

# Developing Relationship Marketing in the Banks through the Implementation of CRM

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## Abstract:

**T**oday Customer relationship management is one of the hot topics in marketing and information systems. It is a business strategy that provides the enterprises a complete view of customer data base. It links people, process, and technology to optimize the enterprises revenue and profit by providing maximum customer satisfactions. Banking being a service oriented industry; must fully understand the customer needs and requirement for good customer services for the benefit of customers and the banks. The aims of CRM are to satisfy, retain, and create repurchase intention and loyalty to the customers on the services offered by the banks. There are several technology factors such as trust (reliability, functionality), security and privacy (data security and privacy), behavior of the employees influence performance of the banks & help in developing the good relationship with their customer. Present study attempts to make a discussion on the development of relationship marketing in the banks through the implementation of CRM.

**Keyword:** Customer Relationship Management (CRM)

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## I. INTRODUCTION

Recently, consumers' needs and purchase patterns have changed dramatically. To meet various needs, companies tend to adopt differentiated and customer-oriented marketing strategies to gain the competitive advantage. Customer Relationship Management (CRM) is one specific example, adopted to create and manage relationships with customers more effectively through the detailed and accurate analysis of consumer data using various information technologies (Anderson Consulting, 1998; Buttle, 1996; Gefen and Ridings, 2002; Ngai, 2005). Improved relationships with consumers can lead to greater customer loyalty, retention, and profitability. Companies that successfully implement CRM will reap the rewards in customer loyalty and long run profitability. However, successful implementation is elusive to many companies, mostly because they do not understand that CRM requires company-wide, cross-functional, customer focused business process re-engineering. Although a large portion of CRM is technology, viewing CRM as a technology-only solution is likely to fail. Managing a successful CRM implementation requires an integrated and balanced approach to technology, process, and people. According to Swift (2001), CRM is "an enterprise approach to understanding and influencing customer behaviour through meaningful communications in order to improve customer acquisition, customer retention, customer loyalty, and customer profitability." According to Wang et al., (2004), customer relationship management performance refers to the success of the firms in retaining the customer, which result repurchase decision and word of mouth among the customer towards the services offered to them. Besides a tremendous amount of confusion regarding its domain and meaning, periodic assessment of results in customer relationship management is needed to evaluate if the programs are meeting expectations and if it is sustainable in the long run (Parvatiyar and Sheth, 2001).

### **Factors responsible for evolution of the concept of CRM**

The marvelous growth of interest and investments in CRM across the globe can be attributed to the growth of CRM:

- **Shorter product life cycle:** Brands generally have a shorter life span than the product category to which they belong. Advent of new technology may lead to new product and consequently to the emergence of new brands. Thus as there are many brands for the same product in the market, need arise to satisfy the customer to the highest extent and thus need arise to manage a very good relationship with customers.
- **Rapid new product offering:** Firms nowadays introduce products using the latest technology. Some products offered are new to the market, new to the world or new to the firm. As new products are being introduced, CRM will help firms manufacture new products according to the need and expectations of the customer.
- **Growth of demanding:** The overall demand is increasing in today's world. But also the customers are demanding many benefits from a particular product, e.g., for a face cream customer look for a good quality, good fragrance, good packaging, fairness, economical and not harmful for skin and money back guarantee – Amway.
- **Competitive market pressures:** There is a stiff competition in the market. Take any product for, e.g., soap there will be more than 70 brands of soaps in the market. In this crowded market if competitors makes a good relationship with the customer and you don't, then you may lose the game. Thus a good relationship is to be developed by firms with their customers with the help of CRM.

## II. OBJECTIVES OF THE STUDY

1. To know the opinion of employees about adequacy of services provided by banks to their customers and suggestions to improve services.
2. To know about the any grievance redressal machinery adopted by banks to satisfy the customer.
3. To know the effect of relationships on the profitability of banks.

### RESEARCH METHODOLOGY

Since present study is “Development of Relationship Marketing in the Banks through the Implementation of CRM”so it is decided that units of sample considered are employees of public & private banks i.e.(PNB, SBI, HDFC and ICICI ). These banks are selected according to the highest number of bank branches. Study is exploratory cum descriptive & Non-Probability sampling technique was used. For the present study there are 25 public sector banks having 1401 branches and 11 private sector banks having 138 branches in Haryana. 15 employees were selected out of 500 employees of public bank and 250 employees from private bank i.e. 135 employees were surveyed using questionnaires for employees . All the samples were selected from Rohtak, Kurushetra and Karnal region.

#### Data collection:

To meet the objectives of present study, Primary and secondary data are collected for the present study. Primary data has been collected through the well-structured questionnaire. The main respondents targeted were customers and employees of selected banks. Secondary data have been collected through different records and accounts of the concerned banks, various publications and journals of banks.

#### Data Processing and Analysis:

To analyze the questionnaire, in the present study, the responses of respondents have been given in all the tables in the term of both the numbers and percentages. In the present study for the purpose of analysis data various statistical techniques has been used i.e. comparative statement, common-size statement, co-efficient of variation, mean scoring & chi-square test.

#### Limitation of the Study

Keeping in view the limited time and resources at the disposal of the present researcher and on account of very busy schedule of the respondents and secondly certain respondents were reluctant in providing information due to shortage of time because of their busy and fast going modern life.

Finally, the study covers the problems of customers residing in Haryana; some different type of problem may also arise in other states of the country.

## III. ANALYSIS & INTERPRETATION

Bank marketing deals with providing services to satisfy customer’s financial needs and wants. The main role in providing services to the customers is played by the counter clerks who are termed as real marketing men in banks. At the branch level, the branch manager and counter clerks themselves are the marketing persons. In the present study an attempt has been made to know the responses of employees of banks.

### Attitude of Bank Employees towards Investment for CRM

Today the every business and companies used different types of electronic equipment’s to get their work easy and faster. In the case of banks, they also used various electronic tools to simplify and quickly perform their work. It is the need of bank to maintain their customer, giving the promptness of services and update their equipment time to time.

During the survey an attempt has been made to know that does bank feel investment in various electronic tools essential for bank to maintain the customers. Data are tabulated in this regard given below:

Table 1.1 Attitude of bank employees for investment in various electronic tools

Investment in various tools	Public Bank			Private Bank			Grand Total
	PNB	SBI	Total	HDFC	ICICI	Total	
<b>Yes</b>	68	25	93 (88.5)	12	14	26 (86.6)	119 (88.1)
<b>No</b>	7	5	12 (11.4)	3	1	4 (13.3)	16 (11.8)
<b>Total</b>	75	30	105	15	15	30	135

(1) Primary data collected through questionnaire.

(2) The figures in parenthesis show percentage to total in the respective category.

Table 1.1 shows the employees views regarding investment in various electronic tools. 88.1% of total employees (**88.5% of public and 86% of private banks**) wanted that bank should increase the infrastructure. They said that it is essential for bank goodwill. This has greatly benefited the whole bank. Use of technology by banks has

increased the speed and accuracy in transactions better communication and co-ordination It is concluded that investment in various electronic tools is necessary for maintaining the good CRM.

**SERVICES PROVIDED BY BANKS & EFFORTS TO PERSUADE CUSTOMERS**

For attracting the potential and existing customers, banks give different types of services to their customers like agency services, payment of subscriptions, insurance premium, collection of cheques etc. public utility services, safe deposit lockers, transactions in foreign exchange, credit cards, money transfer, collection of credit information etc. and modern services, mobile banking, Internet services, demat facility, ATM etc.

During survey an attempt has been made to know that how the banks persuade the existing and potential customers. Data's are tabulated in table:

Table 1.2 Efforts to Persuade the Existing Customer

Statistical Measures	Public Bank			Private Bank			Grand Total
	PNB	SBI	Total	HDFC	ICICI	Total	
Yes	73	27	100 (95)	15	15	30 (100)	130 (96.2)
No	2	3	5 (5)	-	-	-	5 (4)
<b>Total</b>	75	30	105	15	15	30	135

**Source:** (1) Primary data collected through questionnaire.  
 (2) The figures in parenthesis show percentage to total in the respective category.

Table 1.2 shows that banks are trying to persuade their potential / existing customers 96.2% respondents (employees) replied 'yes' (**95% of public and 100% of private banks**). Banks who seeks the customers in 'yes' further there is a question asked from them that what they are doing to attract the potential and existing customers. The responses of these are shown in the next table 1.3

**Methods to Attract Customers**

It is true that 96.5% number of employees of the bank have been trying their level best to persuade the customers. They used different methods to persuade the customers. Table 1.3 contains data for this fact.

Table 1.3 Methods adopted by banks to persuade the customer

Statistical Measures	Public Banks						Private Banks						Grand Total	
	PNB		SBI		Total		HDFC		ICICI		Total		Yes	No
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No		
<b>Give agency</b>	64	10	27	3	91 (34.2)	13 (27)	15	-	13	2	28 (31.8)	2 (10)	119 (33.6)	15 (28.5)
<b>Public utility</b>	61	14	24	6	85 (32)	20 (41.6)	15	-	15	-	30 (34)	-	115 (32.4)	20 (40)
<b>Modern service</b>	64	11	26	4	90 (33.8)	15 (31.25)	15	-	15	-	30 (34)	-	120 (33)	15 (31.6)
<b>Total</b>	189	35	77	13	266	48	45	-	43	2	88	2	354	50

Note: Agency Services includes: Payment of subscription, insurance-premiums, collection of cheques etc.  
 Public utility services include: Safe deposit locker, issue of drafts, payments of challans, money transfer, collection of credit etc.  
 Modern service include: Mobile banking, Internet banking, ATMs, Phone banking etc.

Table 1.3 shows that bank employees view for attracting potential / existing customers. 20% of total employees said that they are providing public utility services (**32% in public bank employees, 34% of private bank**) whereas agency and modern services are providing by the banks are same in total i.e.%. Further the bank wise categorization **33.8% of public banks and 34% of private bank** employees said that they are providing modern services to their customers.

**OPINION OF EMPLOYEES ABOUT ADEQUACY OF BANKING SERVICES**

The marketing of services in Indian banks is required to be integrated with operation. A branch manager and counter clerks themselves are the marketing persons. So while introducing any new services it is necessary to consult these persons about the appropriateness of introducing any new services because they are the real judges to ascertain the requirements of customers.

During survey employees were asked to give their opinions about the adequacy of banking services being provided at present to their customers. The responses gathered have been tabulated as below:

Table 1.4 Adequacy of Services Provided by Bank

Services	Public Bank			Private Bank			Grand Total
	PNB	SBI	Total	HDFC	ICICI	Total	
Adequate	32	6	38 (36)	7	8	15 (50)	53 (39.2)
Moderate	27	8	35 (33.3)	7	6	13 (43.3)	48 (35.5)
Not adequate	16	16	32 (30.4)	1	1	2 (6.6)	34 (25.18)
<b>Total</b>	75	30	105	15	15	30	135

**Source:** (1) Primary data collected through questionnaire.

(2) The figures in parenthesis show percentage to total in the respective category.

Table 1.4 shows the attitude of bank employees regarding the services they are providing to their customers. It is chalked out from this table that 39.2% of total respondents (**36% of public and 50% of private**) think that these services are adequate while 48% of total (**33.3% of public and 43.3% of private bank**) opinion that these services are moderate and 25.18% respondent said that the services are not adequate still there is a scope of increasing them.

By comparing the both banks it is concluded that the services provided by banks are moderate and there is a chance to provide better service to customers according to their expectation and make good CRM with them.

### **CUSTOMER GRIEVANCE**

Receiving customer complaints, listening to the grievances patiently and solving the problem are one of the important areas of customer service. For this a separate mechanism is provided by banks such as customer grievance cells' in individual bank and ombudsman at each state. Customer is free to contact the grievance cells in banks to make complaints, about the service, problem etc. Banks will immediately attend such grievances and settle the issues. During survey employees were asked to define is there redressal machinery to satisfy the needs. The responses gathered in this regard are tabulated below:

Table 2.1 Grievance Redressal Machinery to satisfy the Customers

Statistical Measures	Public Bank			Private Bank			Grand Total
	PNB	SBI	Total	HDFC	ICICI	Total	
Yes	47	19	66 (62.85)	11	11	22 (73.3)	88 (65.18)
No	28	11	39 (37.14)	4	4	8 (26.6)	47 (34.8)
Total	72	30	105	15	15	30	135

**Note:** The figure in parenthesis shows percentage to total in the respective category.

Analysis of the table 2.1 shows that 65.18% of total employees replied 'yes' (**62.85 % of public and 73.3% of private banks**) that customer's problems are redressed and they should be satisfied to the maximum possible extent, to retain by the bankers. Further there is question asked how the grievances are handled. The responses gathered in this regard are tabulated below:

Table 2.2 How the Grievance are Handled

	Public Bank			Private Bank			Grand Total
	PNB	SBI	Total	HDFC	ICICI	Total	
Through phones & Internet	15	3	18 (27.27)	2	2	4 (18.1)	22 (25)
Personally	14	7	21 (31.8)	3	2	5 (22.7)	26 (29.5)
Both	18	9	27 (40.9)	6	7	13 (59.09)	40 (45.4)
Total	47	19	66	11	11	22	88

**Note:** The figure in parenthesis shows percentage to total in the respective category .

From the table no. 2.2 exhibits that 45.4% of total respondents replied that they use both the method to redress the problem (**40.9% of public banks and 59.09% of private banks**) whereas 29.5% of total respondents replied that they

personally redress the problem to extent of customer satisfaction and 31.87% of public and 22.7% of private banks respectively.

It finds that bank used both methods personally and phones to redress the customer problems because today customers are more discerning and have very low tolerance regarding poor service. That's why once good service is extended, a loyal customer will work as an ambassador to the bank and facilitate growth of business.

#### IV. CONCLUSIONS

Employees' satisfaction refers to satisfaction of worker in performing whatever work is given to him or the successful completion of their work. In today's banking scenario, banking is done with the use of various services. The employees' satisfaction from these comes from the smooth functioning (connectivity etc.) of these, easiness in use, which save their time in execution of their devices.

In regard to satisfaction level, it was found that employees show an overall positive satisfaction level towards banking services which they provide to their customers but it is suggested that in public banks it required to make improvements in quality of services offered by banks. It is suggested that bank employee should have the knowledge of various schemes and services. They should be in a position to understand the customers' requirements and recommend appropriate schemes. Thus, the employee should take on a marketing role by suggesting schemes to customers and discuss different possibilities with them.

**Employees views regarding investment** in various electronic tools. 88.1% of total employees (**88.5% of public and 86% of private banks**) wanted that bank should increase the infrastructure. They said that it is essential for bank goodwill. This has greatly benefited the whole bank.

Regarding the adequacy of banking services 39.2% of total respondents (**36% of public and 50% of private**) think that these services are adequate while 48% of total (**33.3% of public and 43.3% of private bank**) opinion that these services are moderate and 25.18% respondent said that the services are not adequate still there is a scope of increasing them.

Furthermore, the customer's requirements are getting more and more sophisticated. Today's customers want personalized care and attention. Besides, there still remain large rural area customers untouched by the banking services and the government is visualizing a more dynamic and purposeful role for the public sector banks in attaining the socio-economic objectives.

There is a need to response and enlarge the package of rural banking and urban banking offered in tune with the changing customers preferences. The standardized sets of products and services offered by the banks are, therefore, no longer sufficient to meet the diverse needs of the customers. Thus, Banks faced with a situation where continuous innovations in products and services have been called for. In order to make these products more oriented towards customer's needs, attitudes and their perceptions and preferences need to be continuously monitored and incorporated into the product / service features.

#### *Quantum of Efforts*

In this regard the study found that banks have made a lot of efforts for maintaining relationship with the customers. Banks provide the new-new services to their customers. The bank has opened the customers care department as its head office, websites to satisfy the customers, appointment of specific person in banks. The bank has facilitated the grievance-redressal machinery to handle the customer problems.

Enquiry counter is a necessary facility for the convenience of the customers. Banks should provide a separate counter in each branch and the person at the enquiry counter should be especially motivated and trained to be polite and helpful to the customers. The staff at this counter should in particular be asked to provide all the necessary assistance particularly to new account holders. 'MAY I HELP YOU' counter should to give guidance and assistance to the customers.

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