Innovative Services in Banks through Customer Relationship Management

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Abstract - A purpose of marketing strategy is to develop a competitive advantage; it provides customers with superior value compared with competitive offerings. Banking industries have traditionally operated in a relatively stable environment for decades. The purpose of the study is to important service quality of commercial banks refer to process quality as judged by customers during a service delivery and output quality judged after a service is performed. The important objective of the establishment of the CRM at the commercial banks is to enrich customer satisfaction and generate customer loyalty. In the present study, the outcome of the CRM implementation of innovation services has been measured with the help of the customers perception on the overall service of the banks.
Keywords: Innovative Services, Banks, Customer Relationship

I.INTRODUCTION

The service sector has emerged as a key sector in the Indian Economy. The contribution from this sector to the Indian our Gross Domestic Product (GDP) is approximately 55 per cent, as per the Budget Report of 2008-09. The continuous growth of the GDP at 8 per cent and above has become possible due to the good performance of this sector. In the post-reforms era, there has been a sea change in the financial sector. In such a scenario, the services have grown rapidly and the customer has been more often a purchaser of services rather than a product.

In the service sector the financial services are the backbone. In financial services banking is the most important segment. Because, the banking is a catalyst, and life of modern trade and commerce. It is an integral part of all the businesses and social activities. This rapid transformation of service in the banking system has led to the evolution of a highly competitive and complex market where there is a continuous refinement of services. Hence the increased role of banking in India's economic development on the one hand and the changes in the business climate on the other has put increased pressure on them. These changes are compelling the banks to reorganize themselves in order to cope with the present conditions. Banks even try to provide services at the customers place itself. Hence the author is made a research attempt the innovative services in banks practices through CRM.

II.REVIEW OF LITERATURE

Customer service strategies are the most important dimension on which the success of customer relation management hinges. In the wake of intense competition amongst banks on the one hand and between banks and non-financial institution on the other, satisfaction of customer service strategies has assumed a larger dimension. The most important objectives of satisfaction of customer service strategies in banking sector is to retain existing customers and to add new customers. The range of service strategies of the banks include, single window services (Sheth and Parvathiar (1995), anywhere banking (Romamo and Fjermested, 2002), any time banking; Charge free banking; phone banking, electronic fund transfers, doorstep services, internet banking and so on (Anand, 2008), CRM is developing into a major element of corporate strategy for many organisations (Rangarajan, 2010; Shibu, 2011).

III.STATEMENT OF THE PROBLEM

In India, public and private sector banks are competitive in adopting service quality. Lack of resources, absence of appropriate attitude, vision and planning, strong resistance from trade unions and indifferent attitude of employees have made these banks slow in adapting to the new techniques and technology for service quality management. In ability to cross selling, long queues, poor service attitude, lack of information and lack of humanness also prevented the bankers in maintaining a good customer relationship. Banking sectors are in a pressurizing situation to establish the growth opportunities in their respective employment opportunity and maintain of good customer relationship. Hence, the service quality of banks must be very essentially viewed to retain the customers in every banking sector. At this juncture, it is required to analyze the perception of customers about customer relationship and innovative services in the need of hour.

IV.INNOVATIVE SERVICES THROUGH CRM

Banks have made several innovations for sustenance by using the CRM system such as:

1. The Introduction of ATMs.
2. Biometric ATMs.

3. Single Window Service.
4. Teller System.
5. Internet Banking.
6. Introduction of Plastic Money; Credit Card, Debit Card, Smart Card.
7. Mobile and E-mail Alerts.
8. Electronic Cash.
9. Introduction of Two in One Accounts.
10. Smart Cart System
11. Introduction of new loan schemes as per the customers needs viz. Education Loans, Marriage Loans, Housing Loans, Personal Loans, Vehicle Loans, Furniture Loans, Renovation Loans and Tourism Loans.

Today's Banks are under pressurizing situation that to attracting, satisfying and retaining customers. Customer Relationship Management (CRM) has been focused severely and evolving as a great thrust area of research in Management. Hence, the investigator made an attempt to study the innovation services through CRM in banks are rendering by the public and private sector banks.

V.OBJECTIVES OF THE STUDY

1. To identify the innovation services of banks in India.
2. To highlight innovative services of Private and Public sector banks.
3. To analyze the customers' perception on innovate services provided by banks.

VI.RESEARCH DESIGN

In the present study, the descriptive and analytical type research designs have been administered. Since this research describes the profile of the customers in banking industry and their perception on the CRM at banks, it is descriptive in nature. Mean while, this study analyses the perception on service quality, it is diagnostic in nature.

Sample

In total, there are 71 Public and 36 Private Sector Commercial Banks branches in Sivaganga district. Hence, a total of 356 Employees and 163 Customers have been included as the sample of the present study. The applied sampling technique of the present study is purposive sampling.

Framework Of Analysis

For analyzing the data collected during the investigation, the statistical following tools were used based upon the nature of data and relevance of the information required. 't' test, ANOVA, Multiple Regression Analysis, Kaiser-Meyer-Olkin (KMO), EFA, CFA and Discriminant Analysis.

VII.ANALYSIS AND INTERPRETATION

Customer innovative services are the most important dimension on which the success of customer relation management hinges. In the wake of intense competition amongst banks on the one hand and between banks and non-financial institution on the other, satisfaction of customer service strategies has assumed a larger dimension. The most important objectives of satisfaction of customer service strategies in banking sector is to retain existing customers and to add new customers.

Banks should develop the culture of total employee involvement towards providing total satisfaction to customers. Total customer satisfaction would help to maintain customer retention. Banks should be customer-centric. Banks must look at the business through its customers' view point and operate as a customer driven organization. Banks should encourage all employees towards active listening to customers. To encourage active listening banks can depend on technology and can go for call centres, answer 24 hours customer response centres and so on. Banks should give importance to customer segment specific strategies which would focus attention of specific requirements of each segment. This would improve customer retention. Banks should empower employees at various levels to arrive at appropriate action for improving customer satisfaction and to take corrective measures wherever necessary. This will enhance customer retention. In the present study, the customer retention at banking sectors are providing innovate services measured with the help of 13 variables

Regarding the rate of implementation of the variables in Innovate Customer Services; the PRSBs are different from the PUSBs. It is more important to identify the important discriminant ICS variables in the two groups of banks in order to reduce the gap between them. The scores of the 13 variables among the customers in the PRSBs and the PUSBs have been included for the two group discriminant analysis. Initially, the mean differences of the 13 variables, their statistical significance and discriminant power of the variables have been computed. The results are shown in Table.

The relative contribution of discriminant variables in the CSS in Total Discriminant score is computed by the product of the discriminant coefficient and the mean difference of the respective variables in the IS.

The commercial banks have applied so many service strategies to maintain a good relationship with their customers. They applied so many customer strategies to maintain the CRM at their banks to retain their customers and also to generate the customers' loyalty. Even though, the customer service strategies are too many, the present study confines to only 13 variables namely cross-selling of products, up-selling of products, single window services, 24 hours service, anywhere banking, change free banking,

global banking, telephone banking, internet banking, door step services, preferential pricing, insurance advice and bank assurance. The customers are asked to rate the above said 13 variables at five point scale according to the order of implementation at their banks. The assigned scores on these scales are from 5 to 1 respectively. The mean scores of each variable in the CSS among the customers in the PRSBs and the PUSBs have been computed separately. Regarding the implementation of variables in the CSS, the significant difference among the two groups of customers have been examined with the help of 't' test.

TABLE I MEAN DIFFERENCE AND DISCRIMINANT POWER OF INNOVATE CUSTOMER SERVICE VARIABLES

Sl.No.	Variables in CSS	Mean Score in		Mean Difference	t-statistics	Wilks Lambda
		PRSBs	PUSBs			
1	Cross-selling of products	3.8643	3.6233	0.2410	0.7886	0.4108
2	Up-selling of products	3.8134	3.4144	0.3990	1.6557	0.3996
3	Single window services	3.6673	3.2667	0.4006	1.3085	0.5142
4	24 hours service	3.5942	3.3038	0.2904	0.4582	0.4088
5	Any where banking	3.8908	3.1446	0.7462	2.8018*	0.2996
6	Change free banking	3.9144	3.2033	0.7111	2.5676*	0.2491
7	Global banking	3.9903	3.1041	0.8862	2.8184*	0.1965
8	Telephone banking	3.8145	3.1208	0.6937	2.7968*	0.2561
9	Internet banking	3.9096	2.9697	0.9399	3.3044*	0.1085
10	Door step services	3.9908	3.0211	0.9697	3.2162*	0.1233
11	Preferential pricing	4.0143	3.3306	0.6837	2.6617*	0.1739
12	Insurance advice	3.9697	3.4708	0.4989	1.3092	0.3394
13	Bank assurance	3.8908	3.4456	0.4452	1.1445	0.4502

Source: Computed   *Significant at five per cent level

$$Z = 0.8908 + 0.1431x_5 + 0.1003x_6 + 0.2086x_7 + 0.1214x_8 + 0.2441x_9 + 0.2569x_{10} + 0.1033x_{11}$$

Since the profile of the customers may be associated with their perception on variables in the CSS, the present study has made an attempt to measure the association with the help of one way analysis of variance. The included profile variables are gender, age, educational status, occupational states, monthly income, family income, years of experience in bank, number of accounts in bank.

TABLE II ASSOCIATION BETWEEN THE PROFILE OF CUSTOMERS AND THEIR SCSS

Sl.No.	Profile Variables	F-statistics	Table Value of 'f' at five per cent level	Result
1	Gender	3.4541	3.84	Insignificant
2	Age	2.9917	2.37	Significant
3	Educational status	2.8345	2.37	Significant
4	Occupational status	2.6811	2.21	Significant
5	Monthly income	2.0133	2.37	Insignificant
6	Family income per month	2.1452	2.37	Insignificant
7	Years of experience in bank	2.4681	2.21	Significant
8	Number of accounts in bank	2.6063	2.99	Insignificant

Source: Computed

The significantly associating profile variables with their SCSS are their age, educational status, occupational status, and years of experience in bank since their respective 'F' statistics are significant at five per cent level. Regarding the perception scores on the variables in the CSS, the significant differences among the customers have been identified when they are classified on the basis of their age, educational status, occupational status, and years of experience in bank.

VIII. FINDINGS

The highly perceived customer service strategies variables among the customers in the PRSBs are preferential pricing and door step services whereas in the PUSBs, these are cross-selling of products and insurance advice. Regarding the perception on the variables related to customers service strategies, the significant differences among the customers in the PRSBs and the PUSBs have been identified in 7 variables out of 13 variables. The important discriminant customer service strategies variables among the two groups of banks are door step services and internet banking which are higher in the PRSBs than those in the PUSBs.

The overall score on customer service strategies is identified as higher among the customers in the PRSBs than the customers in the PUSBs. The significantly associating profile variables with the overall score on customer service strategies among the customers are their age, educational status, occupational status and years of experience in bank.

The higher discriminant coefficients are identified in the case of door step services and internet banking since their coefficients is 0.2569 and 0.2441 respectively. It shows the higher degree of influence of the above said two variables in the discriminant function. The higher relative contributions of variables in the TDS are seen in the case of door step services and internet banking since their relative contributions is 25.00 and 23.03 per cent respectively. The estimated discriminant function correctly classifies the cases to the extent of 72.08 per cent. The analysis infers that the important discriminant variables in the CSS among the two groups of customers are door step services and internet banking which are higher in the PRSBs compared to those of the PUSBs.

IX. SUGGESTIONS

Banks must realize the CRM in its broader term. No doubt personal interaction, marketing and sales are the right view of the CRM but the CRM includes a lot more than that. In its vital sense the CRM includes personal interaction, marketing and sales, IT, customer knowledge, people, process and technology. There can also be some other dimensions of the CRM. Banks should not only just concentrate on one segment of the CRM, but also by using a mix of different elements they can get a real customer with a long time relationship.

X. CONCLUSTION

The present study concludes that the banks, both Public and Private, have transformed themselves into profit oriented business organizations besides playing a developmental role in the economy. This new orientation has bound them to take a more pragmatic approach for conducting the business. While analyzing the CRM Implementation in both the sectors, it was found that the Private Sector Banks have been able to implement the CRM practices more effectively when compared to their Public Sector counterparts. This indicates that strategically speaking, the Private Sector Banks have been more innovative in understanding their customers and in building good relations with them. The analysis of the results received suggests that the banks (Public or Private) are equally affected by the kind of CRM initiatives they undertake. The banks are now under tremendous pressure to retain the older customers because of the competition in the Banking Sector. This would not only ensure better customer relations but also loyalty among them, which is very critical and important in today's competitive world. The banks can do this by building a strong relationship with the customers. To meet the customer needs and to beat the competition, they must deliver superior quality service. The key drivers to customer loyalty are … Integrity, Honesty and Reliability. No doubt CRM is here to take on the business world and essential to compete effectively in today's market place. A proper strategic alliance e between various partners in the process of implementing CRM should be decided well ahead and once the concept accepted it should be implemented in good faith and spirit so as to derive customer delight.

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