Crm in Public Sector and Private Sector Banks in Kerala

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ABSTRACT: *The Service Sector has emerged as the key sector of the Indian economy. Service Sector growth rate in Indian Gross Domestic Product (GDP) has been rapid in the last few years. The service sector contributes the most to the Indian GDP. Factors like immense competition and technological advancement are equally responsible for an increased contribution from this sector. In the post reforms era, there has been a sea change in the financial sector. In such a scenario, the services have grown rapidly and the customer has more often been a purchaser of services rather than just a product. Thus, services have a significant role to play in the development of an economy. One of the key services that is not only the backbone of the sector but also of the economy as a whole is the financial service, more specifically banking. This is because banking is a catalyst and life blood of modern trade and commerce. It is an integral part of all business and social activities. The increased role of banking in India's economic development on the one hand and the changes in the business climate on the other hand has put increased pressure on them. These changes have compelled the banks to reorganise and reorient themselves so as to cope up with the present conditions. Intense competition prevailing in the banking industry has redefined the concept of the entire banking system. This has compelled the banks to try out new ways not only to attract the customers but also to retain them. The banks are deploying highly sophisticated technological and innovative services to gain supremacy. As a result, numerous measures have been incorporated by the banks for marketing of their products and services, of which a prominent one is Customer Relationship Management. . The present study makes an attempt in analysing the Customer Relationship Management in banks and comparing the CRM between public and private sector banks in Kerala.*
KEY WORDS: *Customer Relationship Management, Relationship Marketing, CRM Implementation, Public Sector Banks, Private Sector Banks, Service Sector.*

I.   INTRODUCTION:

CRM is a comprehensive approach which provides seamless integration of every area of business that touches the customer, namely, marketing, sales, customer service and integration of people, process and technology. Customer relationship is something beyond business, as it envisages emotional and personal bond between the organisations and the customers.CRM in banks, therefore, is emerging as a strategic tool in the pursuit of business growth by deploying competitive edge and excellence. It has been proven by various researchers that the cost of attracting new customers can be as high as six times to that of retaining the existing ones. Therefore, it becomes imperative for the banks to follow such measures, which in turn, will help them build close and long-term structural relationship with the customers to meet their individual needs. Hence, banks must serve customers with superior services that will add to the economic value of the organisations. Every business organisation, today, must emphasise on serving the customer better when compared to their competitors. The basic proposition of the CRM as a strategy is backed by satisfying the customers as well as competing with similar endeavours. Ultimately, CRM leads to a paradigm shift in the focus of the banks from conventional transactional marketing to relationship marketing.

Significance of the Study

The success of a banking organisation lies in its efficient and effective management of customer relationship and Customer Relationship Management is a vital factor to improve the performance of banks. Once good service is extended to a customer, the loyal customer will work as an ambassador of the bank and facilitate growth of the business. According to Philip Kotler the marketing techniques of banks affect the performance of banks and the quality of products and services is the dynamic factor for customer satisfaction.

The forces of deregulation, privatisation, globalisation and advancing technology have greatly increased the competitive pressure in the banking industry. The process of globalisation and the move towards global standards have changed the perception of customer service, and the banking endeavour to serve the customer better has resulted in innovative banking services and products. Banks are looking for more and more interaction with customers to build longer customer relationship. But for an improved and in-depth

understanding of customers' wants and needs, a fully integrated customer management system, along with complete transparency, is required. In the emerging market scenario, for survival and growth, it is critical for a bank to align its vision, mission, goals and objectives with customers satisfaction.. It is in these contexts a study has been conducted to analyse the Customer Relationship Management in banks. The study also envisages the comparison of CRM implementation between public sector and private sector banks in Kerala.

Objectives of the Study
The objectives of the study are:
To analyse the level of implementation of CRM in banks in Kerala.
To study and compare CRM implementation among the banks in Kerala.
To compare CRM implementation between the Public sector and Private sector banks in Kerala.

Hypotheses of the Study
The following hypotheses were formulated and appropriate tools were used for testing the hypotheses:
$H0_1$: There is no significant difference in the implementation of CRM among the banks.
$H0_2$: There is no significant difference in the implementation of CRM between the Public and Private Sector Banks.

1.6 Methodology of the Study
The methodological aspects of the study are narrated under the following heads.

1.6.1 Sources of Data and Method of Collection
The study is descriptive in nature and is mainly based on primary data. Primary data was collected from the customers of public and private sector banks by using a well structured questionnaire. The study made use of certain secondary data also, which was collected from magazines, journals, and the publication of RBI, books, reports, internet source and some other published and unpublished sources.

1.6.2 Sampling Technique
A Stratified Random Sampling Technique was used for the selection of sample respondents of both public and private sector banks in Kerala. At the outset, considering the area of entity, the whole state of Kerala is divided into three strata, namely, northern, central and southern regions. One district from each region was selected by using simple random sampling to represent the region. For the purpose of the study, six banks – SBI, PNB and Canara banks from the public sector and HDFC, ICICI and Axis banks from the private sector have been considered. 90 customers were selected from each bank by using simple random sampling method.

II. RESULT AND INTERPRETATION:
The first objective of the study is to analyse the extent of the implementation of CRM in banks. For this purpose the mean percentage score of the CRM implementation is calculated (68.24%) which indicates that the level of CRM implementation in banks in banks is good or medium. The CV indicates that the score is not stable as the value is more than 20%. To verify whether the level CRM implementation in banks is good or it is excellent, Z test is used and the hypothesis is that the mean score of the CRM implementation is excellent (75 percent of maximum possible score of 220 that is 132) against the alternative hypothesis is that the mean score of the CRM implementation is not excellent. The result is shown in Table below:

Mean, Standard deviation and Z value of CRM Implementation in Banks

Variable	N	Mean	SD	Mean % score	CV	Z	p value
CRM implementation	540	150.14	16.79	68.24	24.61	-20.572	0.001

Source: Primary Data

Tale reveals that the mean score of CRM implementation is 150.14 with a SD of 16.79, while the maximum score of the CRM implementation is 220 (mean percentage score is 62.84). It further reveals that the calculated value of Z is -20.572 and P value is 0.001. As calculated Value of P is less than 0.05, null hypothesis is rejected and it is concluded that the level of CRM implementation in banks is good. It indicated that the level of CRM implementation in banks only at medium level.

Bank wise Implementation of CRM
One of the objective of the study is to compare the CRM implementation among the banks in Kerala. For this, One-way ANOVA is applied and the result is exhibited in Table. .Here, the selected banks include (a) SBI, (b) Canara bank; (c) PNB (d) HDFC (e) Axis and (f) ICICI Bank. Following hypothesis is framed for analysing the same.

HO_2: There is no significant difference in the CRM implementation among the banks.

Mean, Standard deviation and F value of Implementation of CRM- Bank Wise

Variable	Bank	N	Mean	Standard deviation	F	p value
	SBI	90	148.58	11.45		
	Canara Bank	90	132.80	12.79		
CRM implementation	PNB	90	141.26	10.86	119.585	0.001
	HDFC	90	171.02	11.35		
	Axis	90	148.57	12.30		
	ICICI	90	158.59	10.62		

Source: Primary Data

Table shows the bank wise customers perception of the level of implementation of CRM in banks. It shows that the mean score of the CRM implementation is high in HDFC Bank (171.02), followed by ICICI Bank (158.59) with a standard deviation of 11.35 and 10.62 respectively. The mean score of SBI is 148.58, Axis Bank is 148.57 and PNB is 141.26 with a SD of 11.45, 12.30 and 10.86 respectively and the least mean score is for Canara bank, which is 132.80 with a SD of 12.79.

The result of the ANOVA test as depicted in Table 4.114 also reveals that the P value is less than 0.05. Hence, the null hypothesis is rejected at 5% level of significance. Therefore, it can be concluded that there exists significant difference in the level CRM implementation among the banks.

Bank Type Wise Implementation of CRM

Another objective of the study is to compare the level of CRM implementation between the public and private sector banks in Kerala. To compare the mean scores of variables for two different groups, that is, public and private sector banks, Z test is used, and the result is shown in Table 4.116. The following hypothesis is framed in this regard.

HO_3: There is no significant difference in the CRM implementation between public and private sector banks.

Table Showing
Mean, Standard deviation and Z value of Implementation of CRM - Type of Bank Wise

Variable	Type of bank	N	Mean	Standard deviation	Z	p value
CRM implementation	Public	270	140.88	13.35	-15.348	0.001
	Private	270	159.39	14.65		

Source: Primary Data

Table reveals that the mean score of private sector bank is higher (159.39 with a SD of 14.65) than public sector bank, in which the mean score is 140.88 with a SD of 13.35. The result also shows that significant difference exists between public and private sector banks for implementation of CRM since the P value is less than 0.05. So, the null hypothesis is rejected at 5% level of significance. Therefore, it can be concluded that there exists significant difference in the level of CRM implementation between public and private sector banks.

III. CONCLUSION:

The banking sector in the present scenario has emerged as the sun rise sector in an economy. The significance of it is further emphasised by the increase in the number of troupe in the sector. The severe competition customary among the public and private sector banks has led them to taking all the appropriate steps to do well. Therefore, they must strategise their business approach and plans in such an effective way that they can maintain themselves in a profitable manner for a longer period of time. The present study on customer relationship management in banks in Kerala concludes that CRM implementation in private sector banks is better than in public sector banks. This indicates that, private sector banks have been more innovative in understanding their customers and in building up good relation with them. However, the in-depth analysis

reveals that among the public sector banks conflict handling evaluation has influenced highly the implementation of CRM in banks, whereas, in case of private sector banks value, trust, commitment, communication and service strategies and practices evaluations have influenced highly.

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