A Study on the Impact of Customer Relationship Management of South Indian Bank in Bangalore City

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Abstract: The banking sector in India is the oldest financial service sector that has transformed into a modern system that is customer oriented and largely driven by technology which has been highly effective in keeping pace with the competition and increasing customer expectation. Ever since globalization and liberalization, the advancements in banking sector such as internet banking, mobile banking, automated teller machine (ATM), Wallet payments and the like, have resulted in complex operations to the sector alongside providing increased benefits to the customers. As customers are a crucial component of every banks and the banking sector, this necessitated customer satisfaction, customer creation and retention which was achieved through 'Customer Relationship Management' (CRM). This had an immense influence on customers and long-term efficiency which not only helped banks to focus on customers' current needs but also helped banks to perform better and plan their future goals. In this context, this research paper intends to highlight on the importance of adopting CRM practices in the current day banking sector, its impact on the performance of banks, banking business and customers; and the benefits that could be derived by the banking sector by way of implementing appropriate tools and techniques. The study is empirical in nature and is based on primary data collected from customers of South Indian Bank in Bangalore city, using a structured questionnaire and secondary data were collected from various published articles and reports. Respondents were chosen using Simple random sampling. The data was analysed and interpreted using SPSS by applying statistical tools like regression and correlation analyses to support the study. The research highlighted that South Indian Bank was considerate about its customers' needs, ensuring customers' satisfaction, maintaining good relations, enabling faster transactions, being cooperative in resolving their issues and providing an overall positive banking experience. The study concluded that CRM is an important aspect for banks as it enables them to understand its customers better, to uncover potential customers and to improve the overall customer service, which also serve as a competitive advantage to the bank.

Keywords: Banking sector, customer service, customers, CRM, employees.

1. Introduction

The banking sector in India is the oldest financial service sector which has sustained rapid growth, with numerous changes in its regulatory framework. The era of globalization had paved way for the entry of private and foreign players which had a tremendous impact on the expectations of Indian banking customers. This resulted the sector to undergo changes in customer behaviour, communication system; information and technological upgradation, which has made the sector capable of withstanding rising competition. Over the years, it has gradually adopted the best practices in its operations, has complied with internationally accepted norms and has maintained high disclosure and transparency in its operations. The nation is currently portraying a well-developed banking system, with Reserve Bank of India being the leading regulatory body of the sector.

There has been an unprecedented growth with banks utilising the latest technologies to improve and innovate their business which has resulted in increased operations owing to growing customer needs. This made the sector realise the importance of CRM, its impact on the performance of banks and its benefits. CRM has emerged as an extension of modern technological advancement and prospects to acquire new and potential customers, enhance customer satisfaction, retain existing customers, thereby achieving customer loyalty. As customers are the key focus of the sector, CRM serves as a strategy for banks to understand customers' current needs, to improve the delivery of services to its customers and to manage the relationship with their customers.

South Indian Bank, the only public sector bank during the 1800's and one of the oldest banks in south India, was established in Thrissur, Kerala during the Swadeshi movement by a group of enterprising men. The aim of the bank was to offer a safe, efficient and service oriented repository of savings to the public alongside protecting them from moneylenders; by providing credit at reasonable interest rates. Over the years, the bank has been successful in maintaining its position as a vibrant, fast growing and service oriented financial intermediary. The firm has managed to achieve milestones one after another, enjoying its position of being the most proactive bank with a competent tech savvy team of professionals.

2. Literature Review

Singh (2016) Since manual operations are tackled by CRM with the establishment of internet it has improved the CRM

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among customers and traditional CRM has been shifted to E-CRM. With this, customer service and support has become feasible as CRM aims at exploring the future customer. Urdzikova (2012) The companies should be more customer centric and invest large amount of time and resources in CRM. It is difficult for businesses to maintain existing customers and find new ones although meeting customer needs and ensuring their satisfaction is the simplest and most effective way to accomplish this. Amoako (2012) The objective of this study was to portray the impact of CRM on customer loyalty in hotel industry. The results were drawn using primary data which highlighted that 80% of respondents were willing to refer the services of the hotel to others while 90% were satisfied with the services of the hotel. Kubi (2010) Success CRM requires a combination of managerial commitment, cultural change, and a combination of resources and technology to achieve the necessary result. CRM should be viewed as a strategic decision across the broad spectrum of an organization rather than conceptualizing it as technological and software solution. Mathur (2009) The paper intends to focus on the importance of CRM and highlights that CRM of an organization compels the customers to visit the retail outlet on a regular basis. According to the findings, customers will not hesitate to change their preferences and break their loyalty towards an organization.

3. Statement of the Problem

At present, every bank tries to attract and gain many customers but fail to maintain long lasting relationship with those customers due to lack of effective CRM followed by the banks and lack of awareness of customers about the CRM activities implemented in banks. Hence, this study will help banks on how to maintain good relationship with the customers and try to retain their old customers and help to create the awareness of CRM among customers.

4. Scope of the Study

The study highlights the emerging trends in the banking services in the competitive scenario and the major problems faced by the customers. In today's changing demographic economy, competitive factors mean that there are fewer new customers to go around and cost of attracting new customers are rising. Thus, although finding new customers remains very important, the emphasis is shifting towards retaining profitable customers and building lasting relationships with them. This study helps in measuring and analyzing the overall satisfaction of customers with respect to service quality provided.

5. Limitation of the Study

- The study is limited to South Indian Bank branches in Bangalore.
- The study was conducted within a limited time.
- Primary data was gathered from a total of 75 respondents only.
- The gathered data may include bias of respondents.

6. Research Methodology

This research work is dependent on primary and secondary data collected from various published journals and articles and by interacting with the public sector and private sector bank management and its customers.

A. Types of Research

The proposed study is descriptive in nature.

B. Type of Data

The proposed study includes both primary and secondary data.

C. Sources of Data

Primary data and secondary data were collected for the purpose of the study. A questionnaire was issues to gather primary data. Secondary data was collected from various articles, journals, internet and bank officials.

D. Sampling Design

The sampling design for the study were customers who visited South Indian Bank.

Simple random sampling was used to select the respondents.

E. Data Analysis Procedure

The data collected was obtained using regression and correlation and the results were interpreted using SPSS.

7. Objective of the Study

1. To study the awareness of customers towards CRM practices in banking sector.
2. To measure the overall satisfaction of the customers with respect to service quality provided.
3. To study the impact of CRM implementation in banking sector.

8. Hypothesis

H0: There is no significant relationship between occupation of respondents and the preferential treatment received by them.

H1: There is a significant relationship between age of respondents and their switching behaviour to other banks.

H2: There is a significant relationship between occupation of respondents and the preferential treatment received by them.
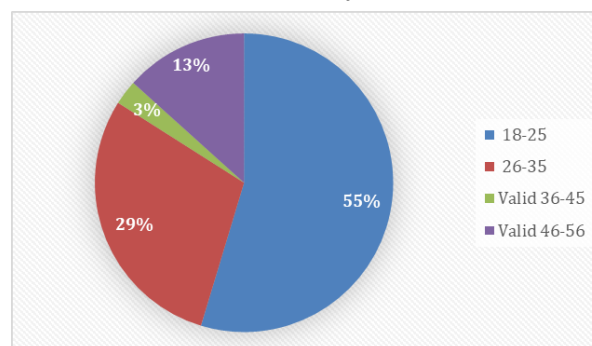
9. Data Analysis

Fig. 1. Age of the respondent

Inference: This chart explains the different age groups of the total respondents. Majority of the customers are considered to be youth as they fall under 18-25yrs. Followed by which we have most of the respondents under 26-35yrs. 10 among 75 respondents are under 46- 56yrs age group and very few customers are under the age group of 36-45yrs.
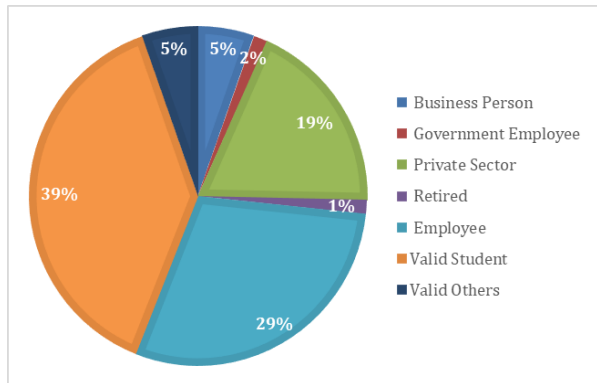

Fig. 2. Showing occupation of the respondents

Inference: The chart 4.4 explains that majority of the customers i.e., 38.7% of students and 29.3% of employees of public sector have an account in this bank.
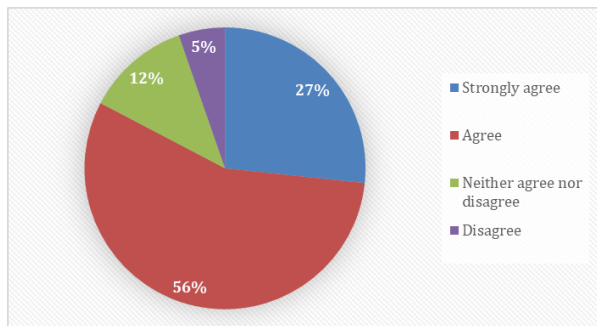

Fig. 3. Showing employees' cooperation

Inference: As can be seen from the above graph that 26.7percent of selected respondent strongly agree and 56percent of the respondent agree because of excellent cooperation, smooth functioning and they take care of the credit needs of the customers but 5.3 percent of the respondent disagree because of the improper service provided the bank must provide effective service to satisfy all the customers.
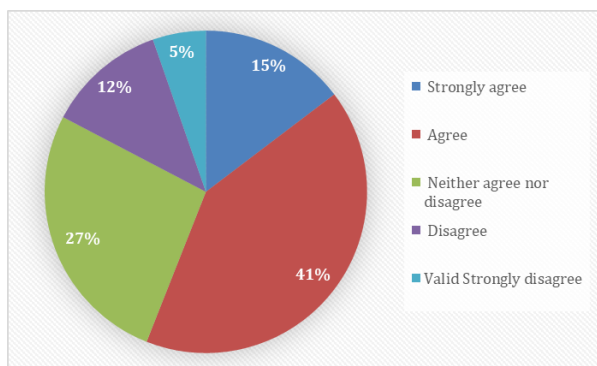

Fig. 4. Information about the products and campaigns that customers are aware

Inference: As can be seen from the above graph that 41.3 percent of the customers agree that they were updated with the bank's products and campaigns. The bank tries to keep the customers aware and knowledgeable of all the products available and also the campaign by sending emails and messages regularly but they fail to update some customers because they might be less active with the bank.
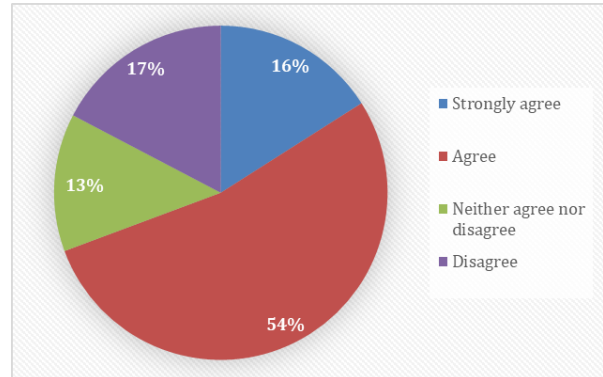

Fig. 5. Bank keeps a regular track of its customer

Inference: As can be seen from the above graph that 53.3percent of selected respondents agree on bank employees keeping a regular track on them which helps them in maintaining good relation and building a positive image in the minds of the consumer.
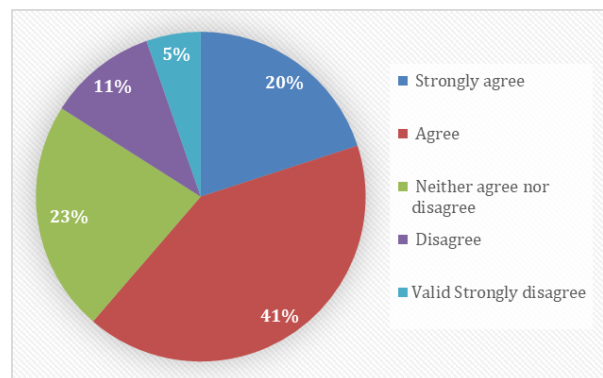

Fig. 6. Showing how effective complaints are handled

Inference: As can be seen from the above graph that 41.3percent of the selected respondents agree that their complaints are handled. When the complaints are recorded the bank, management tries to handle the complaints but how effective were the bank employees in handling those complaints. Will the customers' face the same problems again is the question? But major percent of the respondents agree that the complaints are effectively handled.

From Table 1, P=0.121. Since P>0.05 there is no relationship between customers receiving preferential treatment from the bank and occupation of the respondents (customers). Hence, we accept the null hypothesis.

From Table 2, P=0.338 since P>0.05 there is no relationship between customers switching to other banks and age of the respondents (customers). Hence, we reject the alternative hypothesis.

Table 1
Correlations between preferential treatment and occupation

		Receiving preferential treatment from the bank	Occupation of the respondent
Receiving preferential treatment from the bank	Pearson Correlation	1	-.181
	Sig. (2-tailed)		.121
	N	75	75
Occupation of the respondent	Pearson Correlation	-.181	1
	Sig. (2-tailed)	.121	
	N	75	75

Table 2
Correlations between age of the respondent and difficulty in switching to other bank

Age of the respondent	Pearson Correlation	1	-.112
	Sig. (2-tailed)		.338
	N	75	75
Difficulty in switching to other bank	Pearson Correlation	-.112	1
	Sig. (2-tailed)	.338	
	N	75	75

Table 3
ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.216	1	2.216	2.459	.121[b]
	Residual	65.784	73	.901		
	Total	68.000	74			

From Table 3, P=0.121. Since P>0.05 there is no significant relationship between customers receiving preferential treatment and occupation of the respondents (customers). Hence, we reject the alternative hypothesis.

10. Findings

The findings that have been interpreted and analysed are as follows:

- Major percentage of the respondents (consumers) agree that their feedbacks are taken into consideration and issues are resolved using the most appropriate techniques.
- Majority of the selective respondents agreed that the employees at South Indian Bank were very cooperative and patient in solving customer queries, which forms a good image in the eyes of the customers.
- Majority of the customers agreed that the employees are aware of their demands and also made sure that the consumers' demands were met.
- Majority of the selective respondents agreed that the language used by employees of the bank was easy to understand.
- Most of the customers agreed that they were updated with the banks new products and campaigns.
- 54 percent of the selective respondents agreed that the bank keeps a good track of its customers.
- 48 percent of the selective respondents agreed that the bank has well experienced employees which makes transactions easier.
- Maximum percentage of the respondents agree that the bank maintains good relations and keeps track of their demands.

11. Suggestions

When the study was being conducted a few problems were identified and highlighted after the analysis. The areas where the financial institutions fall weak needs to be improved. Hence, from the findings the following suggestions are recommended:

- According to the study conducted around 20% of the selected respondents faced issues with the employees of the bank, stating that they were not cooperative. Hence, the bank needs to provide training to its employees in order to make customer relations stronger. Pre-training and post training needs to be given in this regard.
- Similarly, a few selected respondents stated that their needs and demands were not met by the bank as and when required. In this case the bank can identify the customer's needs by asking them to fill a complain form on every visit they make.
- The bank needs to provide proper employee training in order to increase its customer relations by holding pre training programs to bring out the best in them.
- The employees can collect detailed information from the customers including the type of services they would like to receive from the bank.

12. Conclusion

From the above findings and analysis, it can be highlighted that customer relationship in the banking sector is an important aspect for any bank as it enables the financial firm to know its customers better. In addition, it helps uncover potential customers, improve overall customer service and build a competitive advantage.

As per the finding about the co-operation of the employees, most of the customers agreed that they were quite satisfied with the treatment given by the employees and mentioned that the employees were aware of the problems faced by the customers related to various issues. This not only helps the bank to create a good image among the public but also increases the number of customers. Having a good image is a very important aspect for any business as only if the customers are thoroughly satisfied, the business can grow.

As India is known for being a multi-cultural society, language does not become a barrier in most of the cases, however not everyone is well versed in other languages or good at linguistics. Hence most of them prefer to communicate in their mother tongue or mostly English. The customers were quite happy in this regard too. As the customers and employees belong to various cities around India, the risk of having a language issue is definitely there but the employees were able to understand and solve the customers' issues.

Innovations and updates have to be informed to the customers from time to time because only then the customers will be aware that the bank is taking necessary steps to improve their business and the relationship they hold with the customers. Here, once again the customers have commented on the bank updating them about new features, offers and other facilities through multimedia.

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