A STUDY ON CRM IMPLEMENTATION IN THE INDIAN BANKS WITH SPECIAL REFERENCE TO COIMBATORE CITY

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Abstract: Purpose - To understand the critical factors that contribute to customer relationship management (CRM) implementation among the Indian public and private sector banks. ***Design/methodology/approach -*** Quantitative approach was employed for the study using structured questionnaire distributed on purposive samples. ***Findings-*** This research initiative identified three critical factors namely information storage, information acquisition and information accessibility that is relevant for the successful CRM implementation. ***Research limitations/ implications –*** The study has been carried out in Coimbatore district in Tamil Nadu state, India. A similar study could be carried out in other parts of the state or country in order to check the validity of the results. ***Practical implications –*** The findings of the study offer meaningful information for banks while interacting with customers. The study also provides insights on various stages of CRM implementation practices followed in the banks. **Originality/value –** The paper examines the CRM practices of the Indian public and private sector banks operating in Coimbatore city. The study also adds useful information to the exiting body of knowledge about CRM implementation practices in banking enterprises.

Keywords: Banking, CRM, CRM implementation

1. INTRODUCTION

The Indian banking sector, one the performing sectors in the Indian economy was transformed tremendously in the past few decades when compared to the other sectors. The performance of the Indian banks has been appropriately supported by the rapid adoption and implementation of technological solutions. This has brought convenience and comfort to the customers and productivity and profitability to the banks. The banks are strengthening their competencies by implementing core banking systems, customer relationship management systems and advanced business intelligence systems. The recent research studies and review reports explains the importance of implementing CRM in banks and financial service sector institutions.

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2. STATEMENT OF THE PROBLEM

The Indian banking organizations have been implementing multiple technological solutions in improving their performance and profitability. However, it is imperative to have more information for the banks in understanding various dimensions for successful implementation of technological solutions, especially CRM systems. This study focuses in understanding the CRM implementations in the Indian public and private sector banks and further, identifying the critical factors that contribute to the successful implementation of CRM.

3. OBJECTIVES OF THE STUDY

- To determine the banking exposure of the employees in the Indian public and private sector banks.
- To understand the stage of CRM implementation of the Indian public and private sector banks.
- To identify the critical factors that contributes to successful CRM implementation in the Indian public and private sector banks.

4. LITERATURE REVIEW

The concept of relationship marketing has growing relevance in the service industry, especially in the banking sector. Many research initiatives have been reported in the relationship marketing domain since early eighties (Hammarkvist *et al.,* 1982; Jackson, 1985; Dwyer *et al.,* 1987). Mylonakis (2009) carried out a study and pointed out that banks shall initiate steps to satisfy the needs and wants of their customers as the customers are significantly important for the banks. The Indian banking system, one of the largest banking systems in the world had swift adoption of the technological solutions. Majority of the Indian banks have implemented core banking systems and most of the banks are in the process of implementing customer relationship management systems. The philosophy of banks towards customers has changed from "customer care" to "customer delight". Therefore, the Indian banks are in the process of implementing technologies and technological solutions in maintaining good relationship with their existing customers and retaining them for longer duration. The better the relationship with customers, the more loyal they will be to the bank and such relationships bring more profits and business value (Rootman et. al, 2008). Stefannou *et al.,* (2003) also pointed out that effective CRM may add more revenue to the enterprise. While operating in a highly competitive business environment the Indian banks has to ensure effective customer satisfaction leveraging on the technological platforms. In modern days CRM applications are multi folded. Even though customer satisfaction was the primary objective of implementing CRM solutions, many banks implement CRM systems to identify their profitable customers and to weed out problematic customers. (Kalakota and Robinson, 2001; Gebert *et al.,* 2003). Even though many studies related to CRM initiatives are carried out in the international scenario

and at national level, no major studies specific to the Indian banking sector especially on CRM implementation issues in the southern states are available in the existing literature on CRM implementations. Therefore, it is highly relevant to understand the CRM implementation practices followed in the Indian banking enterprises and to explore the major factors that contribute to the successful implementation of CRM systems in the Indian public and private sector banks. Thus, the study focuses to understand these aspects with special reference to Coimbatore city and to add literature to the existing body of knowledge.

5. RESEARCH METHODOLOGY

This descriptive study on CRM implementations in the Indian public and private sector banks operating in Coimbatore city was carried out employing purposive sampling technique and a structured questionnaire. In total, there are 248 branches of Public and 117 branches of Private Sector Commercial Banks in the district. Out of which 71 Public and 36 Private Sector Commercial Banks branches are selected for the research study based on the more number of customers and highest performance. From each selected bank branches, 5 Employees have been identified with the help of the Bank Managers as the sample of the study. The sample employees of 535 were served with copies of structured questionnaire. But the response rate on the questionnaire among the employees is at 66.54 per cent. Hence, a total of 356 employees have been included in the sample of the present study. The applied sampling technique of the present study is purposive sampling.

6. ANALYSIS AND INTERPRETATION

This section discusses the analysis and interpretation aspects of the study.

6.1. Demographic Aspects

The Table 1 shows the gender of the respondents.

Table 1
Gender of the Respondents

Sl. No.	Gender	Respondents		Total	Percentage
		Private Sector Banks	*Public Sector Banks*		
1	Male	72	168	240	67.41%
2	Female	37	79	116	32.59%
3	Total	109	247	356	100.00%

Source: Primary Data

It is seen from Table 1 that almost 67.41 per cent of the respondents are males while the remaining 32.59 per cent are females. The study had relatively good response

from the employees of the banks operating in the Coimbatore city. Out of the total number of useful responses, it is seen that the female group actively participated in the study. This shows the involvement of the lady executives in implementing the CRM initiatives in banks.

6.2. Level of CRM in Banks

The Table 2 shows the level of management in the organization that the respondents work.

Table 2
Level of Management

Sl. No.	Level of Management	Respondents		Total	Percentage
		Private Sector Banks	Public Sector Banks		
1	Clerical	57	125	182	51.12%
2	Managerial	52	122	174	48.88%
3	Total	109	247	356	100.00%

Source: Primary Data

It is revealed from Table 2. that almost 51.12 per cent of the responding employees are clerical staff members while the remaining 48.88 per cent represents managerial employees. It is seen from the above table that, along with the managerial employees the clerical level employees of banks also actively involved in the CRM implementations of the bank they work with.

6.3. Respondents Experience

The Table 3. Shows the experience of the respondents in years.

Table 3
Years of Experience of the Respondents

Sl. No.	Years of Experience	No. of Respondents		Total	Percentage
		PRSB	PUSB		
1	<5 years	15	36	51	14.33%
2	05 – 10 years	26	42	68	19.10%
3	10 – 15 years	29	68	97	27.25%
4	15 – 20 years	22	79	101	28.37%
5	>20 years	17	22	39	10.95%
	Total	109	247	356	100.00%

Source: Primary Data

It is observed from Table 3. that majority of the respondents (66.57 per cent) have over 10 years of experience in banks. Further, it is seen that 28.37 per cent of the respondents have above 15 years of experience in banking organizations. Table 3. also

reveals that almost 14.33 per cent of the responding bank employees have less than 5 years of experience in banking enterprises. Thus, it is inferred that majority of the responding employees have good experience and knowledge on banking domain while responding to the study under investigation.

6.4. Stage of CRM implementation in the Banks

The Table 4 explains the stage of CRM implementation in the Indian public and private sector banks.

Table 4
Stage of CRM Implementation in the Banks

Sl. No.	Stages in CRM Development	Mean Score in		t-statistics	S/NS	Remarks
		PRSB	PUSB			
1	Identifying target customers and their needs	3.6859	3.2431	1.7344	NS	Accepted
2	Co-ordination of customers, services and channels	3.8108	3.0969	2.8606*	S	Rejected
3	Integration process	3.7334	2.8142	2.7331*	S	Rejected
4	Strategy development	3.8682	3.0144	2.9604*	S	Rejected
5	Value creation	3.6991	2.9691	3.1939*	S	Rejected
6	Channel and media integration	3.4083	3.1286	0.9691	NS	Accepted
7	Information management	3.8234	3.2665	1.8085*	S	Rejected
8	Performance assessment	3.9097	3.1446	2.6891*	S	Rejected
9	Enterprise-wide marketing strategy	3.9636	3.2087	2.5444*	S	Rejected
10	Relationship management system	3.8991	3.0962	2.9196*	S	Rejected
11	Building on service excellence, value and convenience	3.7762	3.2516	1.8085	NS	Accepted
12	Channel management	3.9089	3.1084	2.4546*	S	Rejected
13	Preparation on CRM tools	3.8664	3.0456	2.8663*	S	Rejected
14	Analytical and feedback system	3.7099	2.9697	2.5634*	S	Rejected

Source: Primary data   *Significant at five percent level

The Table 4. reveals that majority of the dimensions related to the stages of CRM development are significant at five percent level. The dimensions like performance assessment, enterprise-wide marketing strategy and channel management are seen highly significant among the other variables with mean score values 3.9097, 3.9636 and 3.9089. Further, it is also observed that the dimensions like Identifying target customers and their needs, Channel and media integration and Building on service excellence, value and convenience are seen non significant between the private and public sector banks.

It is also seen that the aspects like co-ordination of customers, services and channels, Integration process, strategy development and value creation are observed to have

high mean score in the private sector banks than in the public sector banks. Further, the study also shows high mean scores on dimensions like relationship management system, preparation on CRM tools and analytical and feedback system in the private sector banks when compared to that of the public sector banks. The analysis reveals that the private sector banks have slightly better positive perception on CRM than that of the public sector. However, while analyzing from a strict statistical perspective the difference is marginal.

6.5. Level of Implementation of CRM Practices in Banks

The Table 5. shows the level of CRM implementation of CRM practices in the Indian public and private sector banks.

Table 5
Level of Implementation of CRM Practices in Banks

Sl.No.	CRM Practices	Eigen Value	Reliability Coefficient	Percent of Variation Explained	Cumulative percent of Variation Explained
1	Information Storage	4.1085	0.8185	13.03	13.03
2	Information Acquisition	2.6533	0.7086	10.44	23.47
3	Information accessibility	2.5141	0.7494	9.86	33.33
4	Employee training	2.3082	0.7989	9.02	42.35
5	Information evaluation	2.2661	0.8661	8.68	51.03
6	Management commitment	2.1142	0.7243	8.03	59.06
7	Organizational structure	2.0891	0.7717	7.39	66.45
8	CRM orientation	1.4528	0.7045	6.54	72.99
9	Employees incentives	1.30860	0.8049	4.28	77.27
	KMO measure of sampling adequacy: 0.8144			Bartletts test of sphericity Chi-square value: 102.37*	

Source: Primary data

The EFA explains that (Table 5) the dimension on information storage as the most important CRM practices implemented and followed in the Indian banks. Table 5. shows that the percentage of variation varies from 4.1085 to 13.0300 with a reliability coefficient of 0.8185.

The dimensions on information acquisition and information accessibility are the second and third most relevant CRM practices implemented and followed in the Indian banks respectively with reliability coefficient of 0.7086 and 0.7494. The other important dimensions identified are employee training, information evaluation, management commitment, organizational structure, CRM orientation and employee incentives.

It is also revealed from Table 5. that the KMO measure of sample adequacy was seen to be 0.8144 and the Bartletts test of sphericity Chi-square value has been observed as 102.37 (significant at five percent level).

7. MAJOR FINDINGS

It is revealed from the study that majority of the respondents were males. However, the study also had an acceptable level (32.59%) of female representation. An interesting observation is that the study had good representation of the clerical cadre executives (51.12%) as well as the managerial level officers (48.88%). This shows the organizational culture and involvement of the human assets in banking enterprises are responsible, while addressing the critical aspects like CRM implementation. The years of experience and exposure to banking domain have high relevance in the approach and attitude of employees towards highly sophisticated technology implementations like CRM. It is seen that majority of the employees have over 15 years of experience in banks. Further, the study shows that 10.95% of the respondents have more 20 years of professional exposure in banking domain. As far as the stages of CRM development are concerned, visible differences are observed among the private sector and public sector banks in multiple dimensions. The factors like performance assessment, enterprise-wide marketing strategy and channel management are observed to have high values when compared to the other dimensions. The critical dimensions of CRM practices identified by factor analysis are Information Storage, information acquisition, information accessibility, employee training, information evaluation, management commitment, organizational structure, CRM orientation and employee incentives. It is seen that the dimensions on Information Storage, information acquisition, information accessibility are more significant when compared with the other six dimensions.

8. MAJOR SUGGESTIONS

As CRM offers strategic advantage to banking enterprises the management shall take earnest interest in orienting the employees about the potential benefits derived from CRM systems. This effort creates better employee orientation towards CRM and results in creating more organizational value. It is seen that majority of the respondents have years of professional experience in banking. The banks shall harness their employees' rich experience in developing and implementing CRM systems. Such efforts help the banks in ensuring the total involvement and commitment of the staff members in the successful implementation of the CRM systems.

The public sector banks shall exhibit more professional efforts in their approach towards CRM implementation. These banks shall employee external support in developing and implementing CRM systems. CRM systems act as business enablers. Therefore, the banks shall have broader view on CRM and may use a matrix of independent, interrelated dimensions which has impact on the banks business value creation and customer retention. Thus, a judicious mixture of the identified dimensions derived as the outcome of the study offer better insight for banks in designing and implementing the CRM systems.

9.   LIMITATIONS AND SCOPE FOR FURTHER RESEARCH

The study has been carried out in Coimbatore city and it would be better if the study could be extended to other parts of the country. The future studies could also include few more variables related to CRM implementations. The present study collected data from the employees of the banks.

10. CONCLUSION

The study focuses on the CRM implementation in the Indian private and public sector banks with special reference to Coimbatore city. Nine critical factors that determine the successful implementation of CRM in banks are identified. Among the identified factors, the one on information storage, information acquisition and information accessibility are observed to be more relevant. Further, the study reveals that CRM implementation in the private sector banks has observed to be better than that of the public sector banks. Thus, this research initiative contributes body of knowledge to the exiting literature on CRM implementations in the Indian public and private sector banks which offer useful information for future researchers.

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