

A COMPARATIVE STUDY ON CRM OF TRADITIONAL SCHEDULED BANK AND NEW PRIVATE SECTOR BANK IN KERALA

1. UDAYAKUMAR. OK

Associate Professor, Govt. College Madappally
Vatakara, Kerala

2. ASWIN PRAKASH

Assistant Professor, School of Management Studies, Chinmaya Institute of Technology, Chala, Kannur, Kerala, India.

ABSTRACT

Banking industry occupies the highest position in the industrial sector and it plays a considerable role in the overall socio-economic development of India. Banking sector has been recognised as the backbone of all economic activities and financial systems as it can accelerate economic growth in an efficient and effective manner. In order to have better performance in banking sector, it is necessary for banks to maintain a good and sustainable relationship with the customers. . In this context, an attempt has been made to analyse the Customer Relationship Management in banks and to compare the CRM between Traditional Scheduled Bank and New Private sector Banks in Kerala. CRM, the tools, together with the human resources of the banks enables the banks to investigate the behaviour of customers and to assess their significance to the banks.

Key words: Traditional Scheduled Bank, Private Sector Banks, Customer Service

1.1 Introduction

The Service Sector has emerged as the key sector of the Indian economy. One of the key services that are 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 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 bank to turn 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.

Over the past few years, there has been an upswing in CRM activity in the financial world. It was already in existence, but has come to the light only in the recent past. It has found a widespread acceptance in the academic as

well as corporate sector. CRM is a process of acquiring, retaining and partnering with customers to create a superior value for the organisation as well as the customers. It is a continuous process of identifying, training, attracting and re-training profitable customers. It is a management philosophy that manages and understands the relationship of each partner contributing to the well being of all.

1.2 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 in improving 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 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 long term customer relationship. But for an improved and in-depth understanding of customer's 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 customer's satisfaction. Banks are functioning increasingly under competitive pressures emanating in the banking system, from non- banking institution as well as from domestic and international capital market. Thus, in this era of increased competition, in order to prosper, it has become imperative for banks to focus on developing long-term relationships with their customers. The focus of banks should be to shift their orientation from transaction marketing to the cultivation of relationship marketing. It is in these contexts a study has been conducted to compare the Customer Relationship Management of Traditional Scheduled Banks and New Private Sector Bank in Kerala. .

1.4 Scope of the Study

The study is confined to making a comparative analysis of the CRM between Traditional Scheduled Banks and New Private Sector Bank in Kerala. Among the banks in Kerala three banks each of Traditional Scheduled Banks and New Private Sector Bank are considered. The customers selected for the study includes SBI, Federal Bank and Soth Indian Bank from Traditional Scheduled Bank and HDFC bank, Axis bank and ICICI bank from New private sector banks with equal representation. Moreover, the customers of the above said banks include customers of both urban and rural areas from the three districts selected.

1.5 Objectives of the study

The objectives of the study are:

1. To study the CRM implementation among the Traditional Scheduled Bank and New Generation Private Sector Banks in Kerala.
2. To compare CRM implementation between the Traditional Scheduled Bank and New Private Sector Bank in Kerala. .

Hypotheses

In this study the researcher has formulated and tested the following hypotheses:

1. HO₁: There is no significant difference in the implementation of CRM among the banks.
2. HO₂: There is no significant difference in the implementation of CRM between Traditional Scheduled Banks and New Private Sector Bank in Kerala.

Research Methodology

Source of Data and Methods of Collection

The study is descriptive in nature and mainly based on primary data. Primary data was collected from the customers of Traditional Scheduled Banks and New Private Sector Bank in Kerala by using a well structured questionnaire. The study made use of some 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.

Universe and Sample Size

The study has been done from a large sample of customers from two sectors of banks in Kerala. The universe of the study consists of customers from two types of banks in Kerala, namely, Traditional Scheduled Bank and New Private Sector Bank in Kerala. In the present study, the researcher calculated the sample size using power analysis on the basis of information obtained from the pilot study. The power analysis gives a sample of 342 or more as adequate for the study.

Sampling Method

A stratified Random sampling technique was used for the selection of sample respondents of both the Traditional Scheduled Bank and New Private Sector Bank 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. The northern region comprises the districts of Kassaragod, Kannur, Wynad, Kozhikode and Malappuram, the central region comprises Palakkad, Thrissur, Ernakulam and Idukki and the rest of the districts Pathanamthitta, Koyyayam, Alappuzha, Kollam and Thiruvanthapuram fall under southern region. One district from each region was deliberately selected to represent the region – Kozhikode from northern region, Ernakulam from central region and Thiruvanthapuram from southern region, since all the Traditional Scheduled Bank and New Private Sector Bank are active presences in these districts. Each of these three districts was again divided into two groups as Urban and Rural areas. The selection of banks under urban and rural areas was made by using simple random sampling. For the purpose of the study, six banks - SBI, Federal Bank and Soth Indian Bank in the Traditional Scheduled Bank and HDFC, ICICI and Axis bank in the New Private Sector have been considered and equal representation was given to all these individual banks. Then 90 customers were selected from each bank by using simple random sampling method.

Data Analysis and Interpretation

Gender Wise CRM Implementation

An independent sample Z test is often used to compare the mean scores of variables for two different groups of participants, that is, males and females. Hence the Z test was conducted, and the results are shown in Table given below

Table Showing

Mean Standard deviation and Z value of CRM Implementation - Gender Wise

<i>Variable</i>	<i>Gender</i>	<i>N</i>	<i>Mean</i>	<i>Standard deviation</i>	<i>Z</i>	<i>p value</i>
CRM implementation	Male	346	146.45	17.08	0.478	0.592
	Female	194	145.32	16.52		

Source: Primary Data

Table shows that the mean score of CRM implementation is high (146.45) with a SD of 17.08 among the male respondents. The mean score of CRM implementation among female respondents is 145.32 with a SD of 16.52. Value of Z is 0.478. Since calculated value of P (0.592) is more than 0.05, it can be concluded that there is no significance difference in CRM implementation among the males and females.

Marital Status Wise CRM Implementation

Table Showing

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

<i>Variable</i>	<i>Marital status</i>	<i>N</i>	<i>Mean</i>	<i>Standard deviation</i>	<i>F</i>	<i>p value</i>
CRM implementation	Married	370	152.06	17.84	0.460	0.621
	Unmarried	144	151.73	15.64		
	Widowed	26	149.13	15.03		

Source: Primary Data

Table reveals that the mean score of the level of CRM implementation is high (152.06) with a SD of 17.84 for the respondents of married category, followed by respondents of unmarried category (151.73) with a SD of 15.64. Value of F is 0.460. As the calculated P value is more than 0.05, it can be concluded that the level of CRM implementation as perceived by the respondents among the different marital status is the same.

Age Wise CRM Implementation

Table 4.47

Mean, Standard deviation and F value of CRM Implementation – Age Wise

<i>Variable</i>	<i>Age</i>	<i>N</i>	<i>Mean</i>	<i>Standard deviation</i>	<i>F</i>	<i>p value</i>
CRM implementation	Below 25 yrs	88	152.46.	13.62	1.426	0.266
	25-40 yrs	246	151.24	17.46		
	40-55 yrs	136	153.62	18.64		
	55 yrs and above	70	149.42	14.36		

Source: Primary Data

Table reveals that mean score of level of CRM implementation is high (153.62) with a SD of 18.64 for the respondents belonging to the age group of 40 to 55 years, followed by respondents belonging to the age group of below 25 years (152.46) with a SD of 13.62 and the least mean score of the respondent belonging to the age group of 55 years and above (149.42) with a SD of 14.36. Value of F is 1.426. As the calculated P value is more than 0.05, it can be concluded that the level of CRM implementation as perceived by the respondents among the different age groups is the same.

Employment Wise CRM Implementation

To analyse the level of implementation of CRM in banks with employment of respondents, F test is used.

Table Showing

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

<i>Variable</i>	<i>Employment status</i>	<i>N</i>	<i>Mean</i>	<i>Standard deviation</i>	<i>F</i>	<i>p value</i>
CRM implementation	Self Employment	162	151.82	16.42	0.914	0.462
	Wage Employment	75	151.02	17.24		
	Professional	199	152.42	16.32		
	Others	104	149.36	16.76		

Source: Primary Data

Table indicates that the mean score of the level of CRM implementation is high (152.42) with a SD of 16.32 for the respondents belonging to the group of professionals, followed by respondents belonging to the employment status of self employed (151.82) with a SD of 16.42 and which is least for the respondent belonging to the employment of category of 'others' (149.36) with a SD of 16.76. Value of F is 0.914. As the calculated P value is more than 0.05, it can be concluded that the level of CRM implementation as perceived by the respondents among the different employment groups is same.

Level of Implementation of CRM in Banks

The first objective of the study is to analyse the extent of the implementation of CRM among the Traditional Scheduled Bank and New Generation Private Sector Banks in Kerala. 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 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 given below:

Table Showing

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

Variable	N	Mean	SD	Mean % score	CV	Z	p value
CRM implementation	540	142.62	16.32	64.82	22.64	-20.624	0.001

Source: Primary Data

Table reveals that the mean score of CRM implementation is 142.62 with a SD of 16.32, while the maximum score of the CRM implementation is 220 (mean percentage score is 64.82). It further reveals that the calculated value of Z is -20.624 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 objectives 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) FEDERAL Bank (c) South Indian Bank (d) HDFC (e) Axis and (f) ICICI Bank. Following hypothesis is framed for analysing the same.

HO₂: There is no significant difference in the CRM implementation among the banks.

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

<i>Variable</i>	<i>Bank</i>	<i>N</i>	<i>Mean</i>	<i>Standard deviation</i>	<i>F</i>	<i>p value</i>
CRM implementation	SBI	90	146.42	11.62	112.62	0.001
	Federal Bank	90	142.64	12.44		
	South Indian Bank	90	138.32	11.14		
	HDFC	90	156.42	11.24		
	Axis	90	140.46	11.68		
	ICICI	90	152.66	11.02		

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 (156.42), followed by ICICI Bank (152.66) with a standard deviation of 11.24 and 11.02 respectively. The mean score of SBI is 146.42, Federal Bank is 142.64 and Axis Bank is 140.46 with a SD of 11.62, 12.44 and 11.68 respectively and the least mean score is for South Indian Bank which is 138.32 with a SD of 11.14.

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 given below.. The following hypothesis is framed in this regard.

HO₂: There is no significant difference in the CRM implementation between Traditional Scheduled Bank and New Generation Private Sector Bank.

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

<i>Variable</i>	<i>Type of bank</i>	<i>N</i>	<i>Mean</i>	<i>Standard deviation</i>	<i>Z</i>	<i>p value</i>
CRM implementation	TSB	270	149.46	13.74	-14.642	0.001
	NGPSB	270	161.32	14.32		

Source: Primary Data

The above Table reveals that the mean score of New Generation Private Sector Bank is higher (161.32 with a SD of 14.32) than Traditional Scheduled Bank, in which the mean score is 149.46 with a SD of 13.74. The result also shows that significant difference exists between Traditional Scheduled Bank and New Generation Private Sector

Bank 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 Traditional Scheduled Bank and New Generation Private Sector Bank.

Findings of the Study

1. The level of CRM implementation in banks reveals that the mean score of CRM implementation in banks is 142.62. The Z test reveals that the level of CRM implementation in banks is at medium level.
2. Bank wise CRM implementation reveals that the mean score of the CRM implementation is high in HDFC Bank (156.42), followed by ICICI Bank (152.66). The mean score of SBI is 146.42, Federal Bank is 142.64 and Axis Bank is 140.46 and the least mean score is for South Indian Bank, which is 138.32. The F test reveals that there exists significant difference in the level CRM implementation among the banks. The Post-hoc test reveals that significant difference in the mean score of CRM implementation exists between all the banks.
3. Bank type wise CRM implementation reveals that the mean score of New Generation private sector bank is higher (161.32) than Traditional Scheduled Bank, in which the mean score is 119.46. The result of Z test shows that significant difference exists between Traditional Scheduled Bank and New Generation Private Sector Bank for implementation of CRM.

Conclusion

The banking sector in the present scenario has emerged as an important 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 among the 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 Traditional Scheduled Bank and New Private Sector Bank in Kerala concludes that CRM implementation in new private sector banks is better than Traditional Scheduled Bank. This indicates that, new private sector banks have been more innovative in understanding their customers and in building up good relation with them.

BIBLIOGRAPHY

- Berry, Leonard L., and Parasuraman.(1991). *Marketing Services – Competing Through Quality*, Free Press, New York.
- Chandra, S., and Sharma, M. K. (2016).*Research Methodology*.Narosa Publishing House, New Delhi.
- Claire Selltiz.(1959). *Research Methods in Social Relations*. Methuen & Co. Ltd., New York.
- David, J., Haugh, G., Donald, A., and Ronald, S.(1982). *Marketing Research*.Prentice Hall of India Private Ltd., New Delhi.

- Donald Cooper, R., and Pamela Seindler, S. (2005). *Business Research Methods*. Tata McGraw Hill Publishing Company Ltd., New Delhi.
- Dyche Jill. (2005). *The CRM Handbook - A Business Guide to Customer Relationship Management*. Pearson Education, New Delhi.
- Gopal, V. V. (2004). *Retail Banks Planning for CRM, CRM in Banking – Concepts and Cases*. ICFA University Press, Mumbai.
- Gopalakrishna, D. (2001). *Electronic Marketing in 21st Century*. Himalaya Publishers House, New Delhi.
- Judith, W. Kincaid. (2008). *Customer Relationship Management: Getting it Right*. Dorling Kindersley Private Ltd., New Delhi.
- Kline, R. B. (2005). *Principles and Practice of Structural Equation Modeling*. The Guilford Press, New York.
- Kothari, C. R., and Garg, G. (2014). *Research Methodology: Methods and Techniques*. New Age International Publishers, New Delhi.
- Kotler, P. (2005). *Marketing Management*. 12th Prentice Hall of India Private Ltd., New Delhi. .
- Rust, R. T., Zeithaml, V. A., and Lemon, K. N. (2000). *Customer Driving Equity*. The Free Press, New York.

www.indianjournals.com

www.globaljournals.com

www.rbi.org.in

www.shodganga.inflibnet.ac.in