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**Customer Relationship Management in Banking Sector: A Study on Bank Employees  
Perception about Customers in Tirunelveli District**

**Abstract:** The purpose of business is to create new customers and retain old customers.

Customer orientation is the ultimate key to success of any business. Customer Relationship Management (CRM) is a comprehensive approach for creating, maintaining and expanding customer relationships. CRM does not just belong to sales and marketing rather it is an intelligent blend of marketing and information technology for serving the customer with greater care and value. The data required for this study had been obtained from primary and secondary sources. First hand data were collected from the bank employees directly through structured comprehensive interview schedule. As the population size is infinite, 333

respondents are selected as sample among the population using stratified random sampling. The sample has been stratified as 248 employees from public sector banks and 85 employees from private sector banks in Tirunelveli district. It is found that fund transfer under ECS and collection of negotiable instruments are the important perception towards the dimension of CRM practices under banking services among the employees of public sector banks whereas the important perception towards the dimension of CRM practices under banking services among the employees of private sector banks are portfolio management and acting as trustee executor and administrator.

Keywords: Customer Relationship Management, Banking Services and Perception

## Introduction

The purpose of business is to create new customers and retain old customers. Customer orientation is the ultimate key to success of any business. Customer Relationship Management (CRM) is a comprehensive approach for creating, maintaining and expanding customer relationships. CRM does not just belong to sales and marketing rather it is an intelligent blend of marketing and information technology for serving the customer with greater care and value and indeed it's a new way of doing business covering all aspects. Further, CRM is an integrated approach of dealing with customers with smart use of Information Technology. Computerisation of records, maintenance of customer data base, on-line customer service will enhance the customer loyalty apart from exploring new opportunities for cross selling/sell ups.

## Statement of The Problem

CRM aims at focusing all the organizational activities towards developing long term collaborative relationship with customers to develop them as lifetime customers. CRM in

banking is a key element that allows a bank to develop its customer base and sales capacity. The goal of CRM is to manage all aspects of customer interactions in a manner that enables banks to maximize profitability from every customer. Retaining customers is a major concern for banking institution which shows the importance of CRM. Banks have to come out with innovative measures to satisfy the needs of both the present and potential customers and at the same time they must adopt procedures to bring back the lost customers through establishing an excellence in customer relationship. Hence the present study has been carried out to examine the CRM techniques adopted in the selected public sector banks and private sector banks in Tirunelveli district.

#### Need Of The Study

The banking sector is entering a new world and exciting developments are changing the face of banking. The globalization of banking operations along with high competition, continuing deregulation and technological advancements has significantly altered the face and scope of banking. The process of economic liberalization and financial sector reforms has brought the issue of customer focus to the forefront. Therefore there exists a strong need for maintaining CRM in the banks to understand the customers and to meet their expectations. The scope of CRM is very wide including different aspects like customer satisfaction, service quality, relationship quality, market orientation, trust, loyalty, commitment, customer retention etc. To survive, banks have to redesign their strategy in delivering quality services to attract and maintain customers. The only strategy that is perceived to make sense in this emerging marketing environment requires marketers to learn and practice CRM. This study aims to identify the perception towards customer relationship management among employees of public sector banks and private sector banks in Tirunelveli district.

### Scope Of The Study

The purpose of any business is to create and retain the customers. Now-a-days, banking sector is very important in the world's economy. So, the banking units gain increasing importance of Customer Relationship Management (CRM) for many reasons, such as, (i) For providing customer friendly work culture and computerized banking operations. (ii) For serving and retaining the existing customers. (iii) Good service will help the bankers to create long term relationships with customers CRM is an integrated information system that brings together information about consumers, marketing effectiveness, sales and market trends. Particularly, this study is focused at public sector banks and private sector banks functioning in Tirunelveli district as this is an important industrial as well as commercial sector in southern belt of Tamil Nadu, India. The primary data has been collected from employees of Public Sector Banks and Private Sector Banks.

### Objectives Of The Study

- To compare the perception of the employees towards customer relationship management in public and private sector banks.
- To identify the employees satisfaction with the results of the CRM system.

### Methodology

The data required for this study had been obtained from primary and secondary sources. First hand data were collected from the bank employees directly through structured comprehensive interview schedule. As the population size is infinite, 333 respondents are selected as sample among the population using stratified random sampling. The sample has been stratified as 248 employees from public sector banks and 85 employees from private

sector banks in Tirunelveli district. They were contacted personally to collect the data. Interview schedule has been used to collect the data.

#### Limitations Of The Study

- The researcher faces some difficulty due to the lack of co-operation from some respondents and the bias of respondents cannot be completely ruled out.
- It is very difficult to fetch sufficient employees information from the bank since they maintain privacy and security in providing their profile.

#### Analysis And Interpretation

Table 1

Number of years working in the bank

Number of years working in the bank	Type of Bank		Total
	Public sector banks	Private sector banks	
Below 5 years	39(15.7)	22(25.9)	61(18.3)
5-10 years	77(31)	36(42.4)	113(33.9)
11-15 years	95(38.3)	19(22.4)	114(34.2)
Above 15 years	37(14.9)	8(9.3)	45(13.5)
Total	248(100)	85(100)	333(100)

Source: Primary data

Note: Figures within the brackets indicate percentage

Table 1 indicates that out of 333 employees of public sector banks and private sector banks, 34.2 per cent of the employees are working between 11-15 years, 33.9 per cent of the employees are working between 5-10 years, 18.3 per cent of the employees are working below 5 years and 13.5 per cent of the employees are working above 15 years. Table 1 further

indicates that out of 248 employees of public sector banks, 38.3 per cent of the employees are working between 11-15 years, 31 per cent of the employees are working between 5-10 years, 15.7 per cent of the employees are working below 5 years and 14.9 per cent of the employees are working above 15 years. Table 1 further discloses that out of 85 employees of private sector banks, 42.4 per cent of the employees are working between 5-10 years, 25.9 per cent of the employees are working below 5 years, 22.4 per cent of the employees are working between 11-15 years and 9.3 per cent of the employees are working above 15 years.

Table 2

## CRM packages are currently used at the bank

CRM packages are currently used at the bank	Type of Bank		Total
	Public sector banks	Private sector banks	
Yes	239(96.4)	83(97.6)	322(96.7)
No	9(3.6)	2(2.4)	11(3.3)
Total	248(100)	85(100)	333(100)

Source: Primary data

Note: Figures within the brackets indicate percentage

Table 2 indicates that out of 333 employees of public sector banks and private sector banks, 96.7 per cent of the employees mentioned that the CRM packages are currently used at the bank and only 3.3 per cent of the employees said that the CRM packages are not currently used at the bank. Table 2 further indicates that out of 248 employees of public sector banks, 96.4 per cent of the employees mentioned that the CRM packages are currently used at the bank and only 3.6 per cent of the employees said that the CRM packages are not currently used at the bank. Table 2 further indicates that out of 85 employees of private sector banks, 97.6 per cent of the employees mentioned that the CRM packages are currently used at the bank and

only 2.4 per cent of the employees said that the CRM packages are not currently used at the bank.

Table 3

CRM applications or systems help in understanding customers extremely well

CRM applications or systems help in understanding customers extremely well	Type of Bank		Total
	Public sector banks	Private sector banks	
Strongly Agree	93(37.5)	23(27.1)	116(34.8)
Agree	125(50.4)	41(48.2)	166(49.8)
Neutral	5(2.1)	4(4.7)	9(2.7)
Disagree	13(5.2)	12(14.1)	25(7.5)
Strongly Disagree	12(4.8)	5(5.9)	17(5.1)
Total	248(100)	85(100)	333(100)

Source: Primary data

Note: Figures within the brackets indicate percentage

Table 3 reveals that out of 333 employees of public sector banks and private sector banks, 49.8% agree with the statement and 34.8% strongly agree. Only 7.5% of the employees disagree, 5.1% of the employees strongly disagree with the statements and 2.7% of the employees neutral with the statements. Table 3 further reveals that out of 248 employees of public sector banks, 50.4% agree with the statement and 37.5% strongly agree. Only 5.2% of the employees disagree, 4.8% of the employees neutral with the statements and 2.1% of the employees strongly disagree with the statements. It is clear from Table 3 that out of 85 employees of private sector banks, 48.2% agree with the statement and 27.1% strongly agree. Only 14.1% of the employees disagree, 5.9% of the employees strongly disagree and 4.7% of the employees neutral with the statements.

Table 4

## Satisfied with the results of the CRM system

Satisfied with the results of the CRM system	Type of Bank		Total
	Public sector banks	Private sector banks	
Strongly Agree	75(30.2)	24(28.2)	99(29.7)
Agree	89(35.9)	37(43.5)	126(37.8)
Neutral	22(8.9)	4(4.7)	26(7.8)
Disagree	33(13.3)	11(12.9)	44(13.2)
Strongly Disagree	29(11.7)	9(10.6)	38(11.4)
Total	248(100)	85(100)	333(100)

Source: Primary data

Note: Figures within the brackets indicate percentage

Table 4 reveals that out of 333 employees of public sector banks and private sector banks, 37.8% agree with the statement and 29.7% strongly agree. Only 13.2% of the employees disagree, 11.4% of the employees strongly disagree and 7.8% of the employees neutral with the statements. Table 4 further reveals that out of 248 employees of public sector banks, 35.9% agree with the statement and 30.2% strongly agree. Only 13.3% of the employees disagree, 11.7% of the employees strongly disagree and 8.9% of the employees neutral with the statements. It is clear from Table 4 that out of 85 employees of private sector banks, 43.5% agree with the statement and 28.2% strongly agree. Only 12.9% of the employees disagree, 10.6% of the employees strongly disagree and 4.7% of the employees neutral with the statements.

Perception Of Employees Towards The Dimension Of Crm Practices Under Deposit Scheme

An attempt has been made to find out the significant difference in perception towards the dimension of CRM practices under deposit scheme among employees of public sector banks and private sector banks, 't' test is used with the null hypothesis as, "There is no significant difference in perception towards the dimension of CRM practices under deposit scheme among employees of public sector banks and private sector banks in Tirunelveli district". The result of 't' test for perception towards the dimension of CRM practices under deposit scheme among employees of public sector banks and private sector banks is presented in Table 5.

TABLE 5

PERCEPTION OF EMPLOYEES TOWARDS THE DIMENSION OF CRM PRACTICES  
UNDER DEPOSIT SCHEME

Dimensions of CRM Practices Under Deposit Scheme	Type of Bank		T Statistics
	Public sector banks	Private sector banks	
Current Account	4.5321	4.0519	2.589*
Savings Bank Account	4.0015	3.8722	0.758
Fixed Deposit	3.8285	3.6017	0.989
Recurring Deposit	4.5514	3.8139	2.798*
Daily Savings Scheme	3.7389	3.8878	1.011
Marriage/Educational Plan	3.8978	3.5796	1.599
Housing Deposit Schemes	3.7998	3.3793	1.769
Minors Savings Schemes	4.3656	3.7378	2.154*
Stock Invest	2.7414	3.1236	2.056*
Other Deposit Scheme	4.5478	3.0159	3.897*

Source: Primary data

\*-Significant at five per cent level

From the above Table 5, it is understood that recurring deposit and other deposit scheme are the important perception towards the dimension of CRM practices under deposit scheme among the employees of public sector banks as their mean scores are 4.5514 and 4.5478 respectively whereas the important perception towards the dimension of CRM practices under deposit scheme among the employees of private sector banks are current account and daily savings scheme as their mean scores are 4.0519 and 3.8878 respectively. Regarding the perception towards the dimension of CRM practices under deposit scheme among employees of public sector banks and private sector banks, current account, recurring deposit, minors savings schemes, stock invest and other deposit scheme are statistically significant at 5 per cent level.

#### Credit Scheme

An attempt has been made to find out the significant difference in perception towards the dimension of CRM practices under credit scheme among employees of public sector banks and private sector banks, 't' test is used with the null hypothesis as, "There is no significant difference in perception towards the dimension of CRM practices under credit scheme among employees of public sector banks and private sector banks in Tirunelveli district". The result of 't' test for perception towards the dimension of CRM practices under credit scheme among employees of public sector banks and private sector banks is presented in Table 6.

TABLE 6

PERCEPTION SCORE OF EMPLOYEES TOWARDS THE DIMENSION OF CRM  
PRACTICES UNDER CREDIT SCHEME

Dimensions of CRM Practices Under Credit Scheme	Type of Bank		T Statistics
	Public sector banks	Private sector banks	
Term loans	4.2819	3.9336	2.151*
Cash Credit	3.3028	3.3841	0.369
Overdraft	4.5614	3.8827	2.987*
Discounting Bills	2.8445	3.7039	3.125*
Letter of Credit	4.6336	4.0548	2.654*
Personal Loans	3.8378	3.9957	0.459
Loans to Farmers	2.6198	4.0347	3.691*
Loans to SSI	2.2645	3.5635	3.178*
Loans to Self-Employed	4.0769	4.1515	0.321
Educational Loans	4.5425	3.0159	3.379*

Source: Primary data

\*-Significant at five per cent level

From the above Table 6, it is understood that letter of credit and overdraft are the important perception towards the dimension of CRM practices under credit scheme among the employees of public sector banks as their mean scores are 4.6336 and 4.5614 respectively whereas the important perception towards the dimension of CRM practices under credit scheme among the employees of private sector banks are loans to self-employed and letter of credit as their mean scores are 4.1515 and 4.0548 respectively. Regarding the perception towards the dimension of CRM practices under credit scheme among employees of public sector banks and private sector banks, term loans, overdraft, discounting bills, letter of credit, loans to farmers, loans to SSI and educational loans are statistically significant at 5 per cent level.

## Banking Services

An attempt has been made to find out the significant difference in perception towards the dimension of CRM practices under banking services among employees of public sector banks and private sector banks, 't' test is used with the null hypothesis as, "There is no significant difference in perception towards the dimension of CRM practices under banking services among employees of public sector banks and private sector banks in Tirunelveli district". The result of 't' test for perception towards the dimension of CRM practices under banking services among employees of public sector banks and private sector banks is presented in Table 7.

TABLE 7  
PERCEPTION SCORE OF EMPLOYEES TOWARDS THE DIMENSION OF CRM  
PRACTICES UNDER BANKING SERVICES

Dimensions of CRM Practices Under Services of Bank	Type of Bank		T Statistics
	Public sector banks	Private sector banks	
Collection of negotiable instruments	4.6498	2.9789	3.465*
Carrying out standing instruction	1.4187	3.4078	4.789*
Safe deposit lockers	4.2968	3.8358	2.231*
Collection of dividend interest etc.	4.0779	3.1196	2.988*
Fund Transfer under ECS	4.6936	3.5535	3.347*
Card Facility	3.1915	3.9889	2.789*
ATM Facility	4.0475	3.7925	1.875
Gift Cheques	3.9914	3.6642	1.359
Portfolio management	4.5525	4.0935	2.235*

Acting as trustee executor and administrator	3.0036	4.0864	2.975*
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Source: Primary data

\*-Significant at five per cent level

From the above Table 7, it is understood that fund transfer under ECS and collection of negotiable instruments are the important perception towards the dimension of CRM practices under banking services among the employees of public sector banks as their mean scores are 4.6936 and 4.6498 respectively whereas the important perception towards the dimension of CRM practices under banking services among the employees of private sector banks are portfolio management and acting as trustee executor and administrator as their mean scores are 4.0935 and 4.0864 respectively. Regarding the perception towards the dimension of CRM practices under banking services among employees of public sector banks and private sector banks, collection of negotiable instruments, carrying out standing instruction, safe deposit lockers, collection of dividend interest etc., fund transfer under ECS, card facility, portfolio management and acting as trustee executor and administrator are statistically significant at 5 per cent level.

#### Suggestions

- Among the different banking services, deposit account services, ATM services and Debit/credit card services are highly used by the customers. The bank must use the instrumental services while targeting the perspective customers.
- It is suggested that much more importance is to be given for handling online transactions. Employees should be encouraged to use of mobile commerce and mobile banking services.
- It is suggested that proper training should be given to the employees regarding behavioral patterns of banks before starting their actual work.

- It is suggested that bank should understand Employee Relationship Management first before customer relationship management.

## Conclusion

The researcher aim throughout the study has been to examine the perception towards customer relationship management among employees of both public sector banks and private sector banks in Tirunelveli district. Customers are the most important asset of any business. The success and failure of any business depends upon how far they satisfy the expectation of their customers. Banks are an important social organisation rendering various financial service to its customers. Realising the importance of customer services in banks, recommendations are made by various committees to improve the services quality of banks.

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