A Study on Crm Practices of Public Banks in Theni District

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ABSTRACT

The CRM Practices followed by banks determine the survival and growth of banking sector in the country. The global exposure of to-days bank customers has increased their expectations on the services rendered by banks. Though the factors influencing the CRM practices of banks considerably known through academic and empirical efforts, the continued attempt on this field is inevitable given the changing nature of customers and bank operations. An attempt has been made in this paper to identify the new set of factor –determinants influencing the CRM practices of banks. The analysis has given five factors solution. They are 1.Product and Service Factors, 2.Responsiveness Factors.3.Physical Facilities Factors4.Employees Attitude Factors, 5.Promotion Factors. They are elaborated in this paper.
Keywords: CRM Practices, Factor-determinants.

INTRODUCTION

Customer relationship management (CRM) is a process or methodology used to learn more about customers needs and behavior in order to develop stronger relationship with them. CRM is a business approach that integrates people. Process and technology to maximize the relation of an organization with all types of customers.CRM is a management approach that enables organizations to identify, attract and increase retention of profitable customers by managing relationship with them. The CRM Practices followed by banks determine the survival and growth of banking sector in the country. The global exposure of to-days bank customers has increased their expectations on the services rendered by banks. Though, the factors influencing the CRM practices of banks considerably known through academic and empirical efforts, the continued attempt on this field is inevitable given the changing nature of customers and bank operations. An attempt has been made in this paper to identify the new set of factor –determinants influencing the CRM practices of banks.

STATEMENT OF THE PROBLEM

The intensity of competition in banking industry is bound to grow in the years to come which in turn could make banking operations more challenging and complex. A paradigm shift is noticeable in the banking industry in India. Such a shift reflects in terms of number of banks, volume of business in banking as well as nature of business operations. Bankers in general have moved a long way from mere financial intermediaries to full fledged financial institution.
In the context of comparing bankers who are performing with almost undifferentiated services, for almost equal prices: the customers of one bank are left with multiple options to move

to other banks in search of better services, with little or no barrier of switch over from one bank to another. Several past researches works in the field offered varied set of influencing factors in the field of CRM practices followed by banks. Considering the current banking global scenario, and the changing mood of customers, renewed attempts in identifying the new set of factors-determinants (if any) of CRM practices assume significance and relevance to-day. The present attempt is one such attempt in this direction.

OBJECTIVES

1. To know the Profile of public bank customers of Theni district.
2. To identify the factor determinants of CRM practices of public banks.

METHODOLOGY

By following a convenience sampling method, 500 banks customers were chosen of the responses received from 432 were found fit for the analysis. They formed the sample from Theni district.20 Statements expressing the new set of CRM practices of banks were given to customers and their opinions were sought. Statistical Tools like Perctange Analysis and Factor Analysis are used.

FINDINGS OF THE STUDY

The findings of the Study are given in Table1, 2 & 3. Table-1 shows the Socio demographic profile of bank customers. Table-2 shows the result of KMO and Bartlett's Test and Table-3 shows the result of Factor Analysis.

ANALYSIS AND INTERPRETATION

Table-1 exhibits the distribution of Socio Demographic Profile of Respondents.

TABLE-1
SOCIO DEMOGRAPHIC PROFILE OF RESPONDENTS

S.NO	VARIABLE	PARTICULARS	NUMBER	PERCTANGE
1	Age	Upto 40	230	53.2
		Above 40	202	46.8
		Total	**432**	**100**
2	Gender	Male	272	63
		Female	160	37
		Total	**432**	**100**
3	Education	Illiterate	225	52.1
		Moderately Educated	207	47.9
		Total	**432**	**100**
4	Occupation	Agriculture	242	56
		Non-Agriculture	190	44
		Total	**432**	**100**

5	Family Income (Monthly)	Upto Rs 10,000	151	35
		Above 10,000	281	65
		Total	**432**	**100**

Source: Primary data

TABLE-2
RESULT OF KMO AND BARTLETT'S TEST

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.844
Bartlett's Test of Sphericity	Approx. Chi-Square	9638.665
	Degrees of freedom	190
	Significance	0.000

Source: Computed data

Table-3
ROTATED FACTOR MATRIX OF FACTORS DETERMININANTS OF CRM PRACTICES OF PUBLIC BANKS (Factor Analysis)

Factor	Variables	Factor Loading	h2	Perctange Varation Explained	Cumulative Perctange Varation explained	Cronbachs Alpha
Product and Service Factor	1.Ease of Availing Loans	0.940	0.935	25.346	25.346	0.953
	2.More products introduced	0.928	0.920			
F1	3.Improved services	0.911	0.910			
	4.Services Match our expectations	0.880	0.811			
	5.ATMs are sufficiently available	0.850	0.855			
	6.Quick Service	0.684	0.592			
Responsiveness Factors	1.Complaints attended immediately	0.879	0.906	18.782	44.129	0.903
	2.Quick disposal of loans	0.831	0.821			

F2	3.Enquires most welcome	0.801	0.721			
	4.Educating about New Products	0.771	0.646			
	5.Hassle free Service	0.761	0.683			
Physical Facilities	1.Premises neat and clean	0.906	0.913	13.791	57.920	0.963
	2.Sufficient sign board and notices	0.902	0.958			
F3	3.Feeling more comfortable	0.896	0.949			
Employees Attitude Factors	1.Employees are adequate	0.916	0.895	12.781	70.702	0.897
	2.Employees cordial and friendly	0.910	0.864			
F4	3.Helping in times of need	0.859	0.783			
Promotion Factors	1.Customer Meetings arranged regularly	0.909	0.848	12.161	82.863	0.863
F5	2.Aggressive Advertisement s on new products	0.881	0.824			
	3.More efforts to improve the image of banks.	0.851	0.739			
Cronbachs Alpha						**0.902**

Source : Computed data

It is known from **Table-1** that a majority of 53.20%, 63%, 52.1%, 56% and, 35% respondents belong to age, gender, education, occupation and family income category respectively.

The most revealing social background of respondents was that a majority of them were male, illiterate and agriculture based among the customers.

It is known from **Table-2** the value of KMO is 0.844 which is greater than 0.5 indicating that the sample size is adequate for the analysis. As the p value in Bartlett's Test is 0.000 which is less than the significance level of 0.005 indicating the appropriateness of using Factor Analysis for the data.

It is understood from **Table-3** that Factor Analysis has provided five factors solution for the determinants of CRM practices of public banks, They are1.**Product and Service Factor** (explained 25.346%) 2.**Responsiveness Factor** (explained 18.782%) 3.**Physical Facilities factor** (explained 13.79%) **4..Employees Attitude factor** (explained 12.78%) 5.**Promotion Factor** (explained 12.16%).The **total variance explained is 82.862% and the overall Coronaches alpha values stood at 0.902.**

SUGGESTIONS AND CONCLUSION

From the study it is understood that the most influencing factors determinants of CRM practices of public banks. Though the identified factors are more or less similar in line with the factors identified earlier from past research works, it indicated some difference in the perception of customers towards the services rendered by banks. It is expected from bank management to concentrate on these determinants so as to improve their performance and satisfy their customer. It is therefore suggested that the new set of determinants are most influencing and crucial in the elements of CRM practices of banks. The banks while framing policies governing the CRM practices, measures have to be incorporated to meet the new inspiration of the customers.

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