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A Study on Customer Relationship Management Practices In New Generation Banks In Madurai District

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ABSTRACT

Customer relationship management practices are vital and it is a holistic move that assists banks to be more customers focused and implement relational and retention strategies in order to hold customer base for their better financial performance and service efficiency. This study reveals that significant difference exits among demographic features of customers and customer relationship management practices in new generation banks. Customer relationship management practices in new generation banks are highly, significantly and positively correlated with retention of customers. Thus, new generation banks should communicate customers regularly and effectively and they must ensure safety of transactions of customers. In addition, new generation banks should improve efficiency of complaint handling mechanism for their customers and they must provide superior services to their customers as expected by them.

Keywords: Customers, Customer Relationship Management Practices, New Generation Banks

1. INTRODUCTION

Customer Relationship Management (CRM) is an orientation of relation, and value creation for customers by management process and practices and retaining customers and its purpose is to generate satisfaction amongst customers and it will lead to loyalty among customers by providing personalized services to all segments of customers (Croteau and Li, 2003). Customer Relationship Management (CRM) is an efficient business strategy of organizations to make and manage valuable relations with them (Adenbajo, 2003).

Customer relationship management practices are innovative means to make a customer base in order to handle market competitiveness in all business activities (Rosenberg, 2004). It is important for all organizations to realize significance of customer relationship management practices accurately and execute preciously in order to meet requirements of customers and then by enhancing their services and satisfaction and retention of customers intact with organizations (Gupta, 2011). Specifically, banking operations are highly customer oriented, thus, banks are adopting various customer relationship management practices in order to understand needs and wants of customers through better services (Sopna and Saravanan, 2015).

The entrance of new private sector banks increases competitiveness and service delivery of banking sector in India and banks are forced to recognize importance of generating and managing best relation with their customers in long run. Customer relationship management practices are vital and it is a holistic move that assists banks to be more customers focused and implement relational and retention strategies in order to hold customer base for their better financial performance and service efficiency (Thirumoorthi and Manjula, 2015). Presently, new private sector banks are problems of retaining existing and attracting new customers and to tackle these two issues, customer relationship management practices are highly essential for them(Rathod, 2012). Thus, it is necessary to study CRM practices in new generation banks in Madurai district.

2. REVIEW OF LITERATURE

Deng et al (2010) found that customer relationship management practices were positively influencing relation, satisfaction, service delivery and loyalty of customers towards banks.

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Rouholamini and Venkatesh (2011) concluded that customer relationship management practices were important marketing and service strategies of banking sector and they were significantly improving relation with customers and their loyalty.

Kocoglu and Kirmaci (2012) revealed that customer relationship management practices were highly important for operations of banks and they were positively influencing importance of bank and loyalty of customers towards banks.

Putney and Putney (2013) indicated that customer relationship management practices were important aspects of banking sector and they were significantly influencing satisfaction and creating and maintaining relationship with customers in long run in order to attain objectives of banking sector.

Patwa and Patwa (2014) showed that private sector banks had higher customer relationship management practices as compared to public sector banks. At the same time customer relationship management practices were positively influencing performance and retention of customers in both type of banks.

Venkatraman et al (2015) found that more than half of customers felt that customer relationship management practices were good and they were positively associated satisfaction and retention of customers for banks.

Jisha and Karpagam (2016) concluded that customer relationship management practices were playing a significant role in efficiency of banking operations and they were significantly influencing satisfaction and retention of customers in banking sector.

Munaiah and Mohan (2017) revealed that customer relationship management practices were positively related with interaction with customers, services strategies and retention of customers in banking sector.

Jadhav (2018) indicated that customer relationship management practices were highly related with business strategies of banks and made their customers more satisfied and loyal to them and they improved performance of banking operation of all kinds of banks.

Munyoro and Nyereyemhuka (2019) showed that customer relationship management practices were significantly affecting performance of banks, relation, satisfaction and retention of customers.

3. OBJECTIVES OF THE STUDY

1. To study customer relationship management practices in new generation banks.

2. To scrutinize difference among demographic features of customers and customer relationship management practices in new generation banks.

3. To investigate relation among customer relationship management practices and retention of customers in new generation banks.

4. METHODOLOGY

The present study is carried in Madurai district and customers of new generation banks are selected by employing random sampling method and data are gathered from 300 customers through questionnaire method for the present study. Percentage analysis is done to examine demographic features of customers and mean and standard deviation are used to study customer relationship management practices in new generation banks. ANOVA and t-tests are applied to scrutinize difference among demographic features of customers and customer relationship management practices in new generation banks. Simple correlation analysis is employed to investigate relation among customer relationship management practices and retention of customers in new generation banks.

5. RESULTS

5.1. DEMOGRAPHIC FEATURES OF CUSTOMERS OF NEW GENERATION BANKS

The demographic features of customers of new generation banks are shown in Table-1. Male customers (55.33 per cent) are higher as compared to female customers and maximum number of customers (32.67 per cent) in age range of 36 to 45 years. Highest number of customers is undergraduates (39.00 per cent) and

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largest quantum of customers receive Rs.30,001 to Rs.40,000 as their monthly income (32.33 per cent) and more number of customers are married (74.67 per cent).

Table-1: Demographic Features of Customers of New Generation Banks

Demographic Features	Number of Customers	Percentage
Gender		
Male	166	55.33
Female	134	44.67
Age in Years		
Below 25	61	20.33
26 to 35	86	28.67
36 to 45	98	32.67
Above 45	55	18.33
Education		
Higher Secondary	48	16.00
Diploma	54	18.00
Under Graduation	117	39.00
Post Graduation	81	27.00
Monthly Income		
Less than Rs.30,000	59	19.67
Rs.30,001 to Rs.40,000	97	32.33
Rs.40,001 to Rs.50,000	88	29.33
More than Rs.50,000	56	18.67
Marital Status		
Married	224	74.67
Unmarried	76	25.33

5.2. CRM PRACTICES IN NEW GENERATION BANKS

The CRM practices in new generation banks are shown in Table-2.

Table-2: CRM Practices in New Generation Banks

CRM Practices	Mean	Standard Deviation
Personalized services	3.92	0.78
Innovative products and services	3.99	0.72
Easy to use website	3.86	0.92
Adoption of modern technologies	3.89	0.86
Effective and regular communication	3.30	1.12
Value added services	3.94	0.74
Safe transactions in all times	3.39	1.05
Good privacy policy	3.82	0.97
Well Organized Feed back system	3.84	0.95
Efficient Complaint handling mechanism	3.37	1.08

The customers of new generation banks are agreed with personalized services, innovative products and services, easy to use website, adoption of modern technologies, value added services, good privacy policy and well organized feed back system, but, they are unsure with effective and regular communication, safe transactions in all times and efficient complaint handling mechanism.

5.3. DEMOGRAPHIC FEATURES OF CUSTOMERS AND CRM PRACTICES IN NEW GENERATION BANKS

The relation among demographic features of customers and CRM practices in new generation banks is shown below as:

5.3.1. GENDER AND CRM PRACTICES

The relation among gender of customers and CRM practices in new generation banks is shown in Table-3.

Table-3: Gender and CRM Practices

Gender	N	Mean	Standard Deviation	t-Value	Sig.
Male	166	33.23	3.49	4.545**	.000
Female	134	32.99	4.02		

** Significant at 1% level

Mean value of customer relationship management practices in new generation banks for male customers (33.23) is higher than female customers (32.99) that indicate male customers opine customer relationship management practices in new generation banks are higher as compared to male customers.

The t-value of 4.545 is significant demonstrating that significant difference exits among gender of customers and CRM practices in new generation banks.

5.3.2. AGE AND CRM PRACTICES

The relation among age of customers and CRM practices in new generation banks is shown in Table-4.

Table-4: Age and CRM Practices

Age	N	Mean	Standard Deviation	F-Value	Sig.
Below 25	61	32.98	3.76	6.180**	.000
26 to 35	86	33.31	3.90		
36 to 45	98	32.97	3.50		
Above 45	55	33.25	3.89		

** Significant at 1% level

Mean value of customer relationship management practices in new generation banks for customers of age of below 25, 26 to 35, 36 to 45 and above 45 are 32.98, 33.31, 32.97 and 33.25 respectively that indicates customers of age of 26 to 35 opine customer relationship management practices in new generation banks are higher as compared to other age groups.

The F-value of 6.180 is significant demonstrating that significant difference exits among age of customers and CRM practices in new generation banks.

5.3.3. EDUCATION AND CRM PRACTICES

The relation among education of customers and CRM practices in new generation banks is shown in Table-5.

Table-5: Education and CRM Practices

Education	N	Mean	Standard Deviation	F-Value	Sig.
Higher Secondary	48	35.04	3.22	6.316**	.000
Diploma	54	32.24	3.81		
Under Graduation	117	33.17	3.75		
Post Graduation	81	32.51	3.57		

** Significant at 1% level

Mean value of customer relationship management practices in new generation banks for customers with higher secondary, diploma, under graduation and post graduation are 35.04, 32.24, 33.17 and 32.51 respectively that indicates customers with higher secondary opine customer relationship management practices in new generation banks are higher as compared to other educational groups.

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The F-value of 6.316 is significant demonstrating that significant difference exits among education of customers and CRM practices in new generation banks.

5.3.4. MONTHLY INCOME AND CRM PRACTICES

The relation among monthly income of customers and CRM practices in new generation banks is shown in Table-6.

Table-6: Monthly Income and CRM Practices

Monthly Income	N	Mean	Standard Deviation	F-Value	Sig.
Less than Rs.30,000	59	32.83	4.51	6.562^{**}	.000
Rs.30,001 to Rs.40,000	97	33.30	3.44		
Rs.40,001 to Rs.50,000	88	32.86	3.49		
More than Rs.50,000	56	33.54	3.71		

** Significant at 1% level

Mean value of customer relationship management practices in new generation banks for customers receive monthly income of less than Rs.30,000, Rs.30,001 to Rs.40,000, Rs.40,001 to Rs.50,000 and more than Rs.50,000 are 32.83, 33.30, 32.86 and 33.54 respectively that indicates customers receive monthly income of more than Rs.50,000 opine customer relationship management practices in new generation banks are higher as compared to other income groups.

The F-value of 6.562 is significant demonstrating that significant difference exits among monthly income of customers and CRM practices in new generation banks.

5.3.5. MARITAL STATUS AND CRM PRACTICES

The relation among marital status of customers and CRM practices in new generation banks is shown in Table-7.

Table-6: Monthly Income and CRM Practices

Marital Status	N	Mean	Standard Deviation	t-Value	Sig.
Married	224	32.89	3.65	4.826^{**}	.000
Unmarried	76	33.80	3.91		

** Significant at 1% level

Mean value of customer relationship management practices in new generation banks for unmarried customers (33.80) is higher than married customers (32.89) that indicate unmarried customers opine customer relationship management practices in new generation banks are higher as compared to married customers.

The t-value of 4.826 is significant demonstrating that significant difference exits among marital status of customers and CRM practices in new generation banks.

5.4. RELATION AMONG CRM PRACTICES AND RETENTION OF CUSTOMERS IN NEW GENERATION BANKS

The relation among CRM practices and retention of customers in new generation banks was examined by applying simple correlation analysis and the results are shown in Table-8.

Table-8: Relation among CRM Practices and Retention of Customers in New Generation Banks

Particulars	Correlation Co-efficient
CRM Practices and Retention of Customers in New Generation Banks	0.67^{**}

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** *Significance in 1% level*

The correlation coefficient among CRM practices and retention of customers in new generation banks is 0.67 and it is showing that they are positively and highly related.

6. CONCLUSION

The above results reveal that significant difference exits among demographic features of customers and customer relationship management practices in new generation banks. Customer relationship management practices in new generation banks are highly, significantly and positively correlated with retention of customers. Thus, new generation banks should communicate customers regularly and effectively and they must ensure safety of transactions of customers. In addition, new generation banks should improve efficiency of complaint handling mechanism for their customers and they must provide superior services to their customers as expected by them.

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