Customer Relationship Management in the Banking Sector: Impact of Technology and Its -Benefits In View Of Employees

*Ms.P.Sopna
**Dr.R.Saravanan

*Research Scholar in Management, Karpagam University, Coimbatore.
Lecturer, Department of Management (UG), Karpagam University, Coimbatore
**Director, School Of Management, Sri Krishna College Of Technology, Kovaipudur, Coimbatore

Abstract

Modern banking systems adhere to the requirements of automated workflow and personalised and consistent client experience through various methods. Few service industries have felt the impact of technology more than the banking branch of the financial services industry. This poses the major challenge to banks to ensure effective and efficient technological systems. In addition, banks are challenged to ensure client satisfaction and loyalty, despite the decreasing personal interaction with clients. The efficiency of a banking sector depends upon howbest it can be provided to the customer and differentiated by the service provider from the rest of the service providers if it poses some unique selling proposition. In the changing world of business, Customer Relationship Management, Practices may need several changes to ensure better functionality data, creating unique and consistent approach to deal with customers. The objective of Customer Relationship Management is to attract, maintain and enhance customer relationship with the existing and potential customers. This study helps to discuss various aspect of Customer Relationship Management and their adoption of technology and its benefits in banker's perspective in public sector banks.

Keywords: Customer, Customer Relationship Management (CRM), Public Sector Banks. Technology.

Introduction

In today's highly competitive business environment marketing is a customer oriented operations that is essential for business success of any bank. Marketing department of the banks face real problems in fully understanding their markets and the potential customers for their services. Relationship management is the process of creating, maintaining and enhancing strong value added relationships with customers.Banks have adopted the concept of Customer relationship management to understand the needs of the customer and are restructuring and redesigned and redefined their services to fulfil the needs of the customers. CRM refers to all activities associating with both transactional and relational exchanges involved in business activities. It is cohesive efforts to establish, maintain and grow relationship and continuously strengthen the same through interactive, individualized and value added contacts, leading to mutual exchange and fulfilment of promises over a period of time. One of the banks' greatest assets is their knowledge of their customers. Banks can use this asset and turn it into key competitive advantage by retaining those customers who represent the highest lifetime value and profitability. Banks can develop customer relationships across a broad spectrum of touch points such as at bank branches, kiosks, ATMs, internet, electronic banking and call centres.

1

It is a method that Banks use to interact with customer. Customer Relationship Management is a combination of policies, process and a strategy implemented by an organization to unify its customer interaction and provide a means track customer information. A better appeal to customer needs better product, better communicability and consistency in customer interface. In the changing world of business, CRM, Practices may need several changes to ensure better functionality data, creating unique and consistent approach to deal with customers. The objective of CRM is to attract, maintain and enhance customer relationship with the existing and potential customers. This study helps to discuss various aspect of CRM and their adoption of particular techniques, emerging innovative trends and strategies in Public Banking sector.

Technology

Modern banking systems adhere to the requirements ofautomated workflow and personalised and consistent client experience through various methods. Few service industries have felt the impact of technology more than the bankingbranch of the financial services industry. Until several years ago, most banktransactions were paper-based and took place face-to-face inside a branch bank.Currently, technology is transforming banks: with transactions and services usingATMs, debit cards, credit cards, 24-hour telephone access and online banking overthe Internet. This poses the major challenge to banks to ensure effective and efficienttechnological systems. In addition, banks are challenged to ensure client satisfactionand loyalty, despite the decreasing personal interaction with clients.

CRM Consists Of Three Components:

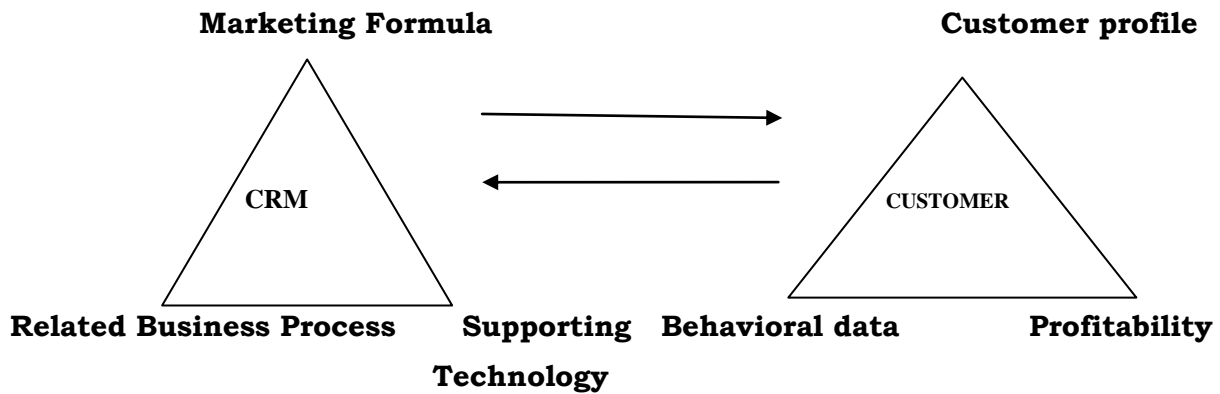• Customer,   • Relationship, and   • Management
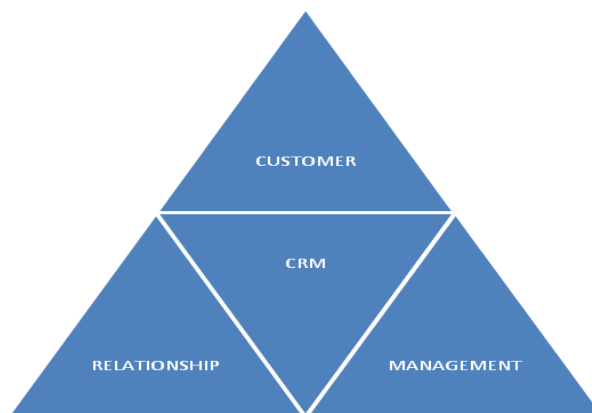
Figure 1-Customer Relationship Management

Customer: The customer is the only source of the company's present profit and future growth. However, a good customer, who provides more profit with less resource, is always scarce because customers are knowledgeable and the competition is fierce. Sometimes it is difficult to distinguish who is the real customer because the buying decision is frequently a collaborative activity among participants of the decision-making process. Information technologies can provide the abilities to distinguish and manage customers. CRM can be thought of as a marketing approach that is based on customer information.

Relationship: The relationship between a company and its customers involves continuous bi-directional communication and interaction. The relationship can be

short-term or long-term, continuous or discrete, and repeating or one-time. Relationship can be attitudinal or behavioral. Even though customers have a positive attitude towards the company and its products, their buying behaviour is highly situational. (Adolf 1997**)[1]**. For example, the buying pattern for airline tickets depends on whether a person buys the ticket for their family vacation or a business trip. CRM involves managing this relationship so it is profitable and mutually beneficial.

Marketing Formula   **Customer profile**

CRM   **CUSTOMER**

Related Business Process   **Supporting** **Behavioral data**   **Profitability**
                                                Technology

   Relation between CRM and the Customer

The concept of CRM deals with customer self-service, personalized offerings by analyzing past customer behaviour and also to anticipate the customer's wants and needs.

Banks are looking at customer relationship management (CRM) as a tool to help leverage the full potential of their channels as a backbone for building the 360° customer view and improving operational efficiency.

Review of Literature

Sarathi T.P et al (2014)[14], Customer Relationship Management Strategies for retail banking in india, Jasveen Kaur (2012)[10] CRM in Indian Banking, Hui-I Yao (June 2011)[9] Effectiveness of Customer Relationship Management on Customer Satisfaction in the Commercial Banks of Taiwan, Renavikar AtulAshwini& Joshi L Sharad (2011)[12],Conceptual Framework for E-CRM Project Deployment in Indian Banks, Chang, W. L., & Wu, Y. X. (2011)[6] A framework for CRM E-services: From customer value perspective, Shamsher Singh and Manmohan Rahul (2010)[13]Effectiveness of CRM in banking services with reference to ATM services in NCR Delhi ,Goldsmith, R. E. (2010)[8]The Goals of Customer Relationship Management ,Becker, J. U., Greve, G., & Albers, S. (2009)[4]The impact of technological and organizational implementation of CRM on customer acquisition, maintenance, and retention. Krasnikov et al (2009)[11] It is believed that CRM can play a vital role in developing marketing capabilities that lead to better organizational performance, Chantal Rootman, MadéleTait and Johan Bosch (May 2008)[5] Variables Influencing the Customer Relationship Management of banks, Avlonitis, G. J., & Panagopoulos, N. G. (2005)[2]Antecedents and consequences of CRM technology acceptance in the sales force.

However, the review reveals that effort has been made to analyse Customer Relationship Management in the banking sector, CRM Technology, Customer Satisfaction. Therefore, the present study focuses on customer relationship management and its impact of technology and its benefits towards selected public

3

sector banks in Coimbatore city. And also this made the analysis with the collection of information from employee's perspective of the public sector banks.

Importance of the Study

As economic globalization intensifies competition and creates a climate of constant change, winning and keeping customers has never been more important. Nowadays, Banks have realized that customer relationships are a very important factor for their success. Customer relationship management is a strategy that can help them to build long-lasting relationships with their customers and increase their revenues and profits. CRM in the banking sector is of greater importance. Customer relationship management is the strategic process of shaping the interactions between a bank and its customers with the goal of maximizing current and lifetime value of customers for the Bank as well as maximizing satisfaction for customers. This study is made from the point of view of employees regarding the impact of technology and its-benefits of Customer Relationship Management in the banking sector:

Statement of the Problem

Banking institutions today face many challenges including global competition for deposits, loans, and underwriting fees, increasing customer demands, shrinking profit marginsand the need to keep up with new technologies. Banks in India have succeeded in promoting new service to its customer. A greater focus on Customer Relationship Management (CRM) is the only way the banking industry can protect its market share and boost growth. CRM would also make Indian bankers realize that the purpose of their business is to "create and keep a customer" and to "view the entire business process as consisting of a tightly in-tegrated effort to discover, create, and satisfy customer needs."In this study the researcher has to find out the factors influencing CRM implementation in the selected public sector banks.

Research Methodology

Objective of the study to assess the opinion of the Bank Employees regarding the implementation of CRM technology and its benefits in their branches.

The present study is based on both primary as well as secondary data. The primary data are those data, which are collected from the employeesof Public sector banks in Coimbatore city. For that, a separate schedule was constructed and collected the opinion of the employees about the CRM in banking. The researcher collected the secondary data from the records of commercial banks, journals such as Indian Journal of Marketing, Indian Bankers Associations Bulletin, Banking studies and so on. The researcher is concerned with the study Factors influencing the technology and its benefits of CRM of selected Public sector banks in Coimbatore city. It covers the employees of public sector banks which is having more number of transactions like Canara Bank, Indian Bank, Indian Overseas Bank, Union Bank of India, Central Bank of India, Syndicate Bank, Corporation Bank in Coimbatore city only.

Hence, the researcher has selected Random sampling method in a systematic way to collect data from 150 respondents. Moreover, the researcher has chosen the respondents from selected Public sector banks in Coimbatore city.
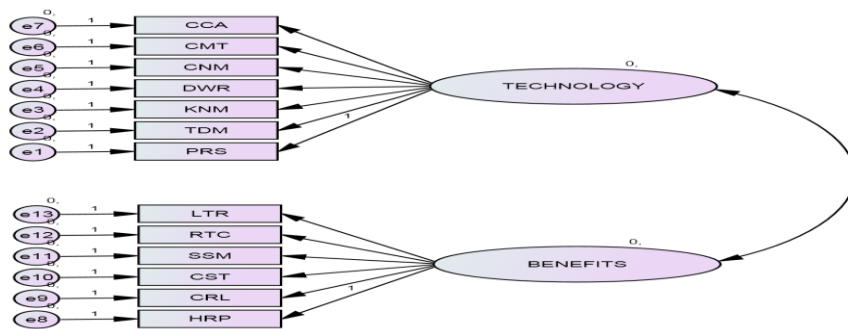
Statistical Design

The researcher has used the Structural Equation Model has been used for testing Hypothesis

Hypothesis of the Study

"**The following variables are positively correlated with the factors influencing The CRM technology and its benefits of selected public sector banks in Coimbatore city**".

EXHIBIT -1- Research Model Specification

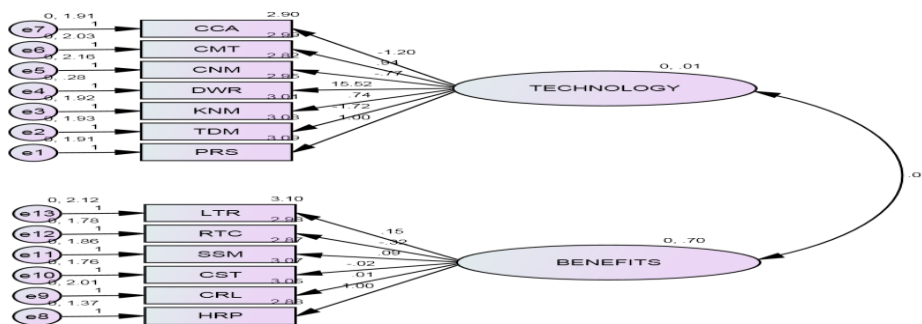**Source:** Data collected and computed through Questionnaire

TABLE NO-2

Variables specification measuring the factors influencing CRM Technology and its Benefits - a SEM Approach

Manifest and Latent Variables for Sem

| MANIFEST VARIABLES		LATENT VARIABLE
Call Center Automation	CCA	TECHNOLOGY
Campaign Management	CMT	
Contact Management	CNM	
Data Warehousing	DWR	
Knowledge Management	KNM	
Timely Decision Making	TDM	
Personalization	PRS	
Long Term Relationship	LTR	BENEFITS
Reduced Transaction cost	RTC	
Success & Survival in Market	SSM	
Customer Satisfaction	CST	
Customer Retention & Loyalty	CRL	
Higher Profitability	HRP	

Source : Data collected and computed through Questionnaire

EXHIBIT-2- Unstandardised Estimates

Source: Data collected and computed through Questionnaire

EXHIBIT-3-Standardised Estimates
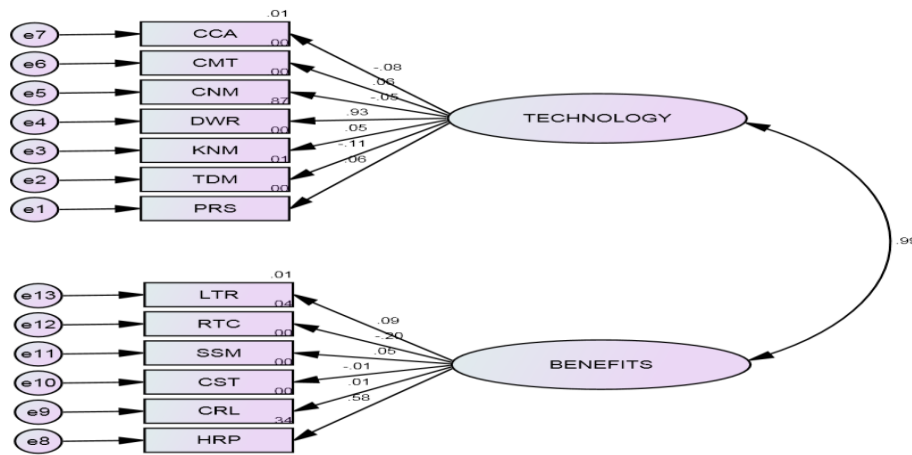
Source: Data collected and computed through Questionnaire

Testing Of Hypothesis – Standardised Estimates

The following table represents the results of the testing of the hypotheses for measuring the factors influencing CRM technology and its benefits of selected public sector banks in Coimbatore city.

TABLE No-3 - Testing Of Hypotheses – Standardised Estimates

Hypotheses		Hypothetical Relationship	Result
H_1: There is a positive impact of CCA and the CRM technology and its benefits of selected public sector banks in Coimbatore City.	CCA	Negative	Not Confirmed
H_2: There is a positive impact of CMT and the CRM technology and its benefits of selected public sector banks in Coimbatore City.	CMT	Positive	Confirmed
H_3: There is a positive impact of CNM and the CRM technology and its benefits of selected public sector banks in Coimbatore City.	CNM	Negative	Not Confirmed
H_4: There is a positive impact of DWR and the CRM technology and its benefits of selected public sector banks in Coimbatore City.	DWR	Positive	Confirmed
H_5: There is a positive impact of KNM and the CRM technology and its benefits of selected public sector banks in Coimbatore City.	KNM	Positive	Confirmed
H_6: There is a positive impact of TDM the CRM technology and its benefits of selected public sector banks in Coimbatore City.	TDM	Negative	Not Confirmed
H_7: There is a positive impact of PRS and the CRM technology and its benefits of selected public sector banks in Coimbatore City.	PRS	Positive	Confirmed
H_8: There is a positive impact of LTR and the CRM technology and its benefits of selected public sector banks in Coimbatore City.	LTR	Positive	Confirmed
H_9: There is a positive impact of RTC and the CRM technology and its benefits of selected public sector banks in Coimbatore City.	RTC	Negative	Not Confirmed
H_{10}: There is a positive impact of SSM and the CRM technology and its benefits of selected public sector banks in Coimbatore City.	SSM	Positive	Confirmed
H_{11}: There is a positive impact of CST and the CRM technology and its benefits of selected public sector banks in Coimbatore City.	CST	Negative	Not Confirmed
H_{12}: There is a positive impact of CRL and the CRM technology and its benefits of selected public sector banks in Coimbatore City.	CRL	Positive	Confirmed
H_{13}: There is a positive impact of HRP and the CRM technology and its benefits of selected public sector banks in Coimbatore City.	HRP	Positive	Confirmed

Chi-square = 11867, Degrees of freedom = 91, Probability level = .000

Source: Data collected and computed through Questionnaire

8

Discussion of the Result

From the path diagram, it is understood that the following measured variables Campaign Management, Data Warehousing, Knowledge management, Personalisation, Long term relationship, Success and survival in market, Customer retention and loyalty and Higher profitability are highly influenced with the latent variable of successful operation for analysing the CRM technology and its benefits of selected public sector banks in Coimbatore city and also have positive relationship with the significance at 1 percent and 5 percent level. And the other variables such as Call Centre Automation, Contact Management, Timely Decision Making, Reduced Transaction Cost and Customer Satisfaction have negative relationship within the operation and not significant at 1 percent and 5 percent level for analysing the CRM technology and its benefits of selected public sector banks in Coimbatore city.

From this analysis those banks have to concentrate those variables are Campaign Management, Data Warehousing, Knowledge Management, Personalisation, Long term relationship, Success and Survival in market, Customer retention and loyalty and Higher profitability.It is obvious that enhance and improve these benefits will have a positive impact on customer's satisfaction and retention. So satisfying the customers means increasing revenue and income for public sector banks.

Suggestions

➢ The customers are not aware of the term CRM; the bank should educate the customers about CRM.

➢ The banks may carry out its regular customer satisfaction audits to find the areas of discrepancies and try to improve customer perception.

➢ Proper training should be given to the bank personal regarding the behavioural patterns by the banks before they come and work in the field.

➢ It should be realised that customer relation cannot be built overnight. CRM should be considered as Continuous Relationship Management.

Conclusion

The findings reveal that technology was a facilitator for advancement in the core business of banking and not an end in itself. CRM information technology as significant capabilities to assist banks to create and manage close customer relationships and examine their effects on the banks marketing performance and their competitive advantages. In the height of banker's perception, it can be concluded that CRM is a strategy that is implemented by the banks in India for effective service delivery to their customers to achieve higher levels of customer satisfaction and strive for customer delight.

Reference

1. Adolf, R., S. Grant-Thompson, W. Harrington, and M. Singer (1997) "What Leading Banks are learning about Big Databases and Marketing", The McKinsey Quarterly, No. 3, pp.187-192.
2. Avlonitis, G. J., & Panagopoulos, N. G. (2005). Antecedents and consequences of CRM technology acceptance in the sales force. Industrial Marketing Management, 34, 355–368.

3. Alok Kumar RAI (2008). "Customer Relationship Management: Concepts & Cases"- PHI Learning Private limited, New Delhi.

4. Becker, J. U., Greve, G., & Albers, S. (2009). The impact of technological and organizational implementation of CRM on customer acquisition, maintenance, and retention. International Journal of Research in Marketing, 26, 207–215.

5. Chantal Rootman, MadéleTait and Johan Bosch (May 2008), "Variables Influencing the Customer Relationship Management of banks", Journal of Financial Services Marketing, vol 13, pp.52-62.

6. C.R Kothari (2004), "Research Methodology". New age international publication, New Delhi.

7. Customer Relationship Management –A step-by-step Approach-H peeru Mohamed and A Sagadevan - I-edition-vikas publishing House pvt ltd.

8. Goldsmith, R. E. (2010). The Goals of Customer Relationship Management. International Journal of Customer Relationship Marketing and Management (IJCRMM), 1, 16.

9. Hui-I Yao, Kok Wei Khong (June 2011), Effectiveness of Customer Relationship Management on Customer Satisfaction in the Commercial Banks of Taiwan, Contemporary Management Research, Vol. 7, No. 2, ,pp-105-116.

10. Jasveen Kaur (Jan-march 2012), CRM in Indian Banking, The Indian Journal of Commerce, Vol 65, No.1, pp-71-80.

11. Krasnikov, A., Jayachandran, S., & Kumar, V. (2009). The impact of customer relationship management implementation on cost and profit efficiencies: Evidence from the US commercial banking industry. Journal of Marketing, 73(6), 61-76.

12. RenavikarAtulAshwini& Joshi L Sharad (2011), "Conceptual Framework for E-CRM Project Deployment in Indian Banks", International Conference on Technology and Business Management March 28-30.

13. Shamsher Singh and Manmohan Rahul (April-June 2010) "Effectiveness of CRM in banking services with reference to ATM services in NCR Delhi", Asia-Pacific business Review, Vol 6, No.2, pp.141-149L

14. Sarathi T.P, Dr. Subrahmanyam. S. E. V. & Dr. T. Narayana reddy (2014), Customer Relationship Management Strategies for retail banking in india, International Journal Of Research In Commerce & Management,Volume no. 5, Issue no. 05

15. Sugandhi, R.K. (2002), "Customer Relationship Management", New age International Publishers, New Delhi: