Effect of Customer Relationship Management in Public and Private Banks

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ABSTRACT
In the present banking scenario, relationship management is an indispensable competitive strategy to retain the customer base. Banks is trying to win trust, customer satisfaction and loyalty by providing better services. The main functions of the banking system are to mobilize resources from the public and channel them into growth-oriented activities. This paper investigated the most important factors in customer relationship management and the degree of variance between public and private banks on relationship management. 225 samples were used to analyze the study, where descriptive and t-test were applied to know the variance between the variables. Namely, Customer Welfare, Communication, Commitment, Employee work behaviour, Customer grievance & care, customer bonding, Trust, customer satisfaction, and loyalty. It is identified that customer welfare services is significantly varied based on types of bank. The other dimensions communication, relationship commitment, employee work behaviour, customer grievance& care and customer bonding are not significantly.

KEYWORDS: Relationship management, Trust, Customer Satisfaction, Loyalty, Public Bank, Private Bank

INTRODUCTION
Customer Relationship management is the strongest and the most efficient approach in maintaining and creating relationships with customers.

Customer relationship management is not only pure business but also ideate strong personal bonding within people. Development of this type of bonding drives the business to new levels of success. Once this personal and emotional linkage is built, it is very easy for any organization to identify the actual needs of the customer and help them to serve them in a better way. It is a belief that more the sophisticated strategies involved in implementing customer relationship management, the more strong and fruitful in the business. Most of the organizations have dedicated world-class tools for maintaining CRM systems into their workplace.

CRM can be defined as an organization's strategy for managing relationships and interactions with customers and potential customers. It includes philosophy for managing relationships, the technology and the processes. CRM is therefore not only confined to the technology, but revolves around a company's ability to become customer-centric. In fact, managing CRM as an IT project is one of the central reasons why so many CRM initiatives fail. This emphasizes that CRM is a practice that spans over the entire organization and that CRM systems merely form the technology supporting the processes needed to reach the company's CRM strategy (Ryals, 2001).

Companies are investing more in CRM than ever. CRM systems became the world's largest software market in 2017. It is further expected to be the fastest-growing software market by 2018 (Chalmeta 2017). There are many reasons why CRM is so important, and this paper likes to point out the reason that is of particular importance for the banking sector.

The public and private banking sector have traveled a long path since its inception in the country. With the advancement of technology, core banking has been introduced in the country which has spread to every nook and corner presently. It has made a lot of things quite easier for both customers and employees in the bank (Vetrivel 2016). The basic function of any public sector or private sector bank is to mobilize the resources and capitals garnered through various deposits and schemes for the varied period and lend the same at higher rates of interest to its own customers in order to garner more profit from the money (Peppard, J. 2000). The bank also provides facilities like lockers, remittance, draft creation, cheque collection and transfer, bank guarantee credit to its esteemed customers. It also offers insurance and mutual fund plans to its customers along with providing loan schemes and savings of their money.

The field of banking is dominated by large public sector banks till the 1990s. The liberalization policy of the government of India permitted entry to foreign and private banks in the banking industry. Because of that the banking sector leads to an increase in their competition. Public sector banks are facing increasingly more competition, whereas foreign and private sector banks are trying to win customer loyalty, commitment and trust by providing them better services. Customer relationship has become a competitive strategy in the Indian banking sector. The growth of the service industries and the competition between the private and public sector banks have resulted as there is a gap in the market in order to improve relationship provisions to retain customers such as customer satisfaction, trust and loyalty.

Research Methodology

The primary aim of this study is to investigate the most important determinants of relationship management on Public and Private banking sector. Systematic random sampling technique is adopted for this study. Samples of 253 customers are approached for this study based on the purposive sampling techniques. Among the 253 responses, the elimination cases with missing data. Hence the samples 225 are finally considered for research. based on the review of the literature, the researcher developed the questionnaire. Relationship management determinants namely, customer welfare, communication, commitment, employee work behaviour, customer grievance& care and customer bonding are treated as the dependent variable. Trust, customer satisfaction, and loyalty are considered as independent variables. The respondents are asked to rate their opinion on the seven-point Likert scale. Descriptive statistics are used to describe the sample, to show the numbers and percentage of the items falling in categories and t-test is applied to measure the degree of variation between the variables.

Result and Analysis

Table 1 Relationship management dimension based on types of bank

Relationship marketing	Type of bank			t-value	P-value
	Bank	Mean	S.D		
Customer welfare	Public bank	20.49	3.53	5.042	0.025**
	Private bank	19.40	4.11		
Communication	Public bank	24.28	5.01	1.445	0.230**
	Private bank	23.47	5.22		
commitment	Public bank	18.61	4.85	2.552	0.111**
	Private bank	17.56	5.28		
Work behaviour	Public bank	20.54	4.13	2.552	0.111**
	Private bank	20.41	4.46		
Customer grievance care	Public bank	22.52	5.67	0.485	0.487**
	Private bank	23.05	6.29		
Customer bonding	Public bank	19.20	3.79	0.199	0.656**
	Private bank	19.43	3.53		

Source: Primary data computed* *Significant at five percent level Not-significant

Table 1shows that customer's views on relationship management dimension based on their types of bank availed. Here, the respondents are classified into two types of banks availed, namely public bank holder and private bank holders. On the basis of these two groups, the mean and standard deviation values are calculated with respect to relationship management dimensions. While observing the mean value, those who are avail public bank, they are perceived a high level of customer welfare, communication, commitment and work behaviour. However, the private bank holders are experienced a higher amount of customer grievance& care and customer bonding.

Ho: The customer's opinion does not differ towards relationship management dimensions based on types of bank.

In order to examine the above-stated hypothesis, t-test is employed. From the t-test result, it is identified that customer welfare services are significantly varied based on types of bank. The other dimensions communication, relationship commitment, employee work behaviour, customer grievance& care and customer bonding are not significantly varied due to types of bank availed the customer. Hence the stated hypothesis is accepted. In the case of customer welfare services, the customer who is all availed public bank, they are perceived better customer welfare services than the private bank availed groups.

Table 2 Customer satisfaction based on types of bank

Types of bank	Customer Satisfaction		t-test result	
	Mean	S.D	t-value	p- value
Public bank	13.97	4.14	1.232	0.268 **
Private bank	14.58	3.91		

Source: Primary data computed**Significant at five percent level Not-significant

Table 2 portrays the customers opinion towards their satisfaction level with the bank based on types of bank availed. Mean and standard deviation value is calculated for customer satisfaction on the basis of bank availed. The calculated mean value is ranged between 14.58 to 13.97. It is observed that the customers who are all availed private banks, there are experienced a better level of satisfaction with the bank.

Ho: There is no difference of opinion toward customer satisfaction based on types of bank.

To test the above stated hypothesis, t-test is applied. From the result, the calculated t-value is 1.232 and P-value is 0.268. Here, P-value is not-significant. Hence, the stated hypothesis accepted. It shows that there is no difference of opinion towards customer satisfaction based on type of bank.

Table 3 Trust based on types of bank

Types of bank	Trust		t-test result	
	Mean	S.D	t-value	p- value
Public bank	23.96	5.68	0.013	0.910**
Private bank	23.88	5.48		

Source: Primary data computed**significant at five percent level Not-significant

Table 3 explains the customer opinion towards their trust level with the bank based on types of bank availed. Mean and standard deviation value is calculated for trust on the basis of bank availed. The calculated mean value is ranged between 23.96 to 23.88. It is observed that the customers, who are availed public bank, there are experienced a better level of satisfaction with the bank.

Ho: There is no difference of opinion towards trust based on types of bank.

To test above stated hypothesis t-test is applied. From the t-test result, the calculated t-value is 1.232 and P-value is 0.268. Here, P-value is not significant. Hence, the stated hypothesis accepted. It shows that there is no difference of opinion on trust based on their type of bank availed by the customers.

Table 4 Customer loyalty based on types of bank

Types of bank	Customer loyalty		t-test result	
	Mean	S.D	t-value	P- value
Public bank	24.59	5.93	0.921	0.357**
Private bank	25.92	4.28		

Source: Primary data computed**significant at five percent level Not-significant

Table 4 explains the customers opinion towards customer loyalty with the bank based on types of bank availed. Mean and standard deviation value is calculated for customer loyalty on the basis of bank availed. The calculated mean value is ranged between 25.92 to 24.59. It is observed that the customers, who are all availed private bank, they are having a better level of loyalty with the bank.

Ho: There is no difference of opinion towards customer loyalty based on types of bank.

To test above stated hypothesis, t-test is applied. From the t-test result, the calculated t-value is 0.921 and P-value is 0.357. Here, P-value is not-significant. Hence, the stated hypothesis accepted. It shows that there is no difference of opinion on customer loyalty based on their type of bank.

Conclusion

It is concluded that customer welfare services are significantly varied based on Public and Private Banks. The other dimensions communication, relationship commitment, employee work behavior, customer grievance& care and customer bonding are not significantly varied due to types of banks and also it shows that there is no difference of opinions on trust, customer satisfaction and loyalty based on the types of bank availed by the customers. Hence, In the case of customer welfare services, the customer who is all availed public bank, they are perceived better customer welfare services than the private bank availed groups. So this study suggested to private banks to develop the strategy to improve and provide better customer welfare. Because customer relationship management is not only used to deal with the existing customers but is also useful in acquiring new customers. The process first starts with identifying a customer and maintaining all the corresponding details into the CRM system which is also called an 'Opportunity of Business'. The Sales and Field representatives then try getting business out of these customers by sophistically following up with them and converting them into a winning deal. All this is very easily and efficiently done by an integrated CRM system.

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