

## CUSTOMER RELATIONSHIP MANAGEMENT OF BANKS IN KERALA

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Arathi.P.S\*

### ABSTRACT

*Customer relationship management is the way to increase value to customers and profitability of banks ,it is the strategy to retain in all types of customers and to increase customer loyalty .A satisfied customer will bring 100 more customers in ten years,it costs 5 times more to attract a new customer than to serve an old one royal customers. It bring 80% revenue to the bank and loyalty of customers is increased.CRM is a business approach that embraces IT instruments in order to maximize the customer relationship. Banks now realized that the only way to increase their market share and to exist viable is to give more attention to customer relationship management with the help of IT related instruments such as ATM, EFT, credit cards and internet banking etc in kerala. Selection of a bank by a customer is influenced by factors like accessibility, service diversification, transaction speed, modern equipments, personal attention, service charge, interest rate and transparency in dealings are provided by banks.*

**Keywords:** *Customer Relationship Management, Instruments, Banks, Customers, Satisfaction, Business, Loyalty.*

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### Introduction

Customer relationship management is the establishment, development, maintenance and optimization of long term mutually valuable relationships between consumers and the organizations. Successful customer relationship management 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 organization's strategy, people, technology and business processes. At the heart of a perfect CRM strategy is the creation of mutual value for all the parties involved in the business process. It is about creating a sustainable competitive advantage by being the best at understanding, communicating and delivering, and developing existing customer relationships in addition to creating and keeping new customers. Implementing customer relationship management can be a costly undertaking organizations spend a lot of money, scrutinizing vendors, buying the right CRM software, hiring consultant and training employees etc. Today customers have more power in deciding their bank, 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 bank, banks need to leverage effectively on their customer relationships and make better use of customer information across the institution. Banks merely an organization, it accepts money and retrieve to the needy persons, but banking is the process associated with the activities of banks. Banks are aiming to increase customer profitability and customer retention is the most important factor of customer relationship management.

### Statement of the Problem

Customer relationship management lies in building long term relationships with customers speedily and reliable services, understanding the changing needs of customers, personal care and lower cost will ensure customer loyalty. This will convert them into life long customers of the bank, CRM

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\* Research Scholar, Kerala University, Trivandrum, Kerala, India.

manages to reduce operating costs through a work force management system, this helps to maximize skills and thus reduce cost. One of the most important goals of customer relationship management is the increase organizational efficiency and effectiveness, this is always adopted by every banks. Customer satisfaction is important for banks to survive in competitive world, there is many instruments used to measure customer relationships. The operating environment of the banking market is difficult and competitive and changing dimanthonically since their focus is the steady growth of profit as well as consumer demand are in a constantly changing trajectory. Therefore banks are increasingly focused on identifying customer needs, pulling and storing them. Customer attributes are the important factors to contribute banks revenue.

### Scope of the Study

The scope of the study lies in finding out the perception of customers in kerala through online responses taken by customers during a period and highlighting the areas which require some concern on part of banks of India ,improving the customer relationships with measuring of IT related instruments. The present study measures the customer satisfaction and attributes to measure the customer attitude towards bank, the level of satisfaction and instruments measuring the attributes of customers. The study customer relationship management in banks with special reference to kerala resembles with the advent of information technology, customers demand ,close contact with banks as well as personal satisfaction of their needs, this necessitates CRM in banking sector.

### Objectives of the Study

- To analyse the degree of satisfaction among customers in customer relationship management.
- To identify the most popular IT related instruments and the attributes that attract customers.

### Sources of Data

The study was conducted using primary and secondary data sources. The secondary data was collected from annual reports, books, various official websites of the journals and magazines.

### Methodology of the Study

The collected data were tabulated and analyzed using charts, a sample of 30 were selected according to convenience sampling. The individual were selected in random manner.

### Limitations of the Study

- Major time constraint,5 weeks is only for collection and analysis of data
- Customers are not ready to provide answers to the questionnaires as they find it boring and of no use.
- Area of the study is very wide.

### Analysis and Interpretation

The data were analyzed and interpreted in tune with the objectives, simple percentage method is used for analysis of the data. Collected data is incorporated through diagrams and charts.

**Table 1: Different Types of Account Holders**

Particulars	No; of Respondents	% of Respondents
Savings account	12	40
Fixed deposit	5	17
Current account	5	17
Recurring deposits	2	6
Loan accounts	6	20
<b>Total</b>	30	100

**Table 2: Relation of Customers with the Banking Industry**

Particulars	No;of Respondents	% of Respondents
6 months	1	3
Less than 1 year	0	0
1-3 years	21	70
3-8	2	7
More than 10 years	6	20
<b>Total</b>	30	100

**Table 3: Satisfaction of Customers towards Bank Services**

Particulars	No; of Respondents	% of Respondents
satisfied	5	17
Very satisfied	3	11
Somewhat satisfied	16	53
Not satisfied	4	13
dissatisfied	2	6
<b>Total</b>	<b>30</b>	<b>100</b>

**Table 4: Instruments Used for Banking Transactions**

Particulars	No; of Respondents	% of Respondents
Internet banking	11	37
Telephone banking	1	3
ATM	12	40
Mobile banking	4	13
Credit cards	2	7
<b>Total</b>	<b>30</b>	<b>100</b>

**Table 5: Constraints Faced in CRM**

Particulars	No;of Respondents	% of Respondents
competition	15	50
Behaviour of employees	5	17
Lack of information	10	33
others	0	0
<b>Total</b>	<b>30</b>	<b>100</b>

**Table 6: Satisfaction of Instruments Used for CRM**

Particulars	No; of Respondents	% of Respondents
Highly satisfied	7	23
satisfied	14	47
dissatisfied	4	13
Highly dissatisfied	5	17
<b>Total</b>	<b>30</b>	<b>100</b>

**Table 7: Reasons for Choosing CRM in Banking Sector**

Particulars	No; of Respondents	% of Respondents
Customer development	16	53
Customer attraction	5	17
Customer retention	7	23
Customer identification	2	7
<b>Total</b>	<b>30</b>	<b>100</b>

**Table 8: Role of CRM in Customer Satisfaction**

Particulars	No;of Respondents	% of Respondents
Highly satisfied	15	50
satisfied	10	33
neutral	2	7
dissatisfied	3	10
Highly satisfied	0	0
<b>Total</b>	<b>30</b>	<b>100</b>

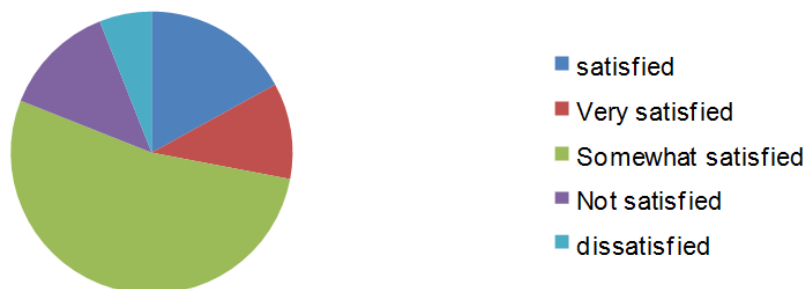
**Chart 1**  
**DIFFERENT TYPES OF ACCOUNT HOLDERS**



**Chart 2**  
**RELATION OF CUSTOMERS WITH THE BANKING INDUSTRY**



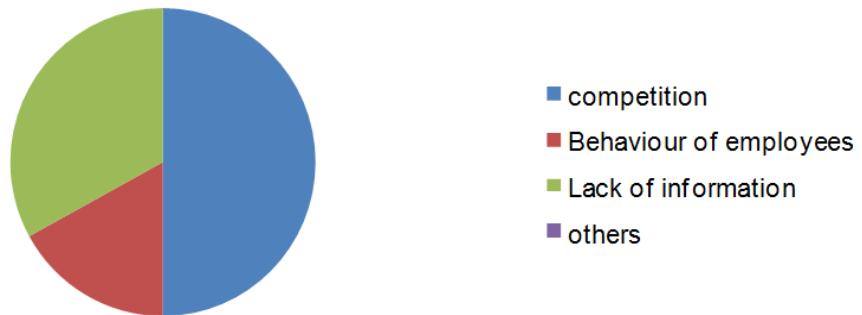
**Chart 3**  
**SATISFACTION OF CUSTOMERS TOWARDS BANK SERVICES**



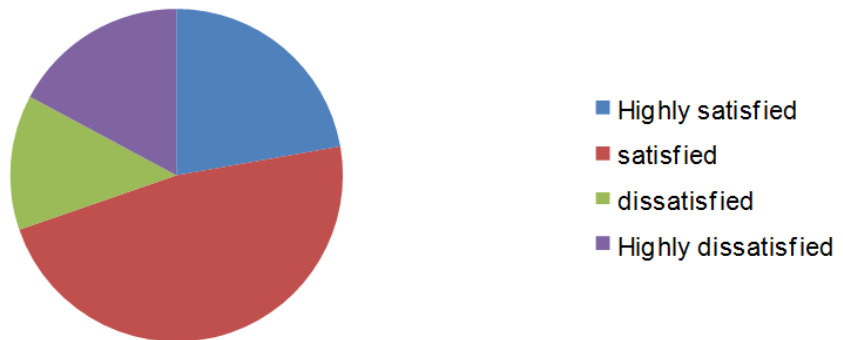
**Chart 4**  
**INSTRUMENTS USED FOR BANKING TRANSACTIONS**

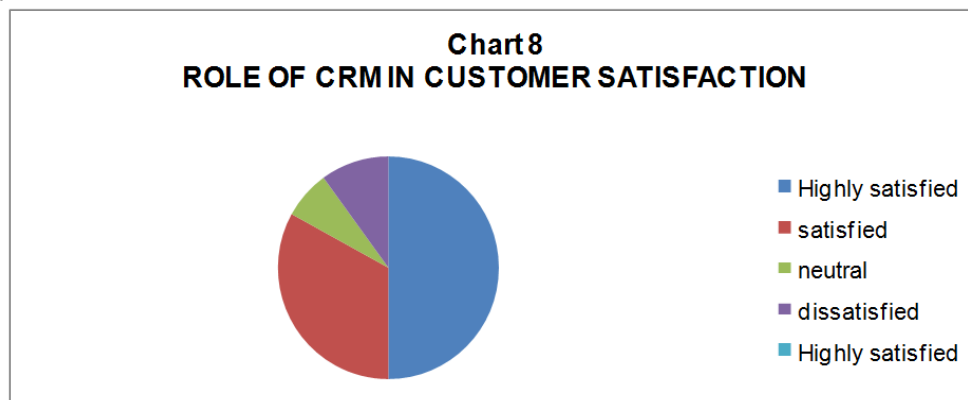
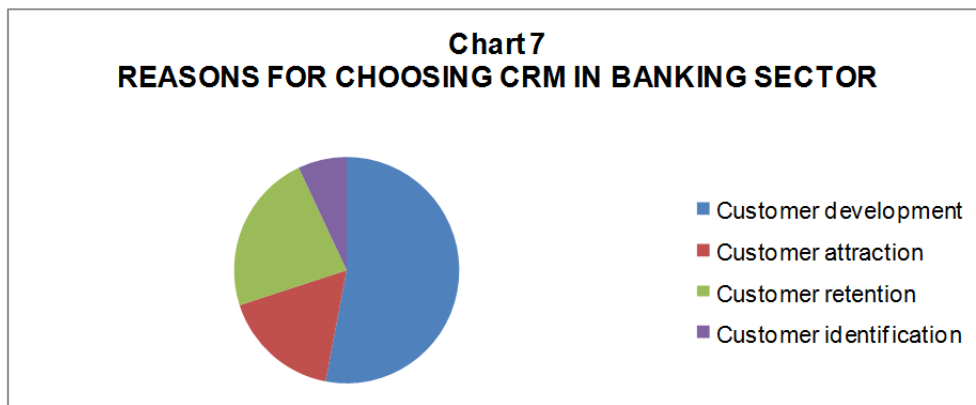


**Chart 5**  
**CONSTRAINTS FACED IN CRM**



**Chart 6**  
**SATISFACTION OF INSTRUMENTS USED FOR CRM**





### Findings

- Respondents 40% had savings account and 17% both in fixed and current accounts. 20% had loan accounts and only 6% has recurring deposits of the respondents (50.34%) were residing in Kerala and 49.66 were residing in nearby panchayat.
- Years of customers with the banking industry with 70% are more than 1-3 years, 20% more than 10 years and 7% had 3-8 years relationship and 3% are 6 months.
- 53% has somewhat satisfied in banking services and 17% has satisfied. 11% are very satisfied and 13% are not satisfied in banking services.
- ATM is the most important IT instruments using internet banking transactions, 37% are using internet banking and 13% are using mobile banking.
- Major constraints passed in CRM are competition, 33% are responding that lack of information and 17% are saying behaviours of employees.
- 47% are satisfied in respect of IT instruments used for CRM, 23% are highly satisfied and 17 are highly dissatisfied, 13% are dissatisfied.
- 53% respondents that customer development is the reasons for choosing the CRM in banking sector, 23% are customer retaining and 17% are responding that for attracting the customer and 7% are customer identification.

### Suggestions

- 76% suggested avoidance of unnecessary arguments with customer in genuine cases.
- 67% suggested behavioural change of employees
- 42% to put complaint boxes in branches
- 20% to simplification of redressal procedures
- 65% opined that more banks should be started to provide the modern services.

- 100% suggested that all banks should charge uniform charges for the service
- 98% opined customers require a help desk to help the customers.
- 70% require customer education programme at regular intervals
- 90% suggest that implementation of CRM as a separate department in banks give more facilities to customers.
- Bank should give personal attention to each customer,customers are the vital element and their satisfaction is the prime element.
- 90% suggest that implementation of CRM as a separate department in banks give more facilities to customers.

### **Conclusion**

From this study it can be concluded that the customer relationship management in banks is satisfactory but it has to be developed study about the various aspects of customer relationship management in banks. It is commendable that banks take great care to redress the complaints of customers, study regarding complaint redressal system in banks reveal that almost all those who have complained are satisfied with it. With efficient CRM the number of banks can be minimized and the efficient banks can enjoy the economies of size.

It is essential for a bank to reach out to its existing customers if it wants to survive once good service is extended to a customer, he will loyal to the bank and work as an ambassador to the bank which facilitates growth of the business. The above studies revealed that the success of CRM lies in building long term relationship with customers speedy and reliable services, understanding the changing needs of customers, personal care and lower cost will ensure customer royalty. This will convert them into life long customers of the bank.

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