

## **PERCEPTION OF CUSTOMERS REGARDING CRM PRACTICES IN PUBLIC BANK**

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### **ABSTRACT**

The numbers of services and products that can be provided by different banks to clients are identical to a large extent as there are constraints by Reserve bank of India rules and regulations. Hence, banks can excel from other banks in terms of profitability, is by retaining customers. Therefore need or we can say importance of relationship marketing cannot be neglected in banks. Banking is one of the important sectors of the economy. Hence, relationship marketing is an integral part of banking in today's era. Like other service providers, banks need to do relationship marketing for their clients and it makes a huge difference. Now a day, banks are not just institutions that only provide a loan to customers and accept deposit from them. It's maintaining strong relationships which will eventually increase banks profitability and sales prospect. Banks can easily convince clients for the first time to be their part but retaining them for a long time is possible through relationship marketing. In Relationship marketing, the major focus is on building long-term relations than on short term relations.

This paper will focus on the perception of customer regarding customer relationship marketing practices in public banks. Furthermore, the aim of this paper is to analyze the different factors that satisfy customers in banks. For this various studies already done are considered, bank journals and magazines are referred.

**Keywords-** *Customer Relationship Marketing, Customer satisfaction, Banks.*

### **INTRODUCTION**

It has been seen that, with the change in marketing strategies of banks, the use of technology has also played a vital role in gaining customers. Technology such as ATM, online banking has changed the working of banks. By the use of these technologies working of banks has improved, banks can work more efficiently, low cost of products and services. (Bagozzi, Richard P.,1974)

But the process of gaining loyal customers and satisfying customers does not end here. Banks have to set such systems through which they can educate customers about their new products, financial services, loans, mutual funds etc. from time to time. This is very challenging for banks to maintain personal relation with their customers, if there is no personal relation, all other activities and strategies are of no use. All activities and marketing strategies should focus on retaining the customers as banks earning and getting good amount of business from their existing customers. (Bose R., 2002)

CRM strategies are more beneficial if they are used properly and timely. For this banks have started maintaining databases as through database all information about a particular customer is sorted. And customer buying behavior can be analyzed. Banks can target these customers according to their past buying pattern. More satisfactory services can be provided accordingly (Achen, 1982).

Collecting all information regarding customer financial transactions is very difficult because of finance involved in it and risk associated with it and customer hesitates in providing the information. Thus, to overcome this major drawback banks has set up vigilance governance programmes through which privacy of customer transaction is maintained and customer can develop more trust on bank.

Customers used to stick or they continue the services of particular bank for long time unless they face some serious issues. Earlier there was more loyalty between customers of banks and the bank. But now banks do not have the surety of loyal customers. So they are now shifting toward customer relationship marketing and dependency on technology which helps in identifying individual customers need.

## **CUSTOMER RELATIONSHIP MARKETING**

Customer relationship marketing is maintaining personal relations with customers so that an organization can have more loyal and satisfied customers for long time. CRM to be more successful it is very important that organizations should identify personal needs of their customers and their priority should be to satisfy their customers by use of technology and personal touch. ( Jones et al.,2003)

Customer relationship marketing is regarded as efficient when it can retain its old customers as well as attract new customers. Aim of CRM is not to have deep personal relation with old customers but it focuses on high profitable customers. High profitable customer means customers who does large amount of transaction or can give new prospects to the banks. (Yu-TeTu et al., 2014)

Customer relationship marketing is not about one time sale, its purpose is to build long term sale. The aim is to provide customer with various services (value for money) and on the other hand value for banks by providing them with valuable customers. Customer relationship marketing strategies are regarded as the efficient strategies because it fulfills the individual needs of their customers. Zeithaml et al., 1985).

In customer relationship marketing very strong and emotional relations are established by doing various personal activities such as wishing customers on their personal occasions, sending them cards etc. and for banks its more crucial and important as number of products all banks are delivering are almost same so they can differentiate themselves on the basis of their intense and good relation with their customers. And CRM strategies help in doing this. (Gronroos, 1994).

## **RESEARCH METHODOLOGY**

The study is based on secondary data.

**Secondary data-** Secondary research is that research which uses already published information. For this, data have been collected from books, journals, reports, published records of banks and published ph.d thesis.

This study covers use of CRM tools in syndicate banks of Delhi and NCR. Therefore the present study is restricted to the selected cities of NCR i.e. Gurgaon, Faridabad, Gaziabad, Noida, and Delhi etc. which represent all the sub-regions of Delhi NCR. These cities have closer proximity with Delhi having higher education rate, higher income group people and exposure to latest trend and have more influence of Delhi culture.

## **RESEARCH QUESTIONS**

1. What is the perception of customers towards the use of CRM techniques in public and private sector banks?
2. What are the factors that lead to customer satisfaction and retention in public and private sector banks?

## **REVIEW OF LITERATURE**

Many papers on customer relationship management are reviewed in reference to banks. Past experiences are studied. Earlier much focus was not on building relations with customers but with the increase in competition and private sector banks; pressure is being created on public sector banks as well. In this regard, RBI has taken very strong steps and issued guidelines for the banks on customer services. It emphasized on the importance of happy customer because every customer act as a brand ambassador for the bank. If customer is satisfied it will help in building a strong brand image of bank (Sharma, 2015).

A study has been conducted in Istanbul, Turkey (Onut et al., 2002) view that CRM techniques are of use when implemented by proper coordination between IT and marketing department. CRM is very useful as it helps in identifying banks most profit generating customers.

(Lindgreen, Antico, 2005) also added in his study that Banks still are not using CRM. Most banks are using traditional ways of marketing. Because of which public sector banks are still not able to attract new and retain their existing customers. Information about the target customer is very important tool in maintaining good long term relation with customers. Proper information helps banks to follow CRM activities efficiently. Information can be gathered from database (Vinayagamorthy, Sankar, 2012).

(Kocoglu, Kirmaci, 2012) also suggested that Customer database is an important tool in relationship management. So to acquire new customers and to keep existing customers, database should be formed & frequently updated. In today's era maintaining good relation with customer is must which is done with the use of proper information & technology which helps in fulfilling the demands of customers (Vikram, Anuradha, 2015) support this view.

Comparative analysis is being done between public and private sector banks in Kerala which show that Private sector banks no doubt are better service provider. They give priority to their customers, solve & handle their complaints; employees are more helpful than public sector banks. Customer satisfaction of private sector banks is more compared to public sector banks. (William George AJ, Manoj PK 2013).

In context of above study, a study on customer relationship management practices in selected private sector banks in Coimbatore is done which founded that the private sector bank employees no doubt sell their tongue, but transparency is missing in their action. Many times customer feels cheated (Dr. H. Balakrishnan, R. Krishnaneni, 2014).

Competition has increased. Hence to attract & retain customers both sectors provide quality services to earn profits. But the gap between private sector bank services is more than public sector banks. Bank differentiate themselves from other banks by the use of CRM which provide bank various benefits like consistent customer experience, clear identification of organization, technological & process related capabilities (Sanjay Kantidas, 2012)

Relationship marketing is a strategy or tool of marketing which has not been used as according to its importance. But over the last few years, organization has realized its worth. CRM starts with satisfying customers, maintaining long term relationship with them and ends at retaining the existing customers. Earlier emphasis was given to marketing mix but it is analyzed that marketing mix strategies are not that worthy in meeting requirement of competition. (Vence, 2002). As marketing mix was not able to meet the requirement of completion, much light and acceptance is given to CRM (Morgan & Hunt, 1994).

In service industry CRM is a great pillar as marketing is based not only on exchange of transactions but exchange of relationship between the service provider and the customer (Gonroos, 1994)

Basic consideration in CRM is that it aims on building an organization that focuses on their customer needs, requirements and how they can retain them (Panda, 2003). According to him CRM is a tool that helps banks to build their strong customer base and its aim is to use CRM in a way that it satisfies the customers as well as generate maximum profits for the banks.

Now a day Customers have higher expectations and it's more difficult in banking sector to meet those expectations (Gummerson, 1987). Thus, CRM is widely used to meet those expectations (Bansal and Sharma, 2008) has find in his study that if banks wants to fully utilize CRM tools then they have to first satisfy their existing customers. Through CRM it will become very easy to satisfy new customers.

Another study shows that if banks want to increase their profitability then they has to take into consideration CRM practices and challenges attached with it (Kumar and Rajesh, 2009).

CRM helps to create a better customer experience. It manages the customer relationship by creating a clear understanding, by developing services and products based on the added value for target groups, then enabling the actual sale and delivery of services and products through the selected channels, and developing long term profitable relationships with customers after sales services (Hussain, et al., 2009).

Lav et al (2003) is of opinion that challenge for banks is not only to have database of customers but how they use that information to gain more customers.

There are many factors that affect customer satisfaction. Study shows that both public and private sector try to provide same kind of customer satisfaction (Vigg Silky et al, 2007).

Ushad Subdar Agathe (2010) stated in his study that banks need to provide greater services to high income generating customers of banks. The customers want satisfaction through services and high quality products.

Another study shows that bank employees should be trained about the CRM strategies in banks. Moreover training on stress management should be given to public sector bank employees (Chaudhary and Sharma, 2011).

Uma Sankar et al (2010) stated that service is the important pillar and it is one of the parameter to check whether customer is satisfied or not.

Voss et al (2004) has the opinion that if employees of the banks are satisfied they will eventually make efforts to satisfy their customers.

Another study shows that there is relation between customer loyalty and CRM strategies but author has found in his study that CRM directly does not have relation with customer loyalty (Kallol Das).

## **OBJECTIVE OF STUDY**

1. To find out the perception of customers towards the use of CRM techniques in public sector banks.
2. To know the factors that leads to customer satisfaction and retention in public sector banks.

## **FINDINGS OF STUDY**

- ***Increase in CRM activities attract customers***

Increase in CRM activities would help in attracting customers more towards the banks and will also help in maintaining good relationship with the customers.

- ***Importance of CRM activities to customers***

Customers of public banks explain that CRM activities are important to them as they know the benefits and importance of CRM activities, CRM activities are very beneficial for customers because of these practices lot of transparency is being done in banks..

- ***Awareness about CRM in banks***

CRM tools are competitive tools which helps banks in standing out of competition so its very important for banks to get the customers aware about their CRM tools and customers get connected to those banks which follow CRM practices more rigorously .

- ***Refer your bank to other customer***

Customers of banks which uses CRM tools will promote and recommend their bank to other customers as compared to the banks which are not into CRM practices.

## **. CONCLUSION**

For banks and customers, the time they spent with each other whether more or less is of much importance. so banks have to focus on relationship marketing and for this proper training to concerned staff should be given. so that they can know the importance and clarity of CRM concept.

This study shows that banks which uses CRM in comparison of banks which are not using CRM are far better in terms of services provided by them, as these banks value their customer a lot and they try to make their strategies according to the need of customer. so that banks can win and retain their customers by providing them satisfaction.

It's been observed that now days, there are more number of banks which are using CRM as compared to banks which are not using CRM tools. It was found that these bank are much superior in terms of technology and also the staff of the bank is well trained.

It is concluded that CRM activities not only increase customer satisfaction but CRM tools helps in improving work performance of employees. if employees are well aware about each and every product they can easily guide the customer about the right product according to their needs.

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