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CUSTOMER RELATIONSHIP MANAGEMENT IN BANKING SECTOR –A STUDY WITH REFERENCE TO MYSORE DISTRICT

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ABSTRACT

To attract customers, retain them and further expand the business through them is a big challenge for the banks. To retain customers, the banks must have a stronger focus on measuring and managing individual customer relationship. In today's increasingly complex environment, customer relationship management is critical to corporate success. To be successful, a bank must fulfill the customer – banker relationship throughout the customer life cycle. This is to ensure that their customers as well as the bank receive the benefits expected. Totally, 341, commercial banks branches (both public-275 and private-66) are functioning in Mysore District. Out of which, six bank branches are selected for conduct the survey from 500 customers (250 respondents each from public and private sector banks). The respondents are selected by using stratified random sampling method Chi-square, Standard deviation. Is used to analyse the total attitude score of a respondent is obtained by adding up scores of all the 40 statements. The level of attitude has been classified into three categories namely low level, medium level and high level attitude for analytical purposes.

KEYWORDS :CRM- Customer Relationship Management, HDFC- Housing Development Finance Corporation, CV-calculated value, TV-table value.

INTRODUCTION

Customer relationship is the heart of business success, and then Customer Relationship Management is the valve that pumps a company's life blood. As such Customer Relationship

Management is best suited to help businesses people, processes and technology to gain insight into the behavior and value of customers. This insight allows for improved customers service, increased call center efficiency, added cross-sell and up sell opportunities, improved close rates, streamlined sales and marketing process, improved customer profiling and targeting, reduced costs, and increased share of customer and overall profitability.

CUSTOMER RELATIONSHIP MANAGEMENT IS A COMPLETE SYSTEM THAT
➤ Provides means and methods to enhance the experience of the individual customers so that they will remain loyal.
➤ Provides technical and functional tools for customer identification, capturing and retention.

REVIEW OF LITERATURE:
Sharma. R. K and Alagu pandian. V (2012) in their articled entitled, "Customers attitude towards ATM services of bank in Rajapalayam" has showed that ATM helps the people to take money whenever needed by them and also during emergency conditions. It is also concluded that the people of Rajapalyam expect more ATM centre in all parts of the town rendering 24 hours services and with the facility of getting money in all denominations.

Duygu KOÇOĞLU and Sevcan KIRMACI (2012) In their article explains the customers satisfaction. For the banks to be successful in the intensively competitive environment, they are bound to attach importance to customer satisfaction. The purpose of the present study is to reveal the relationship between the banks' customer relationship management and the customer loyalty. The study has been conducted on a sample group of 350 staff employed in all the branches in Denizli of T.C. Ziraat Bankasi, the leading public bank of the banking sector. It has been concluded in the study that customer relationship management affects customer loyalty in the banking sector.

Nadeem. S. N and Ramachandra. K (2009) In their article "Customer Relationship Management in Banking", Customers are very essential for the banking business and only through the specialized services the retaining and attracting the current and potential customers is possible. The effective customer relationship management policy can be viewed in banks like ABN, AMBRO, MAHINDRA, HDFC, HSBC, SBC, and ICICI is effective. The banks, both public and private have transformed themselves into profit-organizations besides playing a developmental role in the economy.

STATEMENT OF THE PROBLEM
A customer is a core component in the banking business. The business of banking cannot function without customers, nor can the business be done by acquiring a certain number of customers. Most business institution thrive move on keeping old customers happy rather than on getting new customers. In order to retain customer, bank must work harder on managing individual customer's relationship. Bank must think how the challenges in front of the banks to provide world class financial services to the clients by using technology, cross selling, reducing costs, increasing profits, maintaining capital adequacy ratio and to compete with other banks to increase cliental base taking into account all risks involved viz credit risk, market risk, interest rate risk, operational risk, reputation risk etc. The emerging banking scenario is highly competitive so the effective Customer Relationship Management helps to meet the multiple challenges of the banks, and there by providing superior experience to customer gaining long term loyalty and finally it earning more revenues. In this concern, has selected the title on Customer Relationship Management in Banking Sector – A Study with reference to Mysore

District

OBJECTIVES OF THE STUDY:
- To examine the relationship between socio economic profile of the respondents
- To study their level of opinion towards customers relationship management.

METHODOLOGY

The study is based on both primary and secondary data. The primary data collected from 500 customers from the selected six banks in Mysore District. Among the six banks, three banks from public sector i.e., State Bank of Mysore, Canara Bank, Syndicate bank and remaining three banks from private sector i.e., HDFC, Karnataka bank and ICICI bank. Sample selection of the customers was 250 each from public and private sector banks in stratified random sampling techniques. The data were collected in the bank premises at working hours of bank. The primary data were collected by personal interview method with a well-designed pre-tested interview schedule. Secondary source of data has been collected from the records of banks, books, journals, annual reports and web sites.

SAMPLE DESIGN

Totally, 341, commercial banks branches (both public-275 and private-66) are functioning in Mysore District. Out of which, six bank branches are selected for conduct the survey from 500 customers (250 respondents each from public and private sector banks). The respondents are selected by using stratified random sampling method.

ANALYTICAL FRAMEWORK

The level of attitude has been determined by the score values calculated for 40 statements which associated with CRM by adopting scaling technique, viz., Likert Type Scale. The responses observed for each statement in the schedule have been scored. To secure the total attitude score for the respondent five points are given for 'Strongly Agree', four points for 'Agree', three points are given for 'No opinion', two points for 'Disagree' and one point for 'Strongly Disagree' responses. Thus, the total attitude score of a respondent is obtained by adding up scores of all the 40 statements. The level of attitude has been classified into three categories namely low level, medium level and high level attitude for analytical purposes.

For computing Chi-square test, the following formula has been used.

where, O = Observed frequency, E = Expected frequency, c = Number of columns in a contingency table and r = Number of rows in a contingency table. The calculated value of Chi-square is measured with the table value of Chi-square for given level of significance usually at 5 per cent level. If at the stated level, the calculated value (C.V.) is less than the table value (T.V.), the null hypothesis is accepted and otherwise it is rejected.

LEVEL OF ATTITUDE OF THE RESPONDENTS TOWARDS CRM

The level of attitude of the respondents towards CRM is obtained by using 40 statements which indicate the propaganda about Customer Relationship Management. Respondent Table exhibits the level of attitude of the public and private sector bank employees towards Customer Relationship management.

RESPONDENTS TABLE

LEVEL OF ATTITUDE TOWARDS CRM

Level	Public Sector Banks		Private Sector Banks	
	No. of Respondents	Percentage	No. of Respondents	Percentage
High	144	57.6	76	30.4
Medium	87	34.8	134	53.6
Low	19	7.6	40	16
Total	**250**	**100**	**250**	**100**

Source: Primary data

Graph 1: Level of Attitude towards CRM

Out of 250 Public sector bank employees, 144 (57.6per cent) have high level attitude, 87 (34.8per cent) have medium level attitude and 19 (7.6per cent) have low level attitude towards customer relationship management.

Out of 250 private sector bank employees, 134 (53.6per cent) have medium level attitude, 76 (30.4per cent) have high level attitude and 40 (16per cent) have low level attitude towards customer relationship management.

SOCIO ECONOMIC PROFILE OF THE RESPONDENTS AND THEIR LEVEL OF ATTITUDE TOWARDS CRM

The attitude of the human being towards any subject differs from one person to another and from time to time. The attitude of the people towards Customer Relationship Management is not an exceptional one. The life style of the customer determines their attitude towards Customer Relationship Management. Hence, an effort has been taken to analyse the socio economic profile of the respondents and their level of attitude towards Customer Relationship Management.

AGE AND LEVEL OF ATTITUDE:

TABLE -1
AGE AND LEVEL OF ATTITUDE: CHI-SQUARE TEST

Particulars	Public Sector Bank	Private Sector Bank
Calculated value	2.326	6.069
Table value at 5 per cent level	10.488	10.488
Degrees of freedom	4	4
Inference	Not Significant	Not Significant

Source: Calculated data

It is clearly evident from Table 1 that in the case of public sector banks, the calculated value (2.326) is less than the table value (.10.488). Hence, the null hypothesis is accepted. Therefore, it could be inferred that the age does not influence the attitudes of the respondents.

In the case of private sector bank also the calculated value (6.069) is less than the table value (10.488) and hence the null hypothesis is accepted. Therefore, it could be inferred that age does not influence the attitudes of the respondents.

SEX AND LEVEL OF ATTITUDE

TABLE -2
SEX AND LEVEL OF ATTITUDE: CHI-SQUARE TEST

Particulars	Public Sector Bank	Private Sector Bank
Calculated value	1.472	0.789
Table value at 5 per cent level	5.991	5.991
Degrees of freedom	2	2
Inference	Not Significant	Not Significant

Source: Calculated data

It has been inferred from Table 2 that in both the banks that is public sector and private sector, the calculated value is less than the table value. Hence, the null hypothesis is accepted. Therefore, it

could be inferred that sex does not influence the attitude of respondents.

MARITAL STATUS AND LEVEL OF ATTITUDE

TABLE-3
MARITAL STATUS AND LEVEL OF ATTITUDE:CHI-SQUARE TEST

Particulars	Public Sector Banks	Private Sector Banks
Calculated value	0.471	1.307
Table value at 5 per cent level	5.991	5.991
Degrees of freedom	2	2
Inference	Not Significant	Not Significant

Source: Calculated data

It has been observed from Table 3 that in both public sector and private sector banks, the calculated Chi-square value is less than the table value at 5 percent level, show the null hypothesis is accepted. Hence, there does not exist any relationship between marital status and level of attitude of sample respondents.

EDUCATIONAL QUALIFICATION AND LEVEL OF ATTITUDE

TABLE-4
QUALIFICATION AND LEVEL OF ATTITUDE:CHI-SQUARE TEST

Particulars	Public Sector Banks	Private Sector Banks
Calculated value	24.295	8.498
Table value at 5 per cent level	13.691	13.691
Degrees of freedom	6	6
Inference	Significant	Not Significant

Source: Calculated data

It is clearly evident from Table 4 that, in the case of public sector bank, the calculated Chi-square test value is more than the table value. Therefore, the null hypothesis does not hold good. Hence, it could be inferred that the educational qualification influence on the attitude of the respondents.

In the case of private sector banks, the calculated Chi-square test value is less than the table value. Therefore, the null hypothesis holds good. Hence, it could be inferred that the educational qualification does not influences the attitude of the respondents.

OCCUPATION AND LEVEL OF ATTITUDE

TABLE -5
OCCUPATION AND LEVEL OF ATTITUDE:CHI-SQUARE TEST

Particulars	Public Sector Banks	Private Sector Banks
Calculated value	16.216	9.212
Table value at 5 per cent level	13.691	13.691
Degrees of freedom	6	6
Inference	Significant	Not Significant

Source: Calculated data

It is clearly evident from Table 5 that in the case of public sector bank, the calculated Chi-Square value is greater than the table value at 5 per cent level. Hence, the null hypothesis is rejected. Therefore, it could be inferred that there exists relationship between occupation and level of attitude of the respondents.

In the case of private sector bank, the calculated Chi-Square value is less than the table value at 5 per cent level. Hence, the null hypothesis is accepted. Therefore, it could be inferred that there does not exist any relationship between occupation and level of attitude of the respondents.

Family Size and Level of Attitude

TABLE -6
FAMILY SIZE AND LEVEL OF ATTITUDE:CHI-SQUARE TEST

Particulars	Public Sector Banks	Private Sector Banks
Calculated value	3.738	2.452
Table value at 5 per cent level	10.488	10.488
Degrees of freedom	4	4
Inference	Not Significant	Not Significant

Source: Calculated data

Table 6 shows that in the case of both public and private sector banks, the calculated chi-square value is less than the table value at 5 per cent level. Hence, the established null hypothesis is accepted. There exists no significant relationship between the family size and level of attitude of the respondents.

Chi-Square Test of Monthly Income and Level Of Attitude

TABLE-7
MONTHLY INCOME OF RESPONDENTS AND LEVEL OF ATTITUDE

Particulars	Public Sector Bank	Private Sector Bank
Calculated value	20.710	24.993
Table value at 5 per cent level	13.691	13.691
Degrees of freedom	6	6
Inference	Significant	Significant

Source: Calculated data

Table 7 reveals that in both public sector and private sector banks, the calculated value of Chi-square is greater than the table values. It implies that the null hypothesis is rejected. Hence, it could be inferred that there exists relationship between monthly income and level of attitude.
Residential Area and Level of Attitude

TABLE-8
RESIDENTIAL AREA AND LEVEL OF ATTITUDE:CHI-SQUARE TEST

Particulars	Public Sector Banks	Private Sector Banks
Calculated value	10.019	0.594
Table value at 5 per cent level	10.488	10.488
Degrees of freedom	4	4
Inference	Not Significant	Not Significant

Source: Calculated data

Table 8 shows that in both public sector and private sector banks the calculated value of Chi-square is less than the table value. Hence, the null hypothesis is accepted. It could be concluded that there does not exist any relationship between residential area and level of attitude.

TYPE OF ACCOUNTS AND LEVEL OF ATTITUDE

TABLE-9
TYPE OF ACCOUNTS AND LEVEL OF ATTITUDE CHI-SQUARE TEST

Particulars	Public Sector Bank	Private Sector Bank
Calculated value	5.818	9.957
Table value at 5 per cent level	13.691	13.691
Degrees of freedom	6	6
Inference	Not Significant	Not Significant

Source: Calculated data

Table 9 shows that in the case of public sector banks, the calculated value is less than the table value. Hence, the null hypothesis is accepted. Therefore, it could be inferred that the type of account

does not influence the attitude of the respondents.

In the case of private sector banks, the calculated value is less than the table value. Hence, the null hypothesis is accepted. Therefore, it could be concluded that the type of account does not influence the attitude of the respondents.

CONCLUSIONS OF FINDINGS

In this article, nine socio economic variables such as age, sex, education, occupation, marital status, family size, monthly income, residential area and types of accounts are analysed by using Chi square test with level of attitude towards Customer Relationship Management. In case of public sector bank employees, education, occupation and monthly income influence the level of attitude of the respondents towards Customer Relationship Management. In case of private sector Bank employees, the socio economic variable monthly income only influences the level of attitude of the respondents towards Customer Relationship Management.

Out of 250 Public sector bank employees, 144 (57.6%) have high level attitude towards customer relationship management,Out of 250 private sector bank employees, 134 (53.6%) have medium level attitude towards customer relationship management.

Public Sector Bank Customers: Out of 250 public sector bank customers, 144 (57.60%) come under the age group of 40-60 years,164 (65.70%) are male,187 (74.80%) respondents are married,92 (36.80%) respondents finished their education upto UG level,94 (37.60) are engaged in business,134 (53.60) have 3-5 members in their family,97 (38.80) have earned Rs. 5,000 – Rs. 10,000 per month,160 (64.00) are residing at town,110 (44.00) have Savings bank accounts

Private sector bank customers: Out of 250 private sector bank customers,126 (50.4%) are in the age group of 40-60 years,141 (56.40%) are male,151 (60.40%) respondents are married,74 (29.60%) respondents finished their education up to PG level,70 (28.00) are professionals,131 (52.40) have 3-5 members in their family,70 (28.00) have earned Rs. 5,000 – Rs. 10,000 per month,149 (59.60) are residing at town,109 (43.6%) have Savings bank accounts

RECOMMENDATIONS

1. Quick transaction of business as a powerful strategy for successful banking and creating customer satisfaction. Therefore, this strategy should be implemented by all banks.

2. Taking advantage of computerization and technological up gradation in banks need to develop customer information system at branches, so as to know the customer better and understand his needs accurately.

3. Human resource development standards should be maintained in recruitment and selection of personnel at all levels, so that the banks can maintain good service culture.

4. Banks should realize that the customers are the 'focus points' and the management of the bank should instruct the staff members to do service effectively.

5. There are a number of innovative services in banks, but people do not utilize all the schemes. Hence the bankers should take steps to create awareness on such schemes among the customers.

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