise service quality shows that the customer belongs to 30-40 age groups indicates Very Good service quality with highest mean (80.00). The service quality is least among the age group 40-50(64.06).

Table: 4.2.1

Age Group of Customers	Mean	Rating
Below 30	75.5660	Agree
30-40	80.0000	Agree
40-50	64.0625	Neutral
Above 50	75.3846	Agree
Total	74.0217	Neutral

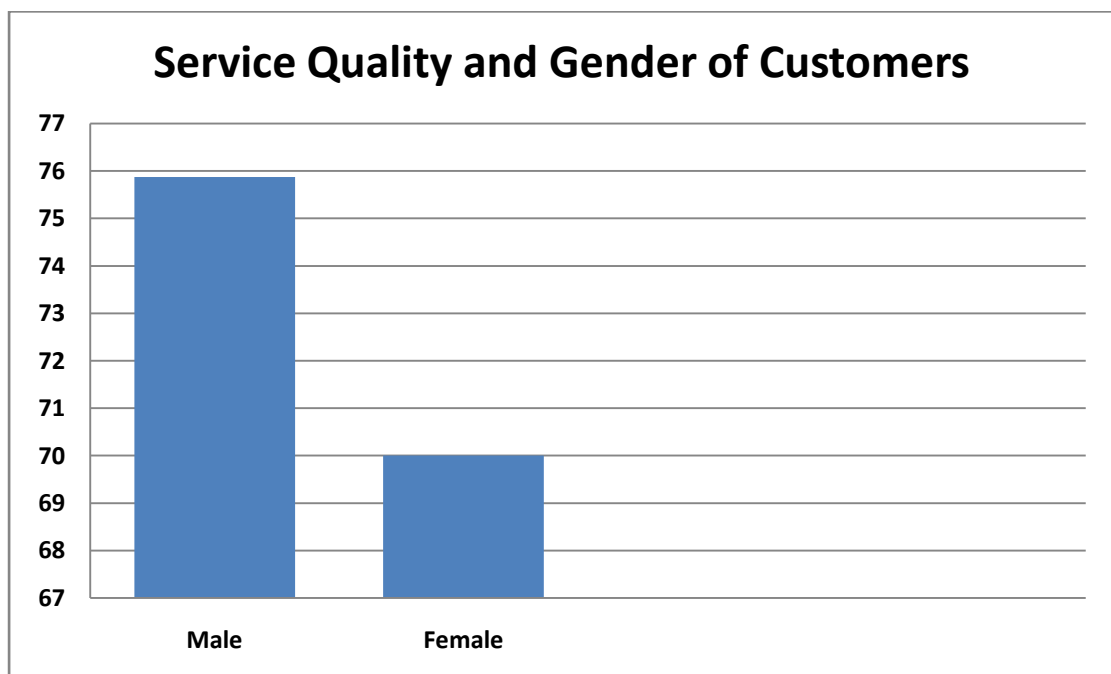


4.2.2. Service Quality and Gender of Customers

The satisfaction level of customers in respect of service quality was rated higher in Male customers (75.87) compared with Female customers (70.0).

Table: 4.2.2

Gender of Customers	Mean	Rating
Male	75.8730	Agree
Female	70.0000	Neutral
Total	74.0217	Neutral

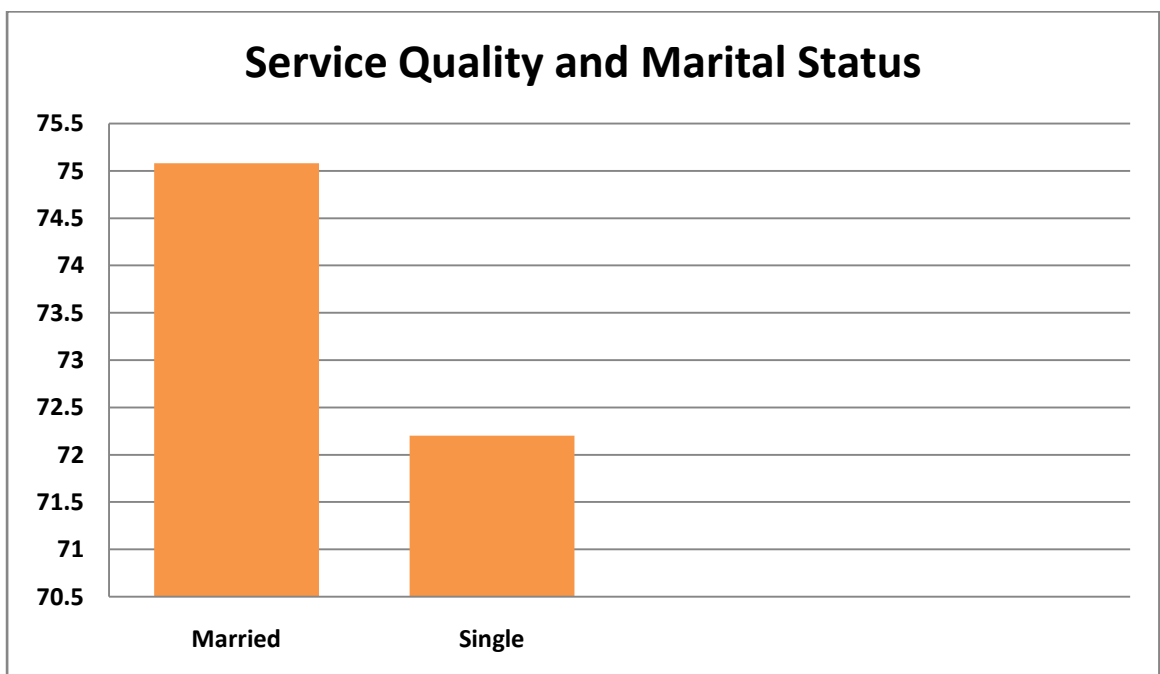


4.2.3. Service Quality and Marital status of Customers

The service quality in respect of marital status of customers reveals that most of the customers are married; it indicates the highest mean (75.08) compared with single (72.02).

Table: 4.2.3

Marital Status	Mean	Rating
Married	75.0862	Agree
Single	72.2059	Neutral
Total	74.0217	Neutral

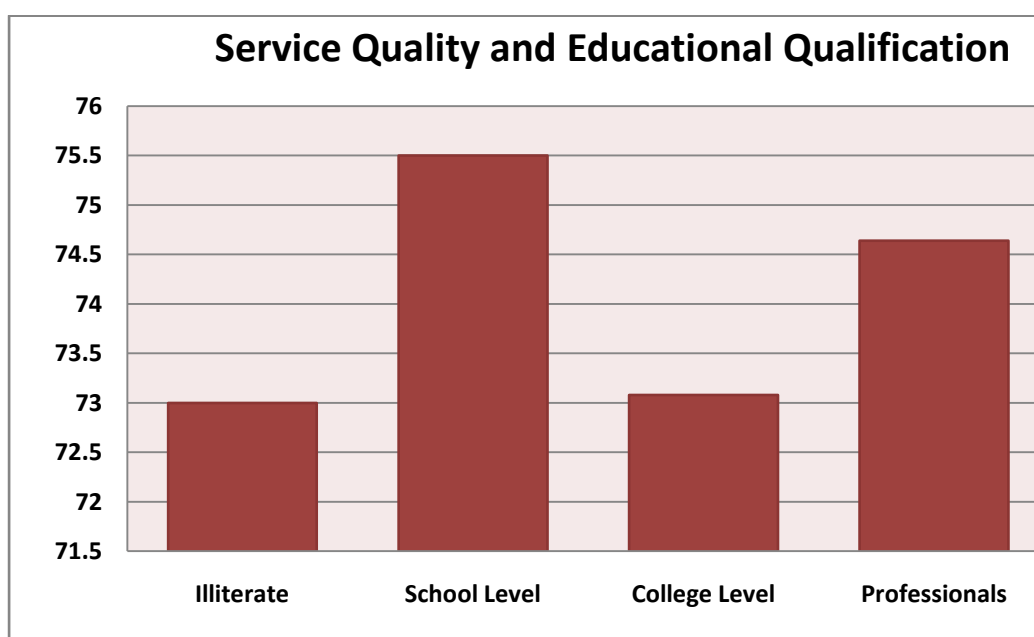


4.2.4. Service Quality and Educational Qualification of the Customers

There is slight variation observed in the rating of service quality in respect of educational qualification. The perception of school level customers indicates highest mean (78.57). The satisfaction level is very least in the case of customers who belong to illiterate category (73.00).

Table: 4.2.4

Educational Qualification	Mean	Rating
Illiterate	73.0000	Neutral
School Level	75.5769	Agree
College Level	73.0851	Neutral
Professionals	74.6429	Neutral
Total	74.0217	Neutral



4.2.5. Service Quality and Occupation of the Customers

There is variation observed in the rating given by customers belonging to various occupational group, Professional group expressed least satisfaction of the customer service quality of bank. Business class has given a high rating to the quality of banking services. This may reflect that banks are serving the business class better with premium services.

Table: 4.2.5

Occupation of the Customers	Mean	Rating
Agriculture	77.6923	Agree
Salaried	71.5625	Neutral
Professional	68.0000	Neutral
Business	79.0909	Agree
Others	74.1935	Neutral
Total	74.0217	Neutral

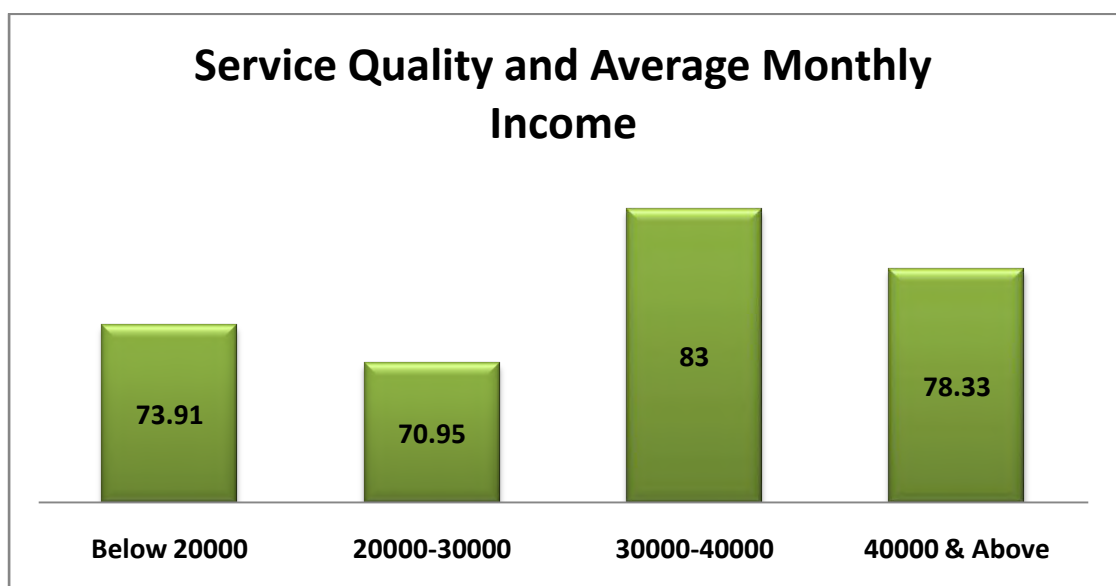


4.2.6. Service Quality and Average Monthly Income of the Customers

A significant observation is that customers belongs to the income group of 30000-40000, have very high level satisfaction to the banking services of the bank. Banks probably focus more on the high net worth individuals and business groups. The lowest rating is given by customers belongs among income group of 20000-30000.

Table: 4.2.6

Average monthly Income of the Customers	Mean	Rating
Below 20000	73.9167	Neutral
20000-30000	70.9524	Neutral
30000-40000	83.0000	Agree
40000 and above	78.3333	Agree
Total	74.0217	Neutral

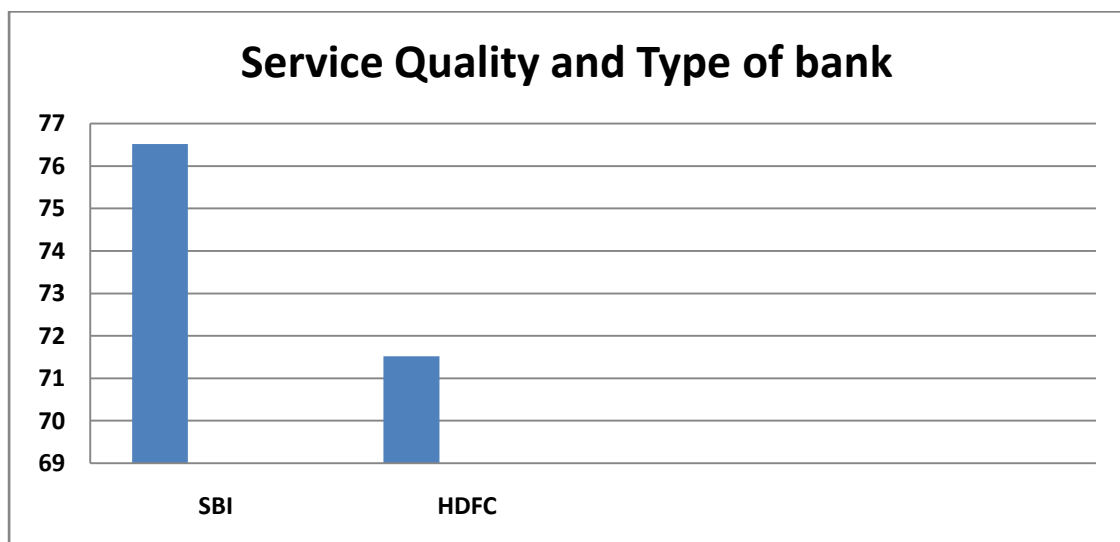


4.2.7. Service Quality and Type of Bank

By analysing the service quality and name of bank, it more customers are holding account in SBI because it reveals highest mean (76.52) than HDFC.

Table: 4.2.7

Name of Bank	Mean	Rating
SBI	76.5217	Agree
HDFC	71.5217	Neutral
Total	74.0217	Neutral

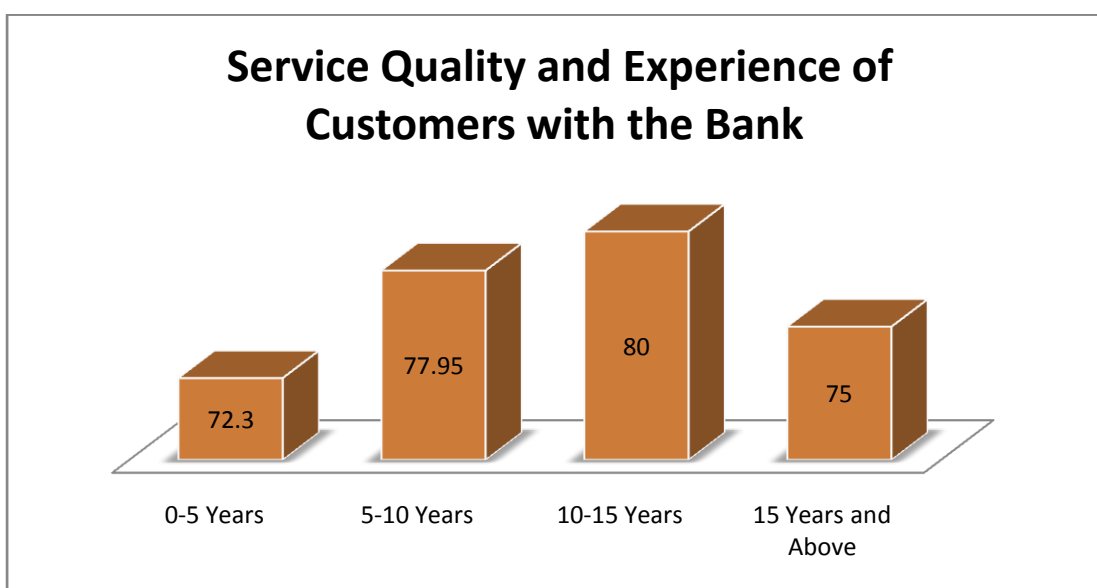


4.2.8. Service Quality and Experience of the Customer with the Bank

The table shows experience wise service quality. It is clear that customers having experience between 10 to 15 years having high service quality perception followed by the group 5-10 years (77.95). The service quality is least among the group 0-5 year experience.

Table: 4.2.8

Experience with the Bank	Mean	Rating
0-5 Years	72.3016	Neutral
5-10 Years	77.9545	Agree
10-15 Years	80.0000	Agree
15 Years and above	75.0000	Neutral
Total	74.0217	Neutral

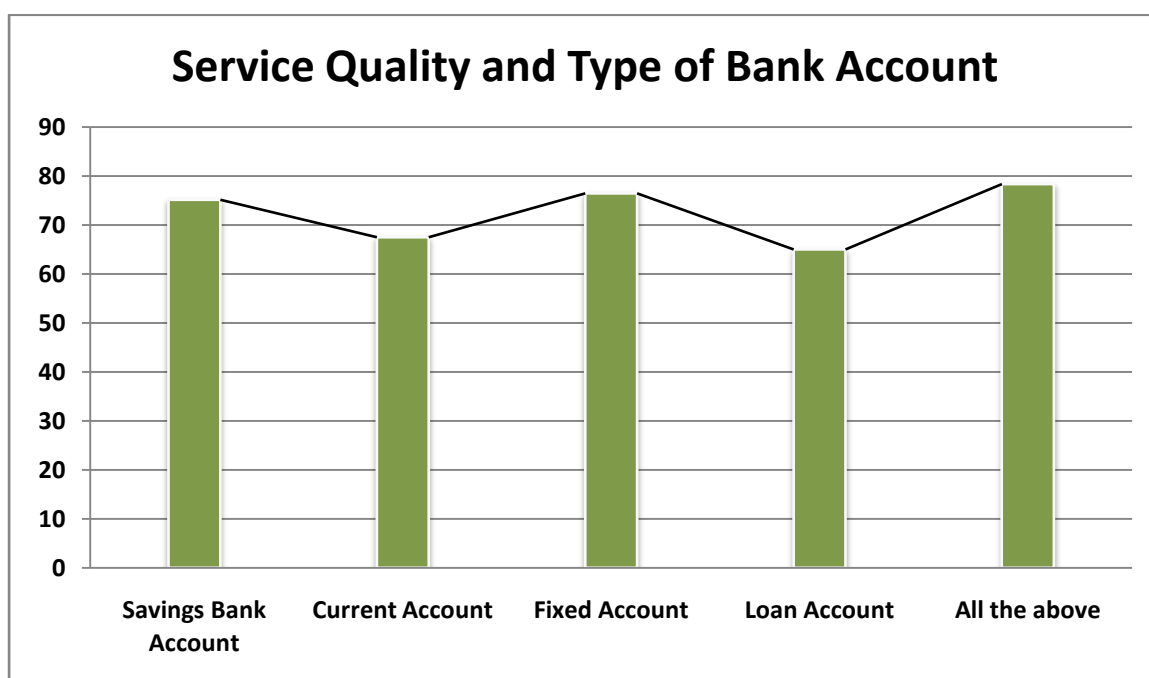


4.2.9. Service Quality and Type of Bank Account

By observing the service quality in respect of type of account, it reveals the customers who are having all type of accounts with the bank are high customer satisfaction whereas the service quality is least in the case of Loan account holders.

Table: 4.2.9

Type of Bank Account	Mean	N	Rating
Savings Bank Account	75.1613	62	Agree
Current Account	67.5000	16	Neutral
Fixed Account	76.4286	7	Agree
Loan Account	65.0000	1	Neutral
All the above	78.3333	6	Agree
Total	74.0217	92	Neutral



CUSTOMER INTERACTION MANAGEMENT

Every business needs to efficiently manage outbound and inbound interactions with customers. These interactions can occur through many channels including the web, call centers (manual, IVR, AVR), branch offices, ATMs, and email. The success of these interactions – whether through email, direct mail, or other channels – depends to a great extent on the organization’s understanding of the customer’s wants and needs at the time of the offer. This study describes an architecture that manages inbound and outbound interactions in a consistent manner to present a unified, real-time view of each customer.

4.3. ANALYSIS OF CUSTOMER INTERACTION MANAGEMENT

Overall Customer Interaction management is calculated using the formulae:

Customer Interaction Management = (Sum of all customer interaction Management for each respondents / (Number of variables × Maximum points))*100

	N	CIM
Customer Interaction Management	92	77.7795
	92	

Service Quality= 77.7795

Customer Interaction Management is very good. Not excellent

Rating:

(0-25= Very poor, 25-50 =Poor, 50-75= Good, 75-100= Very Good, Near to 100=Excellent)

HYPOTHESIS TESTING

H0: There is no significance difference in the mean Customer Interaction Management of two banks.

H1: There is significance difference in the mean Customer Interaction Management of two banks.

Test statistic: Independent sample t-test

Result of Independent Sample t-test

t-value	df	P-value
1.314	90	0.192

P value is greater than 0.05 thus we can accept the null hypothesis.

4.3.1. Customer Interaction Management and Age Group of Customers

The table reveals the study of customer interaction management of banks in respect of age group of customers. Customers belonging to Below 30 age group expressed high rating in respect of CIM where as customers pertains to the age group 40-50 are not much satisfied with the communication system of bank.

Table: 4.3.1

Age Group of Customers	Mean	Rating
Below 30	78.6523	Very Good
30-40	77.2857	Very Good
40-50	74.9107	Good
Above 50	78.1319	Very Good
Total	77.7795	Very Good

4.3.2. Customer Interaction Management and Gender of Customers

The satisfaction level of CIM is high according to male customers whereas in the case of female customers it indicates least mean.

Table: 4.3.2

Gender of Customers	Mean	Rating
Male	78.6621	Very Good
Female	75.8621	Very Good
Total	77.7795	Very Good

4.3.3 Customer Interaction Management and Marital Status of the Customer

The table shows the rating done by married respondents are high (79.38) compared with Single respondents (75.04).

Table: 4.3.3

Marital Status	Mean	Rating
Married	79.3842	Very Good
Single	75.0420	Very Good
Total	77.7795	Very Good

4.3.4. Customer Interaction Management and Educational Qualification of the Customer

There is variation observed in the rating of CIM in respect of educational qualification. The perception of illiterate persons indicates highest mean (80.0). The satisfaction level is very least in the case of professionals (75.81).

Table: 4.3.4

Educational Qualification	Mean	Rating
Illiterate	80.0000	Very Good
School Level	79.1209	Very Good
College Level	77.3860	Very Good
Professionals	75.8163	Very Good
Total	77.7795	Very Good

4.3.5. Customer Interaction Management and occupation of the Customer

The satisfaction level of customers in respect of customer interaction management was rated higher by the customers from agriculture sector (79.45) compared with customers belongs to other sector (77.64).

Table: 4.3.5

Occupation of the Customers	Mean	Rating
Agriculture	79.4505	Very Good
Salaried	77.9018	Very Good
Professional	72.0000	Good
Business	78.4416	Very Good
Others	77.6498	Very Good
Total	77.7795	Very Good

4.3.6. Customer Interaction Management and Average Monthly Income of the Customer

A significant observation is that customers belong with the income group of 30000-40000, have expressed very high level of satisfaction to the customer interaction management of the bank. Interaction management is very effective in the case of higher income group of customers. The lowest rating is given by customers belongs with the income group of 20000-30000.

Table: 4.3.6

Average Monthly Income	Mean	Rating
Below 20000	77.6905	Very Good
20000-30000	77.2789	Very Good
30000-40000	80.8571	Very Good
40000 and above	77.8571	Very Good
Total	77.7795	Very Good

4.3.7. Customer Interaction Management and Name of the Bank

The table reveals that the satisfaction level of customer interaction management of HDFC (79.52) bank indicates highest mean value than SBI (76.52).

Table: 4.3.7

Name of Bank	Mean	Rating
SBI	76.5217	Very Good
HDFC	79.0373	Very Good
Total	77.7795	Very Good

4.3.8. Customer Interaction Management and Experience of the Customer with the Bank

The satisfaction level of customers in respect of customer interaction management of the bank is rated high by those customers who have held account for 10-15 years (80.35), whereas those who have held for 0-5 years given a rating of (77.02).

Table: 4.3.8

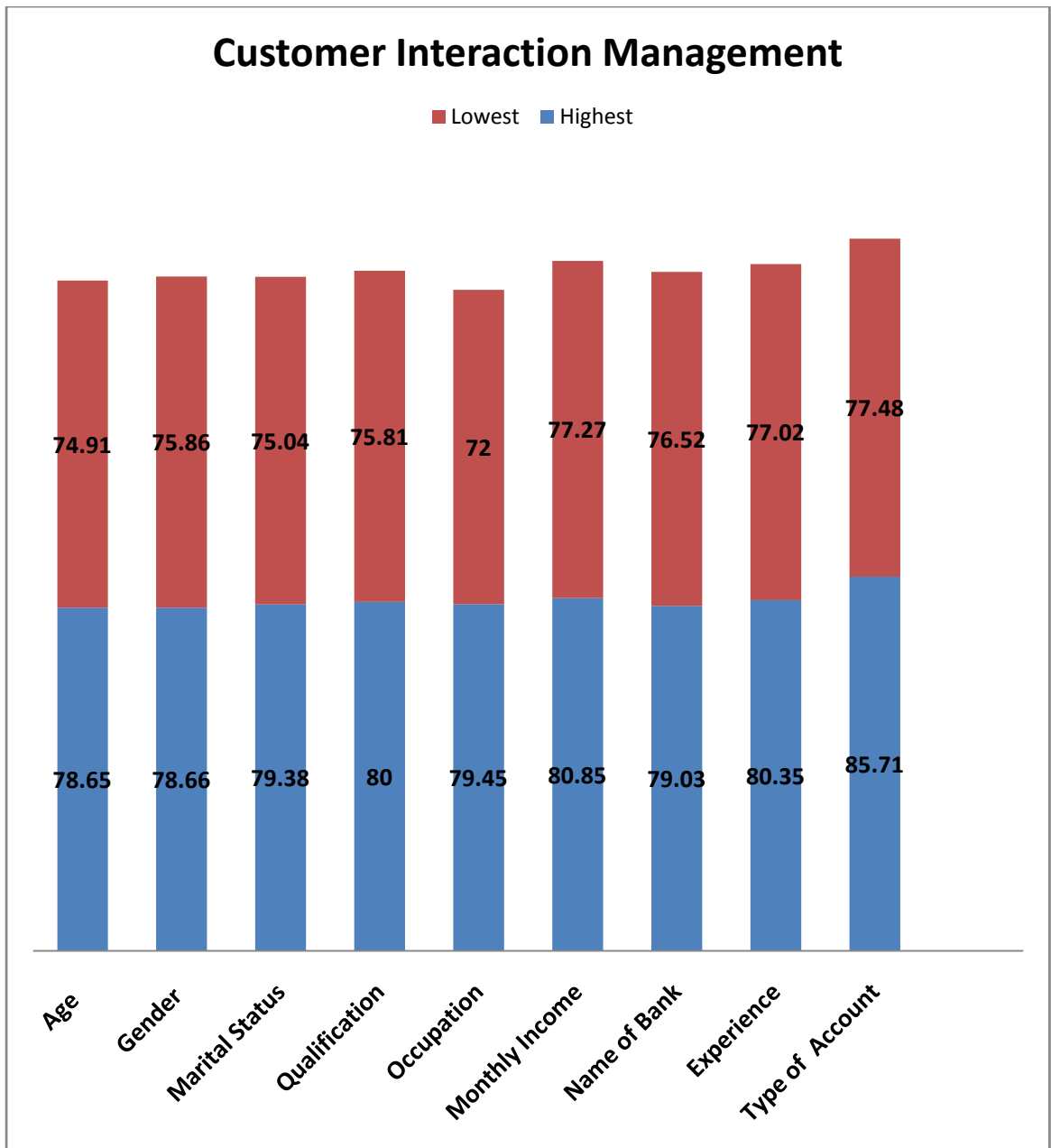
Experience of Customers with the bank	Mean	Rating
0-5 Years	77.0295	Very Good
5-10 Years	79.1558	Very Good
10-15 Years	80.3571	Very Good
15 years and above	80.0000	Very Good
Total	77.7795	Very Good

4.3.9. Customer Interaction Management and Type of Bank Account

By observing the table the customers having loan account with the bank are highly satisfied with the interaction management (85.71). The least rating is done by the current account holders (75.48).

Table: 4.3.9

Type of Bank Account	Mean	Rating
Savings Bank Account	77.4885	Very Good
Current Account	75.7143	Good
Fixed Deposit Account	81.4286	Very Good
Loan Account	85.7143	Very Good
All the above	80.7143	Very Good
Total	77.7795	Very Good



CUSTOMER RETENTION MANAGEMENT

Customer retention refers to keeping a client's business rather than have the client use competitors' services or products. Businesses want to reduce customer defections to their competitors because a reduction in their market share and profits could result. Customer service retention is a popular marketing strategy as it involves focusing on meeting or exceeding clients' expectations in order to maintain their loyalty.

Improving customer retention is an important objective for many CRM implementations. Its definition and measurement need to be sensitive to the sales, profitability and value issues discussed previously. It is important to remember that the fundamental purpose of focusing CRM efforts on customer retention is to ensure that the company maintains relationships with value-adding customers. It may not be beneficial to maintain relationships with all customers; some may be too costly to serve, others may be strategic switchers constantly in search of a better deal.

4.4. ANALYSIS OF CUSTOMER RETENTION MANAGEMENT

Overall Customer Retention Management is calculated using the formulae:

Customer Retention Management = (Sum of all items of Customer Retention Management for each respondents / (Number of variables × Maximum points)) * 100

	N	Customer Retention Management
Customer Retention Management	92	71.4286
	92	

Customer Retention Management index (71.42%) indicates the Customer Retention Management of the bank is Good, Not Very Good

Rating:

(0-25= Very poor, 25-50 =Poor, 50-75= Good, 75-100= Very Good, Near to 100=Excellent)

HYPOTHESIS TESTING

H0: There is no significance difference in the mean Customer Retention Management of two banks.

H1: There is significance difference in the mean Customer Retention Management of two banks.

Test statistic: Independent sample t-test

Result of Independent Sample t-test

t-Value	df	P-Value
1.1341	90	0.260

P value is greater than 0.05 thus we accept the null hypothesis.

4.4.1. Customer Retention Management and Age Group of Customers

Table: 4.4.1

Age Group of Customers	Mean	Rating
Below 30	72.8592	Good
30-40	70.6154	Good
40-50	66.8718	Good
Above 50	71.4793	Good
Total	71.4286	Good

4.4.2. Customer Retention Management and Gender of Customers

Table: 4.4.2

Gender of Customers	Mean	Rating
Male	71.9028	Good
Female	70.7162	Good
Total	71.4286	Good

4.4.3. Customer Retention Management and Marital Status of the Customers

Table: 4.4.3

Marital Status of Customers	Mean	Rating
Married	71.9028	Good
Single	70.6335	Good
Total	71.4286	Good

4.4.4 Customer Retention Management and Educational Qualification of Customers.

Table: 4.4.4

Educational Qualification of the Customers	Mean	Rating
Illiterate	72.6154	Good
School Level	71.0154	Good
College Level	70.6383	Good
Professionals	74.3956	Good
Total	71.4286	Good

4.4.5. Customer Retention Management and Occupation of the Customers

Table: 4.4.5

Occupation of the Customers	Mean	Rating
Agriculture	72.0710	Good
Salaried	74.5673	Good
Professional	57.2308	Good
Business	71.3846	Good
Others	70.2233	Good
Total	71.4286	Good

4.4.6. Customer Retention Management and Average Monthly Income of Customers.

Table: 4.4.6

Average Monthly Income	Mean	Rating
Below 20000	72.3077	Good
20000-30000	63.5385	Good
30000-40000	80.0000	Very Good
40000 and above	81.7949	Very Good
Total	71.4286	Good Good

4.4.7. Customer Retention Management and Name of the Bank**Table: 4.4.7**

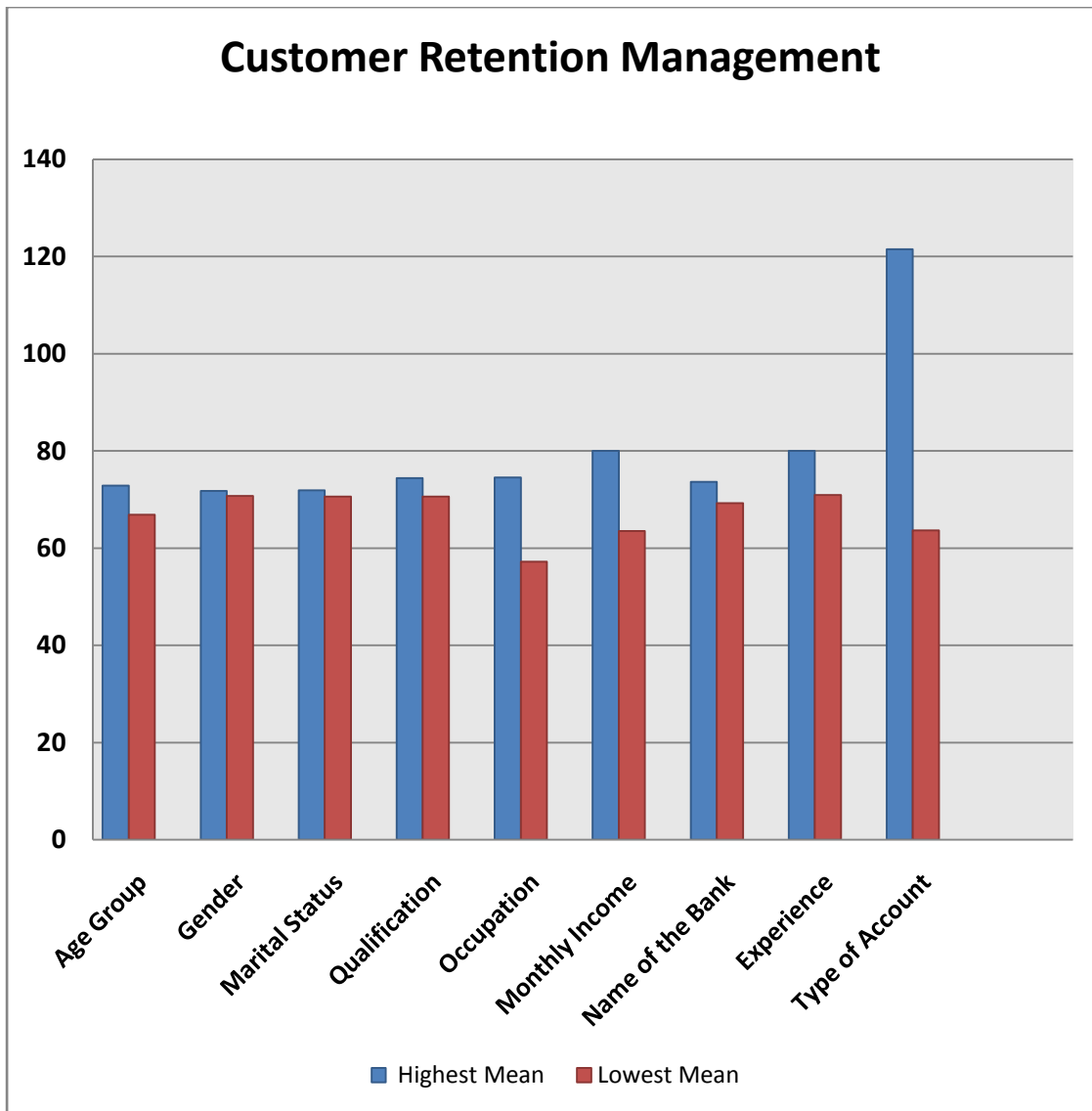
Name of Bank	Mean	Rating
SBI	69.2642	Good
HDFC	73.6410	Good
Total	71.4286	Good

4.4.8. Customer Retention Management and Experience of the Customer with the Bank.**Table: 4.4.8**

Experience of Customers with the bank	Mean	Rating
0-5 Years	70.9429	Good
5-10 Years	71.6084	Good
10-15 Years	80.0000	Very Good
15 years and above	68.7179	Good
Total	71.4286	Good

4.4.9 Customer Retention Management Type of Bank Account**Table: 4.4.9**

Type of Bank Account	Mean	Rating
Savings Bank Account	72.0807	Good
Current Account	63.6538	Good
Fixed Deposit Account	74.0659	Good
Loan Account	121.5385	Excellent
All the above	74.1026	Good
Total	71.4286	Good



Interpretations:-

The study of customer retention management reveals the following:

- Table 4.4.1 shows that majority of the respondents maintain accounts with the bank are from the age group of below 30 (Mean 72.85).
- Table 4.4.2 reveals that the mean value of retention management in respect of gender of customers shows highest rating in Male customers (71.76).
- Table 4.4.3 shows the satisfaction level of retention management of bank is high in the case of Married persons (71.90).
- Table 4.4.4 indicates large group of respondents are coming from Professional group, second large group is Illiterate. This shows the effectiveness of the branch and the staff to make banking transactions easy even for illiterate people from agriculture back ground.
- Table 4.4.5 shows the customer loyalty is highly rated by the salaried group (74.56). It means bank provides maximum services to customers those having salary account. The professional group indicates mean value of (57.23).
- Table 4.4.6 the respondents belonging to the income group of above 40000 are retain their accounts in the bank with the mean value of 81.79; it means banks concentrate more on luxurious customers. The rating is very low in average group. (63.53)
- Table 4.4.7 reveals that the retention value is highly rated by the customers maintaining accounts with HDFC bank (73.64). In SBI it is (69.26).

- Table 4.4.8 shows respondents are bank with their banks for 10-15 years with mean value 80.00; above 15 years respondents are not ready to retain their account because the mean value is only 68.71.
- Table 4.4.9 observed that the retention level related to type account is highly rated by the respondents having Loan account (121.53) , it mean bank provides maximum lending functions to customers than accepting deposits. It reflects in the profitability of the bank. The retention value is least rated by Current Account holders (63.65)

CUSTOMER RELATIONSHIP MANAGEMENT

A CRM system is a sound business strategy for banks to help create brand value and identify and understand their customers' needs by providing targeted, timely and relevant information that can add value to their customers. CRM systems provide tools that can segment, and deliver the right service, at the right time, by acting on dynamic customer information. This allows the ability to track and build strong relationships with profitable customers and identify specific products and services that can benefit customers. Outcomes of all activities can be tracked and measured; CRM dashboards acting as business decision support systems are the perfect place to present measurements and outcomes.

Customer Relationship Management can therefore be taken as a comprehensive approach for creating, maintaining and expanding customer relationship. It provides flawless synchronization between customer service, marketing, information technology and other customer related functions. It also integrates people, process and technology to maximize relationships with all the customers. CRM does not aim to build closer relationship with all customers, but rather recommends that businesses take initiative to identify the most valuable customers by looking for their lifetime value. CRM means building an interdependent relationship with the customer in whom each relies on the other for business solutions and successes.

4.5. ANALYSIS OF CUSTOMER RELATIONSHIP MANAGEMENT

Overall Customer Retention Management is calculated using the formulae:

Customer Retention Management = (Sum of all items of Customer Relationship Management for each respondents / (Number of variables × Maximum points)) * 100

	N	Customer Relationship Management
Customer Relationship Management	92	74.6260
	92	

Customer Relationship Management is 74.362

RATING	
0-25	Very Poor
25-50	Poor
50-75	Good
75-100	Very Good
Near to 100	Excellent

HYPOTHESIS TESTING

H0: There is no significance difference in the mean Customer Relationship Management of two banks.

H1: There is significance difference in the mean Customer Relationship Management of two banks.

Test statistic: Independent sample t-test

Result of Independent Sample t-test

t-Value	df	P-Value
0.903	90	0.369

P value is greater than 0.05 thus we accept the null hypothesis.

ANALYSIS OF CUSTOMER RELATIONSHIP MANAGEMENT		
Table 4.5.1. Age Group of Customers		
	Mean	Rating
Below 30	75.8247	Very Good
30-40	74.8387	Good
40-50	69.9355	Good
Above 50	74.9876	Good
Total	74.6260	Good
Table 4.5.2. Gender of Customers		
Male	75.4110	Very Good
Female	72.9477	Good
Total	74.6260	Good
Table 4.5.3. Marital Status of Customers		
	Mean	Rating
Married	75.6989	Very Good
Single	72.8273	Good
Total	74.6260	Good
Table 4.5.4. Educational Qualification		
Illiterate	76.0000	Very Good
School Level	75.2774	Very Good
College Level	74.0014	Very Good
Professionals	75.0691	Very Good
Total	74.6260	Good
Table 4.5.5. Occupation of Customers		
Agriculture	76.1290	Very Good
Salaried	75.6855	Very Good

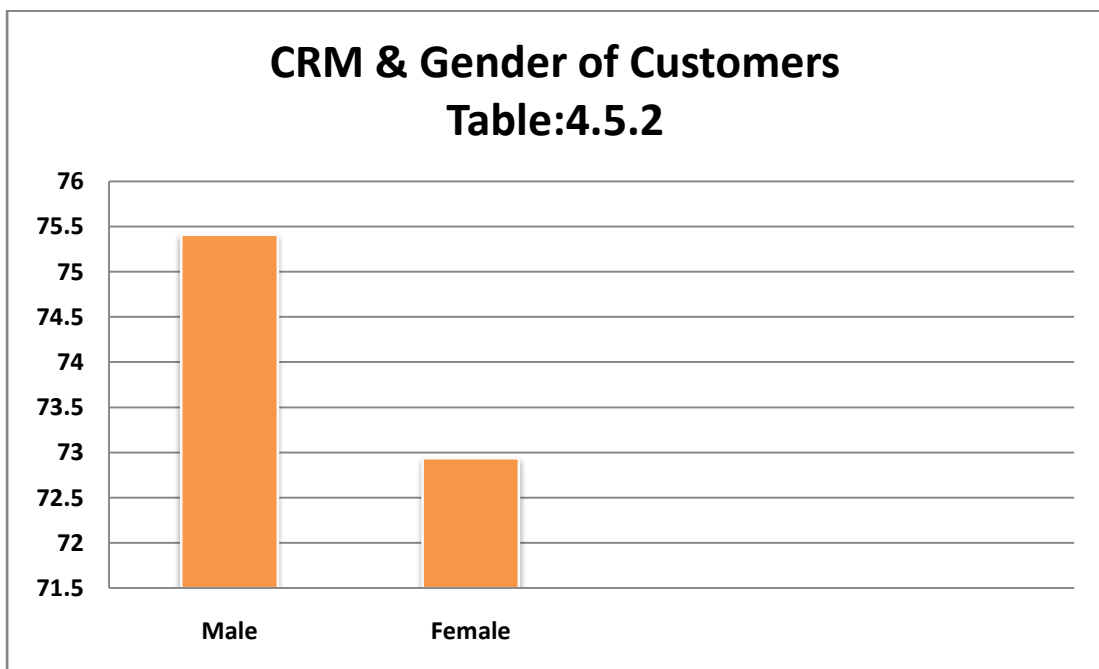
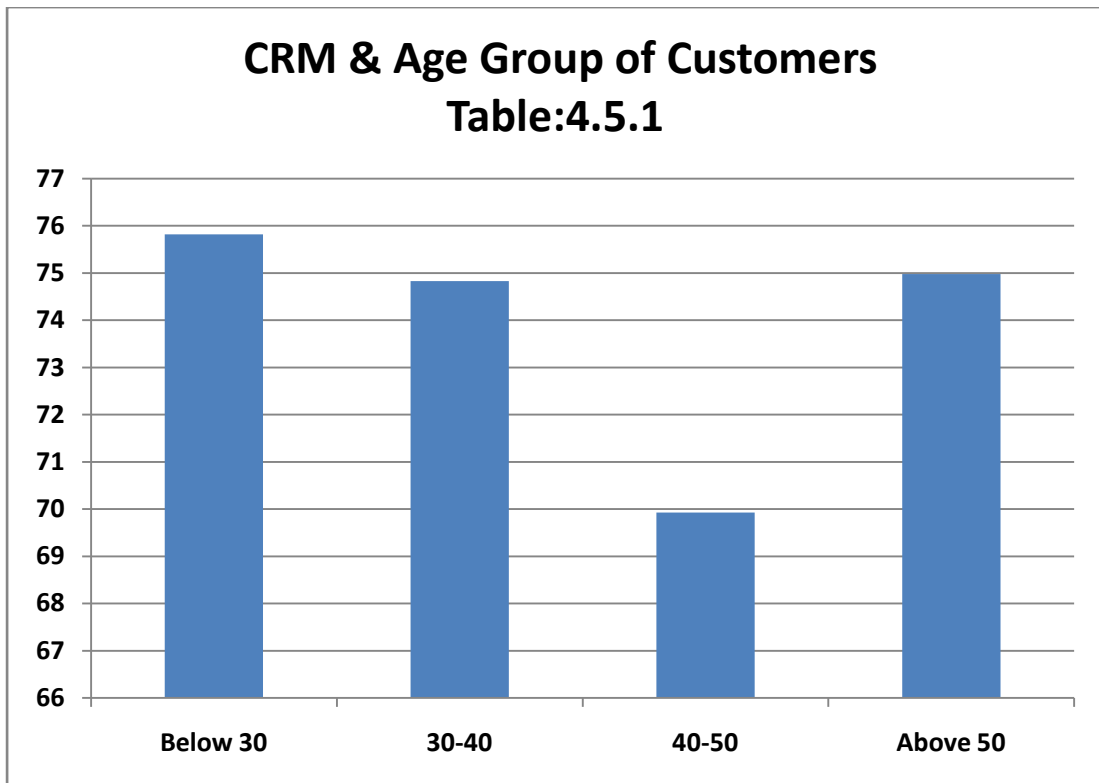
Professional	65.2903	Good
Business	75.6129	Very Good
Others	74.0895	Good
Total	74.6260	Good
Table 4.5.6.Average Monthly Income		
Below 20000	74.9492	Good
20000-30000	70.6452	Good
30000-40000	80.7742	Very Good
40000 and above	79.5699	Very Good
Total	74.6260	Good
Table.4.5.7.Name of the Bank		
SBI	73.4783	Good
HDFC	75.7993	Very Good
Total	74.6260	Good
Table 4.5.8.Experience of Customers with the bank		
0-5 Years	73.8502	Good
5-10 Years	75.8358	Very Good
10-15 Years	80.1613	Very Good
15 years and above	74.4086	Good
Total	74.6260	Good
Table 4.5.9.Type of Bank Account		
Savings Bank Account	74.9127	Good
Current Account	69.5968	Good
Fixed Deposit Account	77.6959	Very Good
Loan Account	98.0645	Excellent
All the above	77.6344	Very Good
Total	74.6260	Good

Interpretations:-

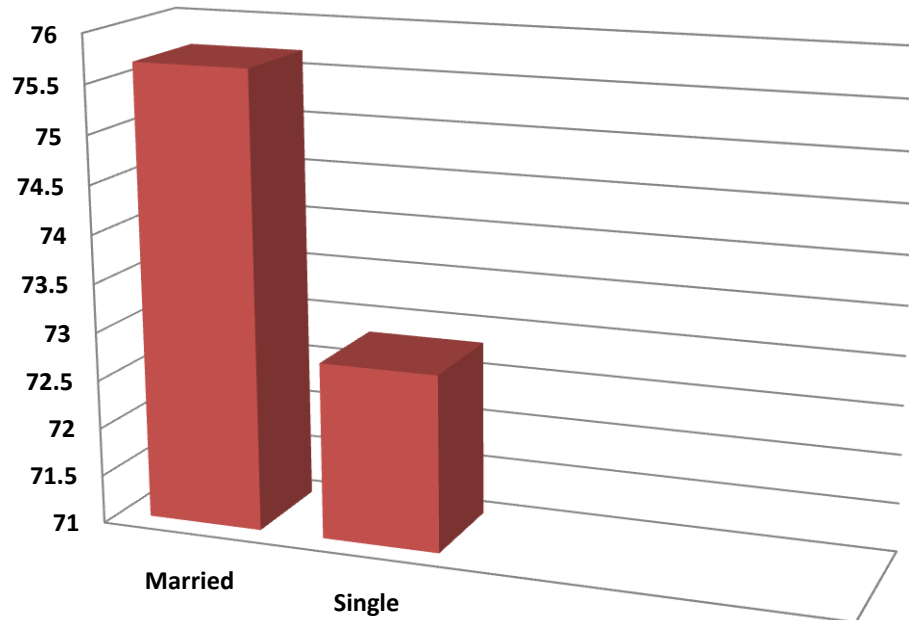
- ❖ From Table 4.5.1 indicates, highest mean which represent the, majority of the respondents ages ranges below 30 (75.82). This is clearly indicates most of the respondents are youthful and active with the minority falling in 40-50 age group (69.93).
- ❖ From Table 4.5.2. , the total number of respondents captured in the survey was 92 people. The table also indicated that out of 92 respondents, the mean value of 75.41 represents male and 72.94 representing female.
- ❖ From Table 4.5.3, Out of 92 respondents the highest mean value represent married 75.69 and 72.82 single.
- ❖ From Table 4.5.4. Shows the literacy level of the sample population. Here out 92 respondents, the highest rating has indicated in illiterate group with mean value 75.27, followed by School level 75.27, professional 75.00 and college level 74.00. It means that the innovative measures will be uncomplicated if the customer relationship management are to be enhanced.
- ❖ Table 4.5.5 reveals the various type of occupation of the respondents. It shows highest mean represent agriculture (76.12) and the professional group represent least mean (65.29). This implies improving the customer relationship management in the bank, results increase in savings.
- ❖ Table.4.5.6 shows the average monthly income of the respondents. It reveals the highest mean by the respondents belonging to 30000-40000 range (80.7). It poorly rated by the respondents belongs with 20000-30000. It indicates that banks will have to take measures to expand their customer relationship management

to various levels of income groups not only to one or two categories.

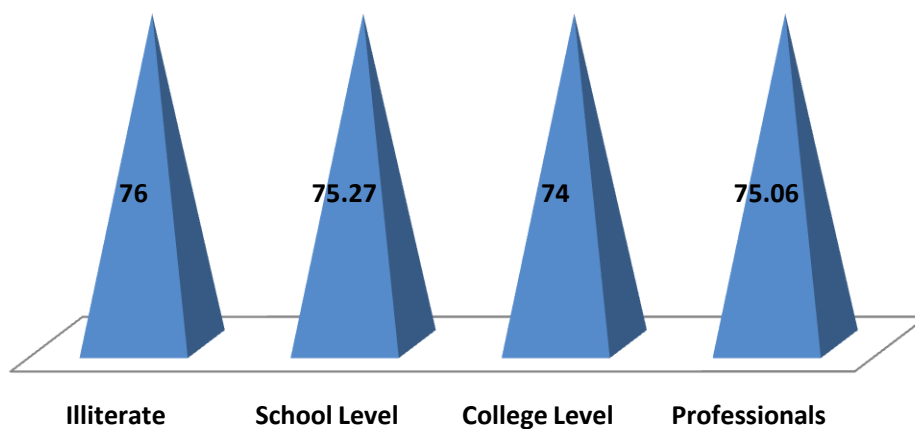
- ❖ Table 4.5.7 represent the CRM in the name of banks. It reveals highest mean in HDFC 75.79 compared with SBI 73.47. The bank wants to improve its customer relationship management in a suitable manner to achieve customer retention value.
- ❖ Table 4.5.8 shows the experience of the customer with the bank. Out of 92 respondents, v the persons having 10-15 years of experience with the bank are highly rated about CRM with mean (80.0). The mean value is least rated by the respondents belonging to 0-5 years of experience. It reveals that the CRM is not effective in the case of new customers. There is lack of direct relationship with the bank and the customers. The customers prefer technological services rather than direct contact.
- ❖ Table 4.5.9 shows the details of various types of accounts. It indicates highest mean value in the case of loan account holders (98.06) compared with Fixed account holders (77.69). Current account holders represent least mean value (69.59). It means that CRM is very effective only in the case of lending functions; it is not properly managed in the case of accepting deposits. So, banks should provide more respect and care to upcoming customers. Otherwise it will adversely affect the profitability and customer satisfaction of the bank.

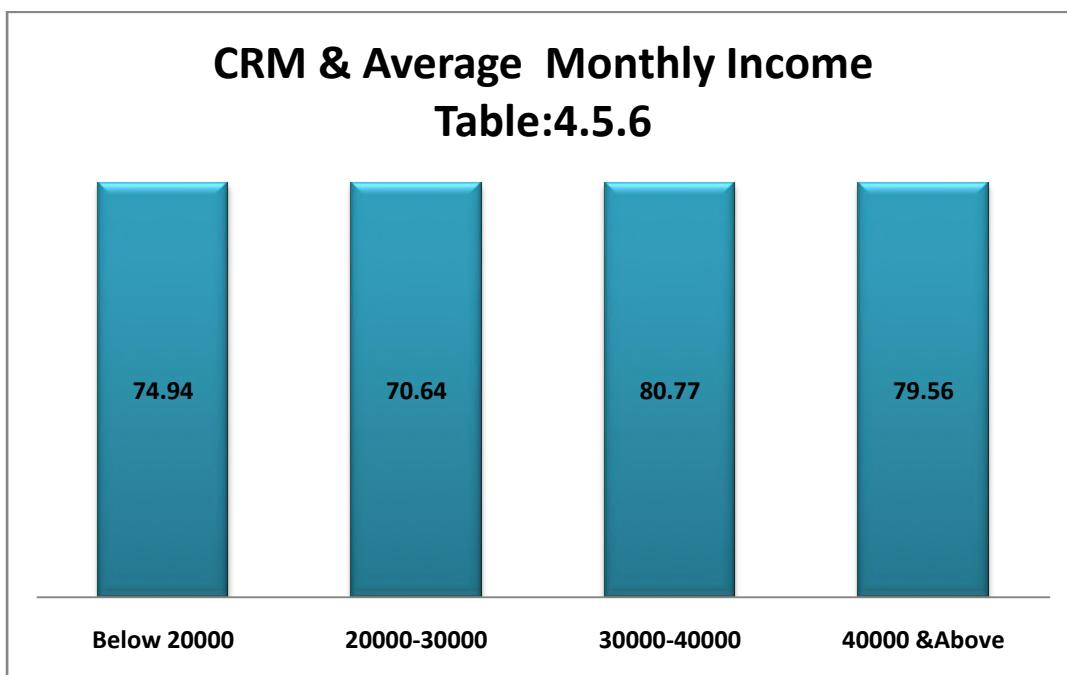
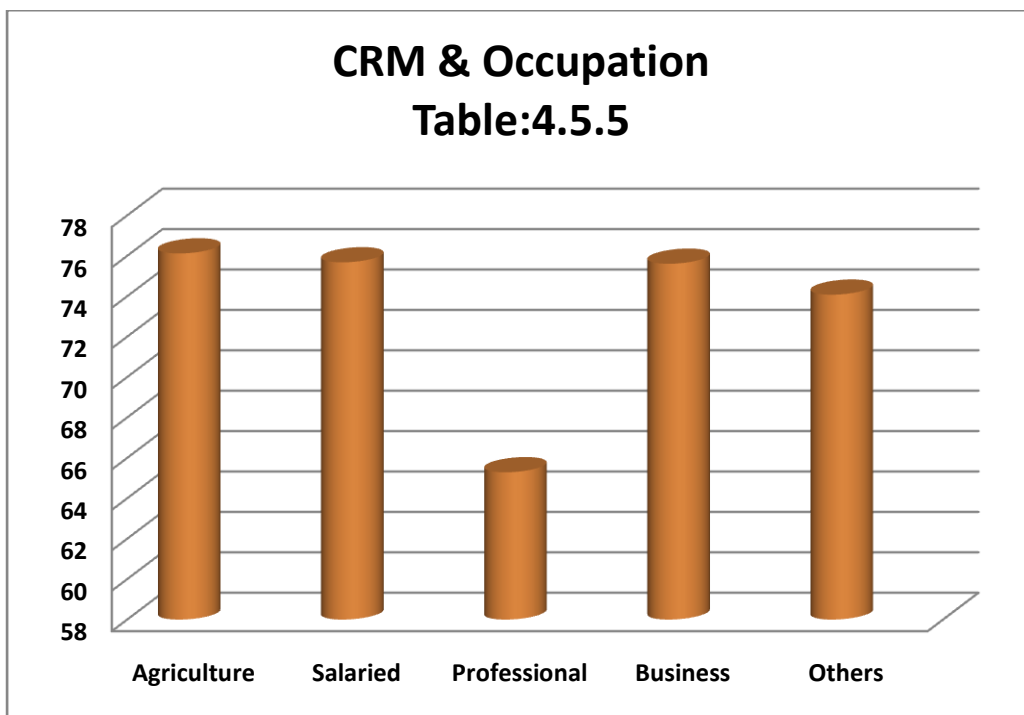


CRM & Marital Status
Table:4.5.3

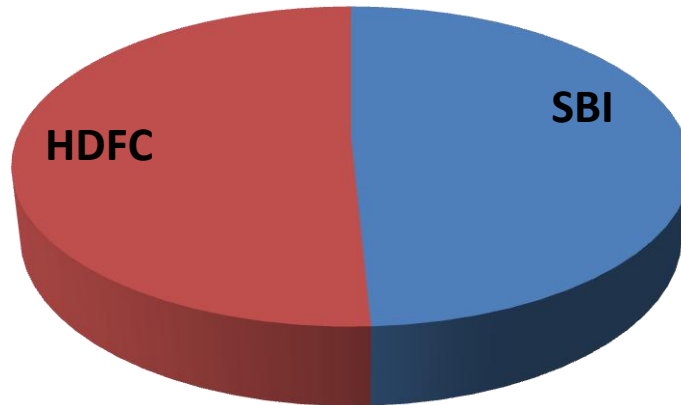


CRM & Educational Qualification
Table:4.5.4

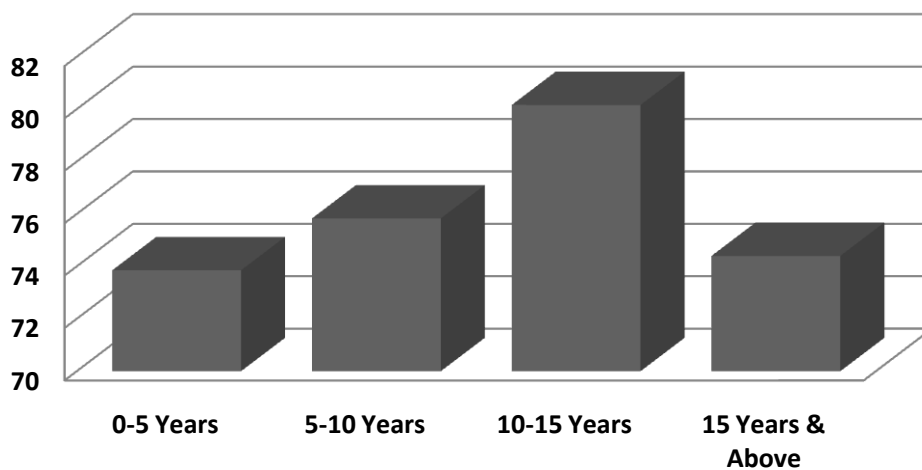




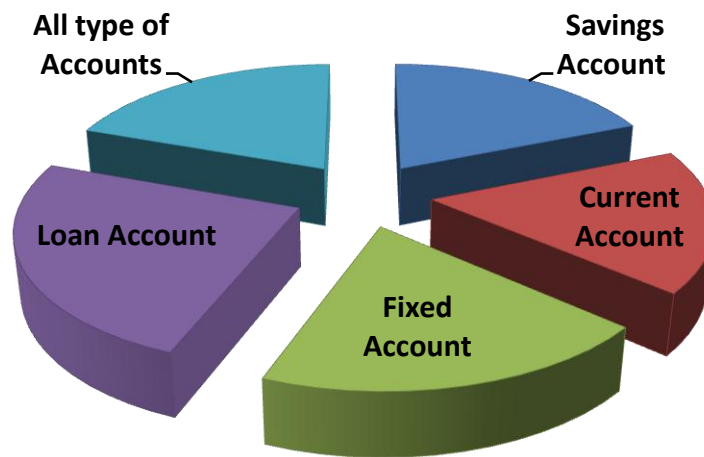
CRM & Name of the Bank
Table:4.5.7



CRM & Experience of the Customer
Table:4.5.8



CRM & Type of Bank Account
Table:4.5.9



CHAPTER V

FINDINGS AND SUGGESTIONS

FINDINGS

- The study is based on 92 respondents consisting 63 male and 29 female.
- Out of 92 respondents 58 are married and 34 are single.
- The satisfaction level of customers in the age group of 30-40 is highest with the mean score of 80.00 and the lowest satisfaction is of those who belonged to the age group of 40-50 with the mean 64.06.
- The satisfaction level of service quality was rated higher by male customers as compared to female customers.
- There is considerable variation observed in the rating given by customers belonging to various occupational groups.
- The rating on the basis of qualification is highly rated by school level qualified persons, whereas it is very poor in the case of illiterate groups.
- Business class has given a higher rating to quality of banking services. Professional class expressed least satisfaction at the customer service quality of banks.
- The customers with the income group of 30000-40000 are satisfied with the banking services.
- Banks focus more on the high net- worth individuals and business classes. Hence, satisfaction of high income group and business class have expressed high level satisfaction.
- The customers with the income group of 30000-40000 are satisfied with the banking services.

- Customers of SBI are highly satisfied with the banking services than HDFC.
- The customers having 10-15 years of experience are highly satisfied with the banking services whereas the customers of less than 5 years of experience are not much satisfied with the services provided by the bank.
- A significant observation is that the customers having all type of accounts with the bank express very good opinion about the service quality of the bank. Loan account holders have very poor opinion.
- The Customer Interaction Management of the bank is rated as good, but not excellent.
- There exists very good Customer Interaction Management in the case of customers belonging to the age group below 30. In the case of middle age group interaction management is not effective.
- There exists good interaction with male customers than female customers.
- Interaction Management is very more effective with married persons than single.
- The bank's interaction management is highly used by illiterate customers than professional group.

- It is observed that Banks highly promote farmers.
- Banks concentrate more on the customers belonging to the income class 30000-40000.
- Customers having experience above 10 years are satisfied with interaction management of the bank, but it is very low in the case of customers having less than 5Years.
- Customer Interaction Management is very effectively managed by the bank in respect of customers having Loan Account. In the case of deposits Customer Interaction Management is very low.
- The Customers Retention Management of the bank is rated as good, but not very good.
- Majority of the customers keeping touch with the banks are married.
- The customer retention rating is very high in the case of professional group. But retention is very low in illiterate customers.
- Bank highly promotes salaried persons.
- Banks retains the customers belonging to luxurious class (income exceeding Rs.40000).
- The customer retention is higher in HDFC bank than SBI.

- The bank is providing maximum lending functions to customers than encouraging deposits.
- The CRM of the bank is rated as good.
- Bank mainly promotes youth.
- CRM is very effective in illiterate group.
- The Customer Relation Management is properly managed by the farmers.
- There is slight variation in maintaining CRM in respect of various income groups.
- The CRM is effective in HDFC bank.
- There exists good CRM in the respect of customers having Loan Account and Fixed Deposit. Bank ignores other category of account holders like Savings Accounts, Current Account etc..

SUGGESTIONS

- The expectations of the customers are on the increase especially those customers who belong to below 30 years, Hence banks have to restructure their traditional practices and adapt themselves to satisfy the needs of young customers.
- Majority of the customers are male members so the bank will have to take measures to invite more female customers.
- Banks focusing more on high net worth individuals, and business class, the other customer segments have been ignored to a very great extent, reflecting low satisfaction scores from the latter. A conscious effort is needed to work on all the segments and make every segment profitable.
- In public sector bank service quality is high but low interaction management. In Private bank the service quality is low but high interaction management. Private Banks have to focus more on quality of service.
- Customer Retention rating is high in private sector bank than Public sector. So the Public sector banks will have to take steps to retain customers by providing services.

- Customer Relationship Management is high in the case of Private Sector banks whereas it is low in public Sector banks. Public Sector Banks concentrate more on CRM, to achieve better satisfaction.
- Banks should educate and inform customers about the various services through customer meets.
- Banks must introduce new ways and means that makes its customers highly delighted with its quality of service.
- Awareness programmes should be provided and must take effective steps to attract people of all ages.
- Banks should interact and communicate with the customers consistently and take their feedback with regard to their problems and complaints.
- Banks should take steps to attract more female customers.
- Banks must treat of all type of customers in the same manner.
- The banks should concentrate on pooling and retention of customers.

- Managing customer relation efficiently is an advantage that the banks should concentrate to win the situation.

- Addressing to the individual customer needs is one crucial aspect to be considered as the customer would find himself as a part of the organisation. This would build a good relationship between bank and the customer.

CONCLUSION

This study analysed the Customer Service Quality, Customer Interaction Management, Customer Retention Management and finally the overall Customer Relationship Management in the banking industry.

The service sector in India is fast growing and their contribution to economic development is really impressive due to advancement in information technology. Among various services in service sector, banking service occupies a key role both in the development of individual customer in their business and in social life. Managing relations with customers has become an unquestionable issue in the wake of liberalization and globalization. The basic objective of this study is to improve quality of relationship between the bank and the customer and enriches long term relationship benefits. To convert a prospective customer into a loyal customer, one of the important aspects is the quality of services offered by the bank which acts as the foundation for the company to attract, maintain and enhance customer relations. The study will be useful to understand the banking perception and expectation of customer in relation to the service rendered by them. Bankers can further identify the extent to which they are able to maintain customer relations and the measures they can take to improve their relationship. Hence the concept of “CRM” may be emphasized so that the customers are treated royally in relation to banking services.

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QUESTIONNAIRE

Questionnaire set to review CRM in Banking Sector.

Subject: Effective review on scale of CRM

Respected Sir,

There are questionnaires statements appended with it to solicit your opinion on the statements regarding CRM in your bank. These statements are both positive and negative .You are kindly requested to express your free and frank opinion with regard to the worthiness of each statement.

GIRIJA C

Assistant Professor

Department of Commerce & Management Studies

M.P.M.M.S.N Trusts, Shoranur.

CRM IN BANKS

QUESTIONNAIRES

I. Personal Data

1. Name:

2. Age (Years)

Below 30 31-40 41-50 51 and above

3. Gender

Male Female

4. Marital Status

Married Unmarried

5. Educational Status

Illiterate School level College level

Professional Others, specify

6. Occupational Status:

Agriculture Salaried Profession

Business Others, specify

7. Monthly Income (Rupees)

- Below 20,000 20001-30000 30001- 40000
 40001 and above

II. Relationship with bank

Name of your bank:

8. Experience with the bank

- Below 5 years 6-10 years 11-15 years
 15 Years and above

9. State the nature of your account with the bank

- Savings bank account Current account
 Fixed Deposit account Loan A/C
 All the above

III. Service Quality:

Based on your experience with the bank, please state the level of service quality as to the following factors.

(Tic in appropriate columns)

		Highly Agree	Agree	Neutral	Disagree	Highly Disagree
10	Banks gives individual attention					
11	Employees understand specific needs of customer					
12	Convenient operating hours					
13	Customers is made to feel important					

IV. Customer interaction management

State the level of effectiveness of the branch and its staff as to customer interaction.

Sl.No		Excellent	V.Good	Good	Poor	V.Poor
14	Skill to recognize individuals					
15	Skill to motivate					
16	Skill to educate					

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17	Ability to acquire interpersonal traits					
18	Skill to develop a awareness					
19	Ability to Flexible					
20	Skill to fulfill needs					
21	Ability to keep up promises					
22	Ability to respect sentiments and values					
23	Ability to operate under high technical environment					
24	Skill to work under varied situation					
25	Skill to speedup response					
26	User friendly service skills					
27	Skill to provide positive experience					

V. Customer retention management

State the level of effectiveness of the branch as to CRM

Sl. No		Excellent	V.Good	Good	Poor	V. Poor
28	Innovation services					
29	Individual customer care programmes					
30	Effective complaint management system					
31	Total Employee involvement					
32	Special events					
33	Customer segment specific strategies					
34	Value added services					
35	Empowered employee					
36	Advanced technology					
37	Learning organization					
38	Low charges					

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39	Safety					
40	Customer feed back					

Summary of the UGC Minor Project entitled

A STUDY ON CUSTOMER RELATIONSHIP MANAGEMENT IN INDIAN BANKING INDUSTRY- WITH SPECIAL REFERENCE TO PALAKKAD DISTRICT, KERALA

CRM, or Customer Relationship Management, is a number of strategies and technologies that are used to build stronger relationships between companies and their customers. A company will store information that is related to their customers, and they will spend time analyzing it so that it can be used for this purpose. Some of the methods connected with CRM are automated, and the purpose of this is to create marketing strategies which are targeted towards specific customers. The strategies used will be dependent on the information that is contained within the system. Customer relationship management is commonly used by corporations, and they will focus on maintaining a strong relationship with their clients. There are a number of reasons why CRM has become so important in the last 10 years. The competition in the global market has become highly competitive, and it has become easier for customers to switch companies if they are not happy with the service they receive. One of the primary goals of CRM is to maintain clients. When it is used effectively, a company will be able to build a relationship with their customers that can last a lifetime. Customer relationship management tools will generally come in the form of software. Each software program may vary in the way it approaches CRM. It is important to realize that CRM is more than just a technology. Customer relationship management could be better defined as being a methodology, an approach that a company will use to achieve their goals. It should be directly connected to the philosophy of the company. It must guide all of its policies, and it must be an important part of customer service and marketing. If this is not

done, the CRM system will become a failure. There are a number of things the ideal CRM system should have. It should allow the company to find the factors that interest their customers the most. A company must realize that it is impossible for them to succeed if they do not cater to the desires and needs of their customers. Customer relationship management is a powerful system that will allow them to do this. The architecture of CRM can be broken down into three categories, and these are collaborative, operational, and analytical. The collaborative aspect of CRM deals with communication between companies and their clients. The operational aspect of the architecture deals with the concept of making certain processes automated. The analytical aspect of CRM architecture deals with analyzing customer information and using it for business intelligence purposes. Each one of these elements are critical for the success of a CRM system. A company must learn how to use all three properly, and when they do this proficiently, they will be able to build strong customer relationships and ensure their profits for a long period of time. As more businesses continue to compete on a global level, it will become more important for them to use successful Customer relationship management techniques.

Objectives of the Study

1. To study Customer Relationship Management of the selected banks
2. To measure Service Quality, Customer Interaction Management and Customer Retention Management of the banks
3. To compare Service Quality, Customer Interaction Management, Customer Retention Management and Customer Relationship Management between the selected banks.

Methodology

The area preferred for the study is Palakkad District. There are total 7 municipalities in the District and from these 3 municipalities (Ottapalam, Shoranur and Pattambi) are randomly selected for the study. For this study one bank from public sector and one bank from private sector are selected. This study is based on primary data collected from 46 respondents from State bank of India and 46 respondents from HDFC bank. The primary data has been collected by administering a questionnaire consisting of 40 questions. The structured questionnaires are given to randomly selected average regular customers who are visiting these selected banks. The questionnaire has been divided into Five Parts: - 1) Personal Data 2) Relationship with the Bank 3) Service Quality 4) Customer Interaction Management and 5) Customer Retention Management.

The questions pertaining to CRM items have been designed using five point Likert Scale. Data analysis done by using SPSS and other Statistical tools. Secondary Data are collected from the site of RBI, other websites, books and journals. The project consists of Five chapters:-1)

introduction 2) CRM in Banks 3) Review Literature 4) Data Analysis 5)
Findings and Suggestions and conclusion.

FINDINGS

- The study is based on 92 respondents consisting 63 male and 29 female.
- Out of 92 respondents 58 are married and 34 are single.
- The satisfaction level of customers in the age group of 30-40 is highest with the mean score of 80.00 and the lowest satisfaction is of those who belonged to the age group of 40-50 with the mean 64.06.
- The satisfaction level of service quality was rated higher by male customers as compared to female customers.
- There is considerable variation observed in the rating given by customers belonging to various occupational groups.
- The rating on the basis of qualification is highly rated by school level qualified persons, whereas it is very poor in the case of illiterate groups.
- Business class has given a higher rating to quality of banking services. Professional class expressed least satisfaction at the customer service quality of banks.
- The customers with the income group of 30000-40000 are satisfied with the banking services.
- Banks focus more on the high net- worth individuals and business classes. Hence, satisfaction of high income group and business class have expressed high level satisfaction.
- The customers with the income group of 30000-40000 are satisfied with the banking services.

- Customers of SBI are highly satisfied with the banking services than HDFC.
- The customers having 10-15 years of experience are highly satisfied with the banking services whereas the customers of less than 5 years of experience are not much satisfied with the services provided by the bank.
- A significant observation is that the customers having all type of accounts with the bank express very good opinion about the service quality of the bank. Loan account holders have very poor opinion.
- The Customer Interaction Management of the bank is rated as good, but not excellent.
- There exists very good Customer Interaction Management in the case of customers belonging to the age group below 30. In the case of middle age group interaction management is not effective.
- There exists good interaction with male customers than female customers.
- Interaction Management is very more effective with married persons than single.
- The banks interaction management is highly used by illiterate customers than professional group.
- It is observed that Banks highly promote farmers.

- Banks concentrate more on the customers belonging to the income class 30000-40000.
- Customers having experience above 10 years are satisfied with interaction management of the bank, but it is very low in the case of customers having less than 5Years.
- Customer Interaction Management is very effectively managed by the bank in respect of customers having Loan Account. In the case of deposits Customers Interaction Management is very low.
- The Customer Retention Management of the bank is rated as good, but not very good.
- Majority of the customers keeping touch with the banks are married.
- The customer retention rating is very high in the case of professional group. But retention is very low in illiterate customers.
- Bank highly promotes salaried persons.
- Banks retains the customers belonging to luxurious class (income exceeding Rs.40000).
- The customer retention is higher in HDFC bank than SBI.

- The bank is providing maximum lending functions to customers than encouraging deposits.
- The CRM of the bank is rated as good.
- Bank mainly promotes youth.
- CRM is very effective in illiterate group.
- The Customer Relation Management is properly managed by the farmers.
- There is slight variation in maintaining CRM in respect of various income groups.
- The CRM is effective in HDFC bank.
- There exists good CRM in the respect of customers having Loan Account and Fixed Deposit. Bank ignores other category of account holders like Savings Accounts, Current Account etc..

SUGGESTIONS

- The expectations of the customers are on the increase especially those customers who belong to below 30 years, Hence banks have to restructure their traditional practices and adapt themselves to satisfy the needs of young customers.
- Majority of the customers are male members so the bank will have to take measures to invite more female customers.
- Banks focusing more on high net worth individuals, and business class, the other customer segments have been ignored to a very great extent, reflecting low satisfaction scores from the latter. A conscious effort is needed to work on all the segments and make every segment profitable.
- In public sector bank service quality is high but low interaction management. In Private bank the service quality is low but high interaction management. Private Banks have to focus more on quality of service.
- Customer Retention rating is high in private sector bank than Public sector. So the Public sector banks will have to take steps to retain customers by providing services.
- Customer Relationship Management is high in the case of Private Sector banks whereas it is low in public Sector banks. Public Sector Banks concentrate more on CRM, to achieve better satisfaction.

- Banks should educate and inform customers about the various services through customer meets.
- Banks must introduce new ways and means that makes its customers highly delighted with its quality of service.
- Awareness programmes should be provided and must take effective steps to attract people of all ages.
- Banks should interact and communicate with the customers consistently and take their feedback with regard to their problems and complaints.
- Banks should take steps to attract more female customers.
- Banks must treat of all type of customers in the same manner.
- The banks should concentrate on pooling and retention of customers.
- Managing customer relation efficiently is an advantage that the banks should concentrate to win the situation.
- Addressing to the individual customer needs is one crucial aspect to be considered as the customer would find himself as a part of the organisation. This would build a good relationship between bank and the customer.

CONCLUSION

This study analysed the Customer Service Quality, Customer Interaction Management, Customer Retention Management and finally the overall Customer Relationship Management in the banking industry. The service sector in India is fast growing and their contribution to economic development is really impressive due to advancement in information technology. Among various services in service sector, banking service occupies a key role both in the development of individual customer in their business and in social life. Managing relations with customers has become an unquestionable issue in the wake of liberalization and globalization. The basic objective of this study is to improve quality of relationship between the bank and the customer and enriches long term relationship benefits. To convert a prospective customer into a loyal customer, one of the important aspects is the quality of services offered by the bank which acts as the foundation for the company to attract, maintain and enhance customer relations. The study will be useful to understand the banking perception and expectation of customer in relation to the service rendered by them. Bankers can further identify the extent to which they are able to maintain customer relations and the measures they can take to improve their relationship. Hence the concept of “CRM” may be emphasized so that the customers are treated royally in relation to banking services.