

A STUDY ON CUSTOMER RELATIONSHIP MANAGEMENT PRACTICES IN SELECTED COMMERCIAL BANKS IN CHENNAI CITY

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Introduction

Perhaps most critical to implementing a CRM strategy is fully understanding of the concept of customer relationship management. Over the past twelve months, there have been multiple definitions of CRM including suggestions that it is a sales strategy, software product and even a new method of data collection!¹

Significance of the Study

The present study on Customer Relationship Management (CRM) practices will also be useful to the banking industry to understand the perception and expectation of customers in relation to the services rendered by them, Bankers can further identify the extent to which they are able to maintain customer relationship and the measures they can take to improve their relationship and quality services. The study will also be informative to the customers.

Statement of the Problems

During the 1960s, 1970s and 1980s banks took more industrial approach

towards their customers. The services did not match the mass market, because the market was becoming more socialized. Outdated and cumbersome systems and procedures and undue apathy towards technology has taken their toll in the form of poor quality vehicle of growth. Lack of resources, absence of appropriate attitude, visions the planning; Banking has today become an extremely competitive business. However, the essential strength of the bank lies in its good customer relationship. Banks in the operation for achieving efficiency and gaining technology are facing the danger of forgetting this fundamental premise. For years, banks have been guilty of five interpersonal sins, that have caused tremendous irritation to customer; inability to cross sell, long queues, poor service attitude, lack of information and lack of human touch, that prevent them from maintaining good customer relationship.

Objectives of the Study

The main objective of the study is to evaluate the CRM Practices in banks. However the specific objectives are:

1. To study the importance of the CRM in commercial banks
2. To study the perceived option of the customers on the services and the attitudinal environment prevailing in the commercial banks
3. To analysis CRM practices followed by the commercial banks as perceived by the customers.
4. To study 'banker' perception on CRM practices followed by commercial banks
5. To offer suggestions to improve CRM practices in commercial banks.

Null Hypotheses

H₀: 1. there is no significant association and differeces between customer's opinion about the customer services and CRM prevailed in the banks situated in Chennai city.

H₀: 2. there is no significant association and differences between banker's opinion about the customer services and CRM prevailed in the banks situated in Chennai city.

Methodology

The study is based on the primary data. The primary data will be collected from the study area through administrating Interview schedule to the customers and by questionnaire to the bankers. Personal observations and discussions with the customers and regular visits and conversation with bank official have also

will be taken the customer' and banker' perception about customer services, attitudinal environment in the banks, and CRM practices in the banks. Four special areas of CRM, namely, acquisition, satisfaction, loyalty and retention will be focused in the questionnaire prepared for the bankers. The interview schedule prepared for customers covered the aspect of customer services, the attitudinal environment prevailing in the banks and the CRM practices in the banks. Secondary data will be collected from the publication of the State Lead Bank, Chennai (IOB) and the District Lead Bank and other banks manual. On the basis of quota sampling method each bank three bank employees and twenty five customers are decided for the study among them only 675 respondents alone cooperated at the time of interview.

Area of the Study

For the selection of respondents survey has been conducted in Chennai city. Only 90 bank employees and 150 customer respondents of the banks which were selected for the study with proper representation of higher and middle income groups. The account holders identified at the banking hall and asked the scheduled questions among the customers.

Period of the Study

The period of the study is 2012-14 to 2014-15. The primary data was collected on end of the 2015

Limitation of the Study

1. The survey covers only selected commercial banks in Chennai City and hence the findings and applications are restricted in character.
2. Due to time constraint, it could not be possible to cover the all the commercial banks functioning in Chennai City in respect of collection of information.

Analysis of the study

Customer relationship management practices in selected commercial banks in Chennai City. It is generally supposed that the socio-economic character of an individual respondent will invariably influence his opinion about the customer relationship management practices in selected commercial banks in Chennai City, and its banking environment, and management. Therefore, it is thought appropriate to test this proposition and to infer whether these characteristics had influenced the opinion of the respondents on customer relationship management, or not. With this object in view, the socio-economic characteristics of the respondents and the respondents’ opinion to the customer

relationship management of selected commercial banks in Chennai City were highlighted.

Socio-Economic Characteristics of Sample Respondents

This section is devoted to highlight the personal characteristics of the sample respondents’ eight features as analyzed below:

**Table -1
Age of the Respondents**

Age	Accounts types					Total
	Savin g A/C	Curren t A/C	Credi t Card	Loa n A/C	Fix A/ C	
25 - 35	1	0	1	4	6	12
35 - 45	5	4	5	4	8	26
45- 55	3	10	12	17	17	59
55- 65	3	6	11	16	17	53
	12	20	29	41	48	150

Source: Primary data
Table reveals the age group of each category of respondents in percentage. Out of 150 respondents, majority i.e., 53 respondent belonged to above 55 years age group. 59 respondents of them belong to 45-55 age group, 26 of them belong to 35-45 age groups, and only 12 of them belong 25-35 Years age group. With these category of age

groups of the respondents have identified for the present study.

Educational Status of Respondents

Educational qualification is the fundamental individuality to analyse the Customers’ perception towards retail banking factor to comprehend the sensitivity of the respondents and in what amount they had represented the Customers’ perception towards retail banking of the selected commercial banks in Chennai city

School level	1	2	7	10	11	31
UG level	4	6	5	5	22	42
PG level	1	7	7	6	3	24
Professional	6	5	10	20	12	53
	12	20	29	41	48	150

Source: Primary Data

Figures in parentheses denote percentages. It could be observed from Table that majority of the respondents’ come under professional level. The next leading qualification group happened to be Graduate 42, and only 13 per cent were holding school level. Majority of the account holders come under the category of PG level.

**Table -2
Educational status of respondents**

	Account					Total
	Saving A/C	Current A/C	Credit Card	Loan A/C	Fixed Deposit A/C	

**Table -3
Savings bank account holders opinion towards banking activities**

Sl. No	Opinion Towards Banking Activities	Poor	Average	Good	Very Good	Excellent
1.	Courtesy level of the bank's personnel/ staff.	9 (6.7)	15 (11.1)	36 (26.7)	37 (27.4)	38 (28.1)
2.	Working hours of the bank.	8 (5.9)	16 (11.9)	34 (25.2)	40 (29.6)	37 (27.4)
3.	How well informed/ knowledgeable you feel the bank staff is in answering/ solving your questions/ queries.	6 (4.4)	24 (17.8)	34 (25.2)	35 (25.9)	36 (26.7)
4.	How fast the personnel are in responding/ attending to you.	15 (11.1)	15 (11.1)	28 (20.7)	36 (26.7)	41 (30.4)
5.	"Transaction time" taken for Cash deposit.	14 (10.4)	3 (2.2)	33 (24.4)	41 (30.4)	44 (32.6)
6.	"Transaction time" taken for Cash withdrawal.	6 (4.4)	14 (10.4)	20 (14.8)	36 (26.7)	59 (43.7)
7.	"Transaction time" taken to issue DD/Cheque/statements.	8 (5.9)	3 (2.2)	20 (14.8)	41 (30.4)	63 (46.7)
8.	How hassle free it was for you to open an account with the bank.	1 (.7)	7 (5.2)	21 (15.6)	50 (37.0)	56 (41.5)
9.	Product or service innovation in the past two years.	4 (3.0)	7 (5.2)	14 (10.4)	50 (37.0)	60 (44.4)

10.	Promptness in keeping you informed of deposit rates/ service charges.	3 (2.2)	2 (1.5)	13 (9.6)	64 (47.4)	53 (39.3)
11.	Bank's grievance redressal system.	2 (1.5)	6 (4.4)	11 (8.1)	55 (40.7)	61 (45.2)
12.	Bank's facility in terms of the comfort facilities it offers.	3 (2.2)	6 (4.4)	13 (9.6)	82 (60.7)	31 (23.0)
13.	Location of the bank.	0 (.0)	3 (2.2)	15 (11.1)	62 (45.9)	55 (40.7)
14.	Quality of the ATM services provided by the bank.	0 (.0)	2 (1.5)	22 (16.3)	48 (35.6)	63 (46.7)
15.	Debit & credit card services offered by the bank	5 (3.7)	4 (3.0)	18 (13.3)	58 (43.0)	50 (37.0)
16.	Fastness you feel it is in processing and disbursing loans.	6 (4.4)	4 (3.0)	19 (14.1)	42 (31.1)	64 (47.4)
17.	Interest rates currently being offered.	1 (.7)	2 (1.5)	10 (7.4)	39 (28.9)	83 (61.5)
18.	Internet/mobile banking facility offered by the bank	1 (.7)	1 (.7)	9 (6.7)	56 (41.5)	68 (50.4)
Averages		5.11 (3.77)	7.44 (5.52)	20.56 (15.22)	48.44 (35.88)	53.44 (39.59)

Source: Primary Data

From the above table infers that the savings bank account holders opinion towards banking activities is 39.59 per cent of 'excellent', 35.88 per cent of 'very good', 15.22 per cent of 'good', 5.52 per cent of average and only 3.77 per cent of poor. It results that majority of the savings bank account holder respondents are satisfied with the banking activities nearly 75 per cent of them have opined high responses. But in the cases of bank staffs answering the questions of customers and solving problems, time taken for cash deposit and responding speeds are average and poor. Hence, the staffs of the

Commercial banks located in the study area should response against of raising questions and queries of customers due to solving the problems with feasible speed which compromise the desires of customers. Thus, the Commercial banks can conduct a periodical training and development programmes in order to enhance the performance of existing staffs and newly appointed staffs. Because of savings bank account holders are the base of depositing money for the smooth working capital operation of the bank, so the banks should concentrate the services pertaining to savings bank account holders.

Table 4
Current account holders' opinion towards banking activities

Sl. No.	Opinion Towards Banking Activities	Poor	Average	Good	Very Good	Excellent
1	Courtesy level of the bank's personnel/ staff.	8 (5.93)	19 (14.07)	40 (29.63)	38 (28.15)	30 (22.22)
2	Working hours of the bank.	11 (8.15)	19 (14.07)	36 (26.67)	35 (25.93)	34 (25.19)
3	How well informed/ knowledgeable you feel the bank staff is in answering/ solving your questions/ queries.	11 (8.15)	27 (20.00)	37 (27.41)	29 (21.48)	31 (22.96)
4	How fast the personnel are in responding/ attending to you.	14 (10.37)	18 (13.33)	33 (24.44)	32 (23.70)	38 (28.15)
5	"Transaction time" taken for Cash deposit.	14 (10.37)	3 (2.22)	38 (28.15)	43 (31.85)	37 (27.41)
6	"Transaction time" taken for Cash withdrawal.	9 (6.67)	18 (13.33)	28 (20.74)	30 (22.22)	50 (37.04)
7	"Transaction time" taken to issue DD/Cheque/statements.	10 (7.41)	5 (3.70)	28 (20.74)	37 (27.41)	55 (40.74)
8	How hassle free it was for you to open an account with the bank.	2 (1.48)	8 (5.93)	27 (20.00)	45 (33.33)	53 (39.26)
9	Product or service innovation in the past two years.	4 (2.96)	9 (6.67)	19 (14.07)	46 (34.07)	57 (42.22)
10	Promptness in keeping you informed of deposit rates/ service charges.	5 (3.70)	3 (2.22)	16 (11.85)	57 (42.22)	54 (40.00)
11	Bank's grievance redressal system.	3 (2.22)	8 (5.93)	11 (8.15)	50 (37.04)	63 (46.67)
12	Bank's facility in terms of the comfort facilities it offers.	2 (1.48)	5 (3.70)	13 (9.63)	80 (59.26)	35 (25.93)
13	Location of the bank.	0 (0.00)	5 (3.70)	21 (15.56)	67 (49.63)	42 (31.11)
14	Quality of the ATM services provided by the bank.	0 (0.00)	3 (2.22)	18 (13.33)	55 (40.74)	59 (43.70)
15	Debit & credit card services offered by the bank	5 (3.70)	2 (1.48)	25 (18.52)	54 (40.00)	49 (36.30)
16	Fastness you feel it is in processing and disbursing loans.	7 (5.19)	2 (1.48)	17 (12.59)	49 (36.30)	60 (44.44)
17	Interest rates currently being offered.	1 (0.74)	2 (1.48)	16 (11.85)	46 (34.07)	70 (51.85)
18	Internet/mobile banking facility offered by the bank	1 (0.74)	1 (0.74)	12 (8.89)	52 (38.52)	69 (51.11)
Averages		5.94 (4.40)	8.72 (6.46)	24.17 (17.90)	46.94 (34.77)	49.22 (36.46)

Source: Primary Data

From the above table infers that the savings bank account holders opinion towards banking activities is 36.46 per cent of 'excellent', 34.77 per cent of 'very good', 17.90 per cent of 'good', 6.46 per

cent of average and only 4.40 per cent of poor. It results that majority of the current account holder respondents are satisfied with the banking activities nearly 71 per cent of them have opined high responses.

But in the cases of time taken for cash deposit and responding speeds are poor. Hence, the staffs of the Commercial banks

located in the study area should response against of responding speed to cooperate the customers.

Table -5
Credit card holders' opinion towards banking activities

Sl. No.	Opinion Towards Banking Activities	Poor	Average	Good	Very Good	Excellent
1	Courtesy level of the bank's personnel/ staff.	12 (8.89)	14 (10.37)	38 (28.15)	42 (31.11)	29 (21.48)
2	Working hours of the bank.	11 (8.15)	17 (12.59)	39 (28.89)	34 (25.19)	34 (25.19)
3	How well informed/ knowledgeable you feel the bank staff is in answering/ solving your questions/ queries.	7 (5.19)	27 (20.00)	43 (31.85)	32 (23.70)	26 (19.26)
4	How fast the personnel are in responding/ attending to you.	15 (11.11)	17 (12.59)	31 (22.96)	34 (25.19)	38 (28.15)
5	"Transaction time" taken for Cash deposit.	16 (11.85)	7 (5.19)	34 (25.19)	41 (30.37)	37 (27.41)
6	"Transaction time" taken for Cash withdrawal.	9 (6.67)	17 (12.59)	24 (17.78)	31 (22.96)	54 (40.00)
7	"Transaction time" taken to issue DD/Cheque/statements.	11 (8.15)	4 (2.96)	21 (15.56)	39 (28.89)	60 (44.44)
8	How hassle free it was for you to open an account with the bank.	1 (0.74)	9 (6.67)	25 (18.52)	51 (37.78)	49 (36.30)
9	Product or service innovation in the past two years.	4 (2.96)	8 (5.93)	15 (11.11)	56 (41.48)	52 (38.52)
10	Promptness in keeping you informed of deposit rates/ service charges.	4 (2.96)	3 (2.22)	15 (11.11)	52 (38.52)	61 (45.19)
11	Bank's grievance redressal system.	3 (2.22)	10 (7.41)	11 (8.15)	45 (33.33)	66 (48.89)
12	Bank's facility in terms of the comfort facilities it offers.	3 (2.22)	5 (3.70)	15 (11.11)	78 (57.78)	34 (25.19)
13	Location of the bank.	0 (0.00)	4 (2.96)	16 (11.85)	67 (49.63)	48 (35.56)
14	Quality of the ATM services provided by the bank.	0 (0.00)	3 (2.22)	21 (15.56)	50 (37.04)	61 (45.19)
15	Debit & credit card services offered by the bank	6 (4.44)	4 (2.96)	23 (17.04)	52 (38.52)	50 (37.04)
16	Fastness you feel it is in processing and disbursing loans.	8 (5.93)	2 (1.48)	21 (15.56)	46 (34.07)	58 (42.96)
17	Interest rates currently being offered.	2 (1.48)	4 (2.96)	15 (11.11)	46 (34.07)	68 (50.37)
18	Internet/mobile banking facility offered by the bank	2 (1.48)	2 (1.48)	11 (8.15)	59 (43.70)	61 (45.19)
Averages		6.33 (4.69)	8.72 (6.46)	23.22 (17.20)	47.50 (35.19)	49.22 (36.46)

Source: Primary Data

From the above table infers that the savings bank account holders opinion towards banking activities is 36.46 per cent

of 'excellent', 35.19 per cent of 'very good', 17.20 per cent of 'good', 6.46 per cent of average and only 4.69 per cent of poor. It results that majority of the credit

card holder respondents are satisfied with the banking activities nearly 71 per cent of them have opined high responses. But in the cases of time taken for cash deposit and responding speeds are poor and also the knowledgeable answers from staff members

and the working hours of the Commercial banks just good and averages.

Table -6
Loan account holders' opinion towards banking activities

Sl. No.	Opinion Towards Banking Activities	Poor	Average	Good	Very Good	Excellent
1	Courtesy level of the bank's personnel/ staff.	10 (7.41)	13 (9.63)	35 (25.93)	39 (28.89)	38 (28.15)
2	Working hours of the bank.	7 (5.19)	18 (13.33)	34 (25.19)	39 (28.89)	37 (27.41)
3	How well informed/ knowledgeable you feel the bank staff is in answering/ solving your questions/ queries.	6 (4.44)	23 (17.04)	37 (27.41)	37 (27.41)	32 (23.70)
4	How fast the personnel are in responding/ attending to you.	15 (11.11)	14 (10.37)	30 (22.22)	35 (25.93)	41 (30.37)
5	"Transaction time" taken for Cash deposit.	16 (11.85)	4 (2.96)	30 (22.22)	41 (30.37)	44 (32.59)
6	"Transaction time" taken for Cash withdrawal.	9 (6.67)	17 (12.59)	24 (17.78)	33 (24.44)	52 (38.52)
7	"Transaction time" taken to issue DD/Cheque/statements.	10 (7.41)	4 (2.96)	22 (16.30)	41 (30.37)	58 (42.96)
8	How hassle free it was for you to open an account with the bank.	1 (0.74)	10 (7.41)	25 (18.52)	50 (37.04)	49 (36.30)
9	Product or service innovation in the past two years.	5 (3.70)	9 (6.67)	16 (11.85)	52 (38.52)	53 (39.26)
10	Promptness in keeping you informed of deposit rates/ service charges.	4 (2.96)	3 (2.22)	16 (11.85)	59 (43.70)	53 (39.26)
11	Bank's grievance redressal system.	3 (2.22)	10 (7.41)	11 (8.15)	48 (35.56)	63 (46.67)
12	Bank's facility in terms of the comfort facilities it offers.	4 (2.96)	6 (4.44)	14 (10.37)	78 (57.78)	33 (24.44)
13	Location of the bank.	0 (0.00)	4 (2.96)	18 (13.33)	60 (44.44)	53 (39.26)
14	Quality of the ATM services provided by the bank.	0 (0.00)	8 (5.93)	31 (22.96)	42 (31.11)	54 (40.00)
15	Debit & credit card services offered by the bank	8 (5.93)	24 (17.78)	30 (22.22)	25 (18.52)	48 (35.56)
16	Fastness you feel it is in processing and disbursing loans.	16 (11.85)	0 (0.00)	15 (11.11)	49 (36.30)	55 (40.74)

17	Interest rates currently being offered.	0 (0.00)	7 (5.19)	16 (11.85)	62 (45.93)	50 (37.04)
18	Internet/mobile banking facility offered by the bank	0 (0.00)	0 (0.00)	7 (5.19)	89 (65.93)	39 (28.89)
Averages		6.33 (4.69)	9.67 (7.16)	22.83 (16.91)	48.83 (36.17)	47.33 (35.06)

Source: Primary Data

From the above table infers that the savings bank account holders opinion towards banking activities is 36.17 per cent of 'very good', 35.06 per cent of 'excellent', 16.91 per cent of 'good', 7.16 per cent of average and only 4.69 per cent of poor.

Findings, suggestions and conclusion

Suggestions

1. The staffs of the Commercial banks located in the study area should response against of raising questions and queries of customers due to solving the problems with feasible speed which compromise the desires of customers.
2. The staffs of the Commercial banks located in the study area should response against of responding speed to cooperate the customers. Thus, the Commercial banks can improve the CRM in order to enhance the relationship among the customers of current account holders. Because of current account holders are the interest free depositors, they need only the services like overdraft, bills discounting, and the like. So the banks should increase the faith and good

impressions among current account holders.

3. Staffs of the Commercial banks located in the study area should response against of improve the speed of processing and disbursing the loan with desires of customers. Thus, the Commercial banks can assign the loan activities to experienced staffs instead of newly appointed staffs. Because of lending is the important to control the NPA of the bank, so the banks should focus the services pertaining to different lending activities.
4. The banker and customer relations are two types, namely general relations and special relation. As for the general relations a customer should satisfied themselves by getting the services from the banks without demand. Special relation is the banker should provide the services on demand of the customers subject to possibility. In that situation, a customer may dissatisfy against of services in the extent of customer perception perceived. In this research has identified the dissatisfied incidents are failure of personal contact, unsecured

risk, often breach of transaction or dishonor of any transaction, and reliable services unfriendly services, unadoptable technological changes, the banking staffs are not expert in rendering the services and denying services routinely.

5. Banker should respond the customer as soon as possible as per their desires. Thus, the commercial banks can appoint a person for front office enquiry system of customer required queries. It will minimize the problems among the customers and will increase the CRM level and it will central the maintenance of the CRM in the commercial bank.
6. The loan account holders and fixed deposit holders are highly responded more in strongly agreed than other type of account holders. The Commercial banks should also concentrate other type of account holders in view of CRM.

Conclusion

From the previous suggestions and findings the researcher have concluded that the staffs of the Commercial banks located in the study area should response against of raising questions and queries of customers due to solving the problems with feasible speed which compromise the desires of customers. Thus, the Commercial banks can

conduct a research on their retail services regarding. Because of customers are the king of the market, they may switched over one bank to another bank, the bank should retain the existing customers and mobilize new customers and deposits. So the bank should quintessence the service quality connects to customers' welfare. The overall responses about all the above simple percentage analysis relating to the service quality of the banking activities of the Commercial banks is summarized as per the following table values are the averages of the variables consisted on the factor. Savings bank account, current account and credit card holders are responded high in excellent, loan account and fixed deposit and recurring deposit holders are responded highly on very good. But overall averages are highly represented as excellent. The result is, there is a difference between the customers opinion on the banking activities. Hence, the savings bank account holders are highly responded as in excellent than other type of account holders. The Commercial banks should also concentrate other type of account holders. The researcher found that the deposits from the customer is very essential than the other loan and credits services.

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