



CUSTOMERS PERCEPTION TOWARDS CRM PRACTICES ADOPTED BY PUBLIC SECTOR BANKS IN E-BANKING ERA

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ABSTRACT

The CRM practices are adopted to generate better understanding of the customers for product development, segmentation, appropriate targeting, campaign management and maintenance of long term profitable and mutually beneficial relationships with customers. A very small proportion of its potential has been utilized. Today's banking is known as Innovative banking. Driven by new technologies, changing customer preferences, and increased competition, banks have taken to heavy investments in new distribution channels like advance automated teller machines, telephone systems, and online banking, etc. The research work is an empirical study intended to explore the technological revolution that the commercial banks witnessed and how far it has benefited banks to build better customer relationship management (CRM) services of public sector banks.

Key words: Customer relationship management, E-Banking.

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1. INTRODUCTION

Customer Relationship Management (CRM) is a term that refers to practices, strategies and technologies that companies use to manage and analyse customer interactions and data throughout the customer lifecycle, with the goal of improving business relationships with customers, assisting in customer retention and driving sales growth (Gopinath, 2020a). CRM systems are designed to compile information on customers across different channels or points

of contact between the customer and the company which could include the company's website, telephone, live chat, direct mail, marketing materials and social media. Customer Relationship Management in banking is a key element that allows a bank to develop its customer and sales capacity (Gopinath, 2020b). Retaining customers is a major concern for banking institutions which shows the importance of CRM practices. In the present time CRM activities are done by the banks to develop strategy, growth, profitability and competitiveness of bank. Better CRM activities help to know the perception of the customers and proper development of product. As competition increased the focus on CRM also increased to maintain the present customers and to attract the new customers with the help of CRM activities (Gopinath, 2020c). Adopting CRM practices is useful to get better understanding of the customer needs and for proper product development. It also helps in effective segmentation, targeting, positioning, complaints management, maintaining long-term profitable and mutually beneficial relationships with customers. In the present financial market environment CRM is the most essential factor as well as strategy for success, growth, profitability and competitiveness of banks, especially Public Sector Banks, because of cut-throat competition, technological advancement and changing customers' perception and preferences (Gopinath, 2020d). According the Sam Walton, "There is only one boss. He is the customer; he can fire everybody in the company from the chairman down the line, simply by putting somewhere else". It was the growing realization of these paradigm shifts that led banks to veer towards CRM which believes that.

- When you lose a customer, you lose his life time value.
- Satisfied customer is the best advertisement for a product.
- A 5% increase in customer loyalty will result in profit increase of more than 25%.
- A satisfied customer brings in 100 potential new customers whereas one dissatisfied customer prevents 1000 potential new customer.

2. METHODOLOGY OF STUDY

This is a conceptual paper based on previous theoretical and empirical studies. The data is secondary in nature. We explored the review of literature and proposed a conceptual model to further conduct empirical studies.

3. REVIEW OF LITERATURE

ClacsFornel (1992) the study pinpoints out that Sweden become the first country to establish a national economic indicator to reflect customer satisfaction, the extent to which the business firms were able to satisfy their customer, indicating its general health and prospect for the future. The results indicated that in industries selling homogenous products to a homogenous market typically had higher customer Satisfaction Parameter (CSP) than other industries (Gopinath, 2020e). The result further suggested that customers in Sweden are satisfied with many of their products and services. Hence companies to be competitive in the world markets should invest in productivity as well as ensure quality of what is produced. Such quality should be measured by evaluating how quality affects customer's satisfaction. Farrance (1993) the study found that demand-side changes, stimulated by higher levels of consumer awareness and sophistication, have been combining with supply-side changes, mainly induced by legislation, to create a difficult climate for banks. They find themselves competitively disadvantaged, particularly in cost terms, against the building societies (Gopinath, 2020f). The article also explains the difference in the way in which consumers perceive banks and what they expect from banks and suggests that relationship banking may offer a way forward but this requires a better understanding of marketing, organizational flexibility and a clear customer focus. Deepali Singh (2001) The aim of the study was to examine the status of relationship marketing in India and elicit the techniques to maintain relationship with customers through information

technology and thereby to make a shift from discrete transaction to enduring relationship. The findings revealed that the development of information technology and opening up of the digital market enabled the marketers to provide customized products / services and thereby develop value based long lasting customer relationships. The only strategy that was perceived to make sense in the emerging marketing environment was that the marketers should learn and practice customer relationship management. Chang, Y. (2003) His study examined behavior of firms (banks) and consumers (banks customers) in the event of a new technology (internet banking) introduction. The determinates of consumer adoption of internet banking are characterized using survey data from Korea in both static and dynamic frame work. It finds evidence that adoption of internet banking is influenced by, sex, age, marital status, degree of exposure to internet banking, and the characteristics of the banks. A duration analysis shows no evidence of first mover advantage (order effects) in internet whilst the largest bank (rank effects) in commercial banking remains dominant in internet banking. The results imply that social norm effects dominate the internet banking adoption.

4. SCOPE OF THE STUDY

The present study highlights utilisation of the E-banking services offered by the Public Sector Banks by the sample respondents. It also highlights the customers' perception towards CRM practices and their satisfaction level towards CRM practices offered by public sector banks.

5. OBJECTIVES OF THE STUDY

- To study the progress and development in the banking industry regarding CRM practices in public sector banks.
- To measure the perception level of the customer about the CRM practices in public sector banks.

6. BENEFITS OF USING CRM IN BANKING INDUSTRY

Certainly a benefit for each company is to achieve better economic results thanks to achieving higher value from every interaction with a customer. Competition is very sharp in current market. Companies must take care of a customer in every area of their specialization by using various communication channels. Customer expects perfect services whether he calls a help line, asks a dealer, browses a web site or personally visits a store. It is necessary to assure him in a feeling that he communicates with the same company whatever form of communication, time or place he chooses.

According to Matusinska the basic advantages and benefits of CRM are these:

- Satisfied customer does not consider leaving
- Product development can be defined according to current customer needs
- The ability to sell more products
- Optimization of communication costs
- Proper selection of marketing tools (communication)
- Trouble-free run of business processes
- Greater number of individual contacts with customers
- More time for customer

7. CUSTOMER PERCEPTION ON E-BANKING ON BANKING SYSTEM

The banking system is slowly shifting from the Traditional Banking towards relationship banking. Traditionally the relationship between the bank and its customers has been on a one tone level via the branch network. This was put into operation with clearing and decision making responsibilities concentrated at the individual branch level. The head office had responsibility for the overall clearing network, the size of the branch network and the training of staff in the branch network (Gopinath, 2019a). The bank monitored the organization's performance and set the decision making parameters, but the information available to both branch staff and their customers was limited to one geographical location.

8. IMPACT OF E-BANKING ON BANKING SYSTEM ON THE CUSTOMER

- Anywhere Banking no matter wherever the customer is in the world. Balance enquiry, request for services, issuing instructions etc., from anywhere in the world is possible.
- Anytime Banking – Managing funds in real time and most importantly, 24 hours a day, 7days a week. Convenience acts as a tremendous psychological benefit all the time.
- Brings down “Cost of Banking” to the customer over a period a period of time.
- Cash withdrawal from any branch / ATM
- On-line purchase of goods and services including online payment for the same.

9. SUMMARY AND CONCLUSION

CRM is the establishment, development, maintenance and optimization of long term mutually valuable relationships between customers and organization. Successful CRM 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 strategies, people, and technology and business process (Gopinath, 2020g). The study observed that Public Sector Banks operating in India, CRM is a buzz word and newly introduced concept. The Public sector bank faces certain practical difficulties in implementation and adhering effective CRM practices. It is suggested to the Public sector banks to strive hard to attract and retain existing and new customers by adoption of innovation and development in differentiating their products and services in comparison to private sector banks. To ensure the proper functioning customer relationship management concept and for successfully implementation in banking sector, following requirements should be adopted

Bankers have to make possible effects to understand their customers’ perception and expectation of services /facilities to be rendered by them.

Banks should realise the CRM is a combination of technology and human being, thus, their employees have to be positively motivated for effective adoption of CRM practices.

In the study conclude that customer relationship management is one of the biggest challenges for the Indian banking sector especially for the public sector banking sector, because the customer satisfaction level in public sector banks are not satisfactory as compared to private sector banks (Gopinath, 2019b).

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