



CUSTOMERS SATISFACTION TOWARDS CRM PRACTICES ADHERED BY PUBLIC SECTOR BANKS IN E-BANKING ERA

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ABSTRACT

In a country, banking sector serves as the foundation on which the pillars of economic growth and development can be constructed. With the major reforms in banking sector, the scenario of bank market has been changed. Target market of banking sector has become highly competitive, dynamic and fragmented. Hence, there is a need for a shift from the transactional marketing strategy to relationship-based marketing strategy in all the banks. The current study attempts to conduct a study of deployment of CRM Practices Adopted by Public Sector Banks in E-Banking Era specific to an Indian Public sector bank, The research objective involves describing how the selected bank is deploying the CRM Best Practices toward building relationships with their customers.

Key words: Customer Satisfaction, Customer Relationship Management-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 good business relationships with customers, assisting in customer retention and improving 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 etc. Today, many businesses such as banks, insurance companies and other service providers realize the importance of Customer Relationship Management (CRM) and its potential to help them acquire new customers retain existing ones and maximize their lifetime value (Gopinath, 2019a). At this point, close relationship with customers will require a strong coordination between IT and marketing departments to provide a long-term retention of selected customers. Customers have more power in deciding their bank of choice. Consequently, keeping existing customers, as well as attracting new ones, is a critical concern for banks. Customer satisfaction is an important variable in evaluation and control in a bank marketing management (Gopinath, 2020b). Poor customer satisfaction will lead to a decline in customer loyalty and given the extended offerings from the competitors, customers can easily switch banks. Banks need to leverage effectively on their customer relationships and make better use of customer information across the institution.

2. STATEMENT OF THE PROBLEM

Today, customers want to have a better quality of lifestyle and they are buying against future cash flows. The opening of new career options has fuelled the aspirations, backed by the rise in salary. Emergent middle-class population, changing demographic pattern and emerging psychological shift would be key drivers of growth (Gopinath, 2020c). This response of the customers has created an enormous business opportunity for the banks and they have responded promptly with the new products, quick and efficient service and new delivery channel of banking. The banking sector in India is growing rapidly and helps to improve the economic development of a nation. The success of banking in the fast-changing economic scenario generally depends on the people, customers and technology. The ultimate performance of a bank depends upon the satisfaction of its customers (Gopinath, 2019b). In order to boost their economic lines banks are increasingly looking at ways of achieving organic growth through acquisition of new customers and retaining existing customers. All these can now be possible with the effective adoption of CRM in this sector.

3. OBJECTIVES OF THE STUDY

- To measure the customers level of satisfaction towards CRM Practices adhered by the banks.
- To understand the role of technology in services enhancing of Public Sector Banks through CRM practices.

4. 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.

5. REVIEW OF LITERATURE

Galbreath and Rogers (1999) the study found that Customer relationship management, or CRM, is a new management concept - a new approach - to managing customers. CRM is about the management of technology, processes, information resources, and people needed to create an environment that allows a business to take a 360-degree view of its customers. CRM environments, by nature, are complex and require organizational change and a new way of thinking about customers - and about a business in general. Creating such an environment requires more than adequate management of the customer relationship or new technologies. He suggested that CRM environments improve business performance; initiatives undertaken in this new management field require sound leadership as well. CRM is a recommended approach to

bridge the gap between a CRM vision and its reality. Parimal Vyas (2000) the study attempted at studying empirically customers' satisfaction with the services provided by different banks and also analyzed the responses of customers towards the actual time taken by banks to complete the banking transaction. The finding of the study revealed that nationalized banks and co-operative banks need to improve on reducing the overall time taken to complete banking transactions. Comparatively, the private and foreign banks took much less time for completing their transaction (Gopinath, 2020d). Nationalized and co-operative banks need to increase the use of information technology and CRM to deliver standardized customer-specific banking service to its targeted customers. 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 study 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 (Gopinath & Shibu, 2013). 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. Arvinthan and Prithwiraj (2003) the study found the role of trust encompasses the exchanges and interactions of are tail bank with its customers on various dimensions of online banking. Specifically lays stress on the bank-to-customer exchanges taking place through the technological interface. Hypothesizes shared value, communication and opportunistic behaviour as antecedents to trust. Trust and commitment also have a causal relationship. Proposes and empirically tests five hypotheses with a sample of 510 Internet users of various profiles in India. Develops a structural equation model (Lisrel) and establishes all hypotheses. Observes that shared value is most critical to developing trust as well as relationship commitment. Communication has a moderate influence on trust, while opportunistic behaviour has significant negative effect. Also finds higher perceived trust to enhance significantly customers 'commitment in online banking transaction. An important contribution concerns how trust is developed and sustained over different levels of customer relationship in online banking. The future commitment of the customers to online banking depends on perceived trust. Anbuoli, P. (2013) in her study found out that The lack of understanding on Customer Relationship Management (CRM) is always a concern among the service providers especially banks. Banks have their own way of managing their relationships with the customers. However, the perception of customers on CRM practices among banks should also be taken in to consideration (Gopinath, 2020e). CRM activity attend the needs of customers without delay in time, the banks can create more awareness to customers and can create a customer data base very significantly. Bhat and Darzi (2016) study found that four CRM dimensions have a positive effect on customer loyalty and competitive advantage of the bank. The study commented that among the CRM dimensions, customer knowledge is most influential of all the dimensions. Munaiah and Mohan (2017) study found that the most of the female respondents were satisfied with CRM practices of public sector banks compare to male respondents in Kadapa district. The study established that there prevails significant association between gender, occupational of respondents and overall attitude of customers towards CRM practices of selected public sector banks. Based on the knowledge gathered from the extensive literature review, the study gained a motivation for the conduct of this study. This study aims to analyse the customer's satisfaction towards CRM Practices of Public Sector Banks in E-banking era.

6. IMPORTANCE OF CUSTOMER RELATIONSHIP MANAGEMENT

Customer Relationship Management in banking is a key element that allows a bank to develop its customer and sales capacity. 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 needs 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. 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 (Gopinath, 2020f). 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' needs and preferences.

7. IMPACT OF 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. 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. ADOPTION OF CRM TECHNOLOGY IN BANKING SYSTEM

Information Technology revolution had a great impact in the Indian banking sector. The use of computers software had led to introduction of online banking system in India. The use of the modern innovation and computerization of the banking industry in India has improved after economic liberalization in the year 1991 as the country's banking sector has been exposed to the world's market. The Indian banks were finding it difficult to compete with the international banking standards in terms of customer service to provide convenience without the use of the information technology and computer system and software. Reserve Bank of India in the year 1984 formed Committee on Mechanism in the Banking sector whose chairman was Dr C Rangarajan, Deputy Governor, Reserve Bank of India. The major recommendations of the committee were implementing MICR Technology in all the banks in the metropolis in India. It provided us standardized cheque forms and encoding and decoding system. In the year 1994, the Reserve Bank of India set up Committee on Computerization in Banks was headed by Dr. C.R. Rangarajan which emphasized that the settlement operation must be computerized in the clearing houses of Reserve Bank of India in Bhubaneswar, Guwahati, Jaipur, Patna and Thiruvananthapuram. It further stated that there should be National Clearing of inter-city cheques at Kolkata, Mumbai, Delhi, Chennai and MICR should be made Operational. It also focused on computerization of banking services in all branches and increasing connectivity among branches through computers. It also suggested implementing on-line banking facilities. The committee submitted reports in the year 1989 and computerization of all branches started from the year 1993 with settlement between IBA and bank employees' association. In the year 1994, Committee on Technology Issues relating to Payments System, Cheque Clearing and Securities Settlement in the Banking sector was set up with chairman Shri.WS Saraf, Executive Director, Reserve Bank of India. It emphasized on Electronic Funds Transfer (EFT) system, with the internet communication network as its carrier. It also said that MICR clearing should be set up in all banks with more than 100 branches.

9. CONCLUSION

Today, Banks operations in India, especially Public Sector Banks are admits that they have to face twin challenges of meeting customers' satisfaction and ever changing technological innovations (Gopinath, 2020g). To overcome these issues CRM acts as the best tool. This study provides a step in understanding the existing CRM Practices in Public Sector Banks from the E-banking perspective. To achieve the customer requirement and to survive in the competition, the banks need to deliver best quality service. The banks have to upgrade and constantly think of new innovative customized packages and services to remain competitive

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