

AN EVALUATION OF CRM PRACTICES IN PUBLIC, PRIVATE AND CO-OPERATIVE BANKING SECTORS

Ashwini Patil (Kshama Kadam)

Assistant Professor,
Lords Universal College, Malad.
Mumbai. India.

Dr. U. M. Deshmukh

Professor and HOD,
Dept. of Operations Management,
Chh. Shau Institute of Business Education and
Research (SIBER)
University Road, Kolhapur.
Maharashtra, India

ABSTRACT

CRM is a companywide business strategy designed to reduce costs and increase profitability by solidifying customer loyalty. India being the second largest country in the world in terms of population density, the banking sector also finds its customer base not only spread across the lengths and breadths of the country geographically but also with diversities in terms of economic strata as well as requirements. However, with increased globalization and customer awareness the need for quickly graduating to a customer segmented approach was felt and realized by most leading players in the banking sector.

The purpose of this study is to evaluate the existing CRM practices in selected Public sector, Private sector and Co-Operative sector banks. Implications of this study focus on CRM practices for banking such as, customer retention strategy, fulfillment of commitments, TQM practices, call centers, simplification of marketing and sales processes, training program to customers, cross selling, transparency in dealings, feedback from customers etc. The study concludes that price war alone is not a long term sustainable strategy. Instead, a focus on enhancing customer relationship would lead to a more robust and profitable customer base leading to a sustainable growth and increasing market share. CRM is not a luxury but a necessity for any organization to ensure long term survival, stability & growth.

Keywords: Customer Relationship Management, CRM practices, TQM, Value added services, Customer satisfaction index.

Introduction:

Customer Relationship Management is no longer a new concept. Though originally perceived simply as a label for a category of software tool, the same has now significantly evolved as a complete business strategy across industries globally. True CRM brings together information from all data sources within an organization and wherever appropriate from outside the organization to give one holistic view of each customer in real time. This allows employees facing the customers in areas such as sales, customer support, and marketing to make quick yet informed decisions on everything from cross-selling and up selling opportunities to target marketing strategies to competitive positioning tactics.

The purpose of this study is to evaluate the existing CRM practices in selected Public sector, Private sector and Co-Operative sector banks.

Research Methodology:

The study is based on both primary and secondary data. Primary data has been collected by using a detailed and comprehensive questionnaire, informal discussions, structured and unstructured interviews and observations.

Two questionnaires for the survey were set separately for employees and customers. A census survey of employees was made of three branches each of the selected major Public, Private & Co-Operative sector banks. The employee questionnaire were set in such a manner that it could be applicable to all the levels of management who are involved directly or indirectly into customer relationship management practices in the banking units. Total number of employee respondents was 69, 45 and 45 from Co-Operative, Private and Public sector banks respectively.

The researcher has selected total 150 numbers of customers as respondents of each selected bank, by adopting convenient random sampling method even though the numbers of customers are more.

The secondary data has been collected from bank's office records, annual reports, customer feedback forms, audit reports, accounting records etc.

Review of Literature:

An attempt is made to undertake the review of the past literature research published by various authorities concerning the Customer relationship management practices. Some of the important contributors and their contribution are summarized below.

Debajani Sahoo:

In his article, "*Minimizing CRM, Minimizing success*" August 2006, he has highlighted how Companies have invested or are planning to invest huge amounts to implement CRM strategies, tools and infrastructure in order to win battle in today's growing market place. Now business has become a competitive economy from a relatively product driven corporate ecosystem to a real time proactive customer ecosystem, though it is not fully transformed yet.

Vikas Nath, Pratibha and R.P. Das:

In their article, "*Managing Customer Experiences- Touch the customer at every touch point*" authors have stressed on the experiential value that determines the worth of the offering and the success of the business. A customer's experience is the summation of his perceptions, which he has at all the touch points where he interacts with the brand. A company that succeeds in providing this experiential value to the customers across all 'moments of truth' builds for itself strong customer equity and equally powerful word of mouth publicity.

H.C. Purohit:

In his research work, “*Customer relationship management and brand loyalty through word of mouth(WOM) communication*”, Mr. Purohit stressed on the fact that customer loyalty is not a choice any longer with business; it is the only way of building loyalty with key customers. If the phenomenon of co operation and collaboration with customers become the dominant paradigm of marketing practice, the satisfaction level of the consumers goes high up to the level of delight.

Venkoba Rao:

In his research, “*Measuring Customer Satisfaction in Indian Low Cost Air carrier*”, Mr. Rao measured the satisfaction of customers with various services provided by low cost air carriers. Researcher observed that a majority of respondents are dissatisfied with various factors involved while handling a low cost airline. He stressed that; low cost carrier companies should focus their efforts in giving a memorable flying experience to customers by improving their overall operations.

A. K. Mishra and Pallavi:

In their research study, “*Brand marketing Through Customer Relationship Management*” they have mentioned that, building long-term customer relationships with customers is the key to success for the company. CRM is customer centric business culture, which helps in effective marketing of the brand. In this competitive environment, CRM has emerged as the core marketing activity for companies. CRM has become the bridge by which companies get, keep and grow customer base. In turn, these relationships translate into increasing sales revenue and profits.

Nalini Tripathi:

In her research study, “*A service quality model for customers in Public sector banks*”, she found that, the banking industry in today’s scenario has transformed itself into a buyer’s market, where the customers have a choice to select one from many. At present, the market has become competitive with many investment facilities being made available by various banks. So, it is the need of the hour for public sector banks to inculcate marketing orientation in their work culture.

B. Sujatha:

In her article, she has focused on the concept of “*Customer profiling*” knowing customer needs is the most crucial success factors in any industry. Customer profiling helps the organization to develop a better relationship with the customer by understanding him/her better. User profiling also helps banks to identify customers with similar investment patterns, cater to specific segments with new products and services and manage customer value.

Results & Discussion:**A) Employee survey:****1. Focus on Customer Retention:**

Table No. 1: Focus on Customer Retention

Sr. No.	Particulars	Co-Operative Bank	Private Bank	Public Bank	Total
1	Yes	21	9	21	51
		30.00%	20.00%	47.00%	32.00%
2	No	30	12	21	63
		43.00%	27.00%	47.00%	40.00%
3	To some extent	18	24	3	45
		27.00%	53.00%	6.00%	28.00%
Total		69	45	45	159
		100.00%	100.00%	100.00%	100.00%

(Source: Primary data)

It is observed that the branch staff and managers of nationalized banks maintain a one to one relationship with their valued customers. On the other hand in case of Private sector banks, a significant effort on customer retention is driven centrally either through conduct of various campaigns or through media Publicity and call center services. The respondent staff at the branch levels would not be much aware of these efforts conducted centrally.

On the other hand, Co-Operative banks generally require the members to become shareholders with the bank. To that extent, customer retention does not pose a big challenge for them.

2. Fulfillment of Commitment:

Table No. 2: Fulfillment of Commitment

Sr. No.	Particulars	Co-Operative Bank	Private Bank	Public Bank	Total
1	Yes	12	9	21	42
		17.00%	20.00%	47.00%	26.00%
2	No	39	6	6	51
		57.00%	13.00%	13.00%	32.00%
3	To some extent	18	30	18	66
		26.00%	67.00%	40.00%	42.00%
Total		69	45	45	159
		100.00%	100.00%	100.00%	100.00%

(Source: Primary data)

Public sector banks are observed to be generally high in standing to their commitments since they have a concept of customer walk in and there is a one to one interaction happening. Private sector banks on the other hand are likely to face a challenge here, on account of over commitments by sales staff at times to close the deals faster. Co-Operative banks are falling short to fulfill their commitments on account of their traditional working culture.

3. TQM Practice:

Table No. 3: Total Quality Management Practice

Sr. No.	Particulars	Co-Operative Bank	Private Bank	Public Bank	Total
1	Yes	9	15	21	45
		13.00%	33.00%	47.00%	28.00%
2	No	42	06	12	60
		61.00%	13.00%	27.00%	38.00%
3	To some extent	18	24	12	54
		26.00%	53.00%	27.00%	34.00%
Total		69	45	45	159
		100.00%	100.00%	100.00%	100.00%

(Source: Primary data)

Such opinion difference among the three selected units is found due to the difference in the nature of their respective bank’s management practices, working culture and authorities and responsibilities of employees. To an extent, it would also depend upon the level of awareness of the branch staff with regards to the TQM tools implemented/ adopted by the management. In case of Private sector banks, during the survey, some of the employees mentioned of the Six Sigma concept adopted by the bank.

4. Efforts of Bank to Make Call Centers Efficient:

Table No. 4 : Efforts of Bank to Make Call Centers Efficient

Sr. No.	Particulars	Co-Operative Bank	Private Bank	Public Bank	Total
1	Yes	30	18	21	69
		43.00%	40.00%	47.00%	48.00%
2	No	30	6	6	42
		43.00%	13.00%	13.00%	26.00%
3	To some extent	9	21	18	48
		14.00%	47.00%	40.00%	30.00%
Total		69	45	45	159
		100.00%	100.00%	100.00%	100.00%

(Source: Primary data)

Almost an equal percentage of respondents across units confirmed that their bank was making efforts in strengthening their call centers. However, there were certain respondents of private sector banks who stated otherwise. This could be attributed to the ignorance level of the responding staff, more so, since the private sector banks are known to carry heavy budgets in strengthening their customer orientation through 24X7 Call center service.

5. Relationship with the Existing Customers through Cross Sell:

Table No. 6: Relationship with the Existing Customers through Cross Sell

Sr. No.	Particulars	Co-Operative Bank	Private Bank	Public Bank	Total
1	Yes	21	12	27	60
		30.00%	27.00%	60.00%	38.00%
2	No	9	6	6	21
		13.00%	13.00%	13.00%	13.00%
3	To some extent	39	27	12	78
		57.00%	60.00%	27.00%	49.00%
Total		69	45	45	159
		100.00%	100.00%	100.00%	100.00%

(Source: Primary data)

While only 27% respondents of private sector banks confirmed on the bank’s focus on cross sell, the widely known statistics with regards to Private sector bank’s overall strategy clearly indicate an otherwise. The Private sector banks have a focused drive on cross selling to its existing customers to an extent that more than 80% of its disbursement to asset customers would be through cross selling only.

Even in case of Co-Operative banks, the response stating a poor focus on cross selling can be attributed, to an extent, to the ignorance of the staff. This is so because the bank being traditional in its approach is not very keen in acquisition of fresh customers. As such, there remains a natural focus on cross selling to existing customers.

6. Feedback from Customers:

Table No. 8: Feedback from Customers

Sr. No.	Particulars	Co-Operative Bank	Private Bank	Public Bank	Total
1	Yes	9	9	27	45
		13.00%	20.00%	60.00%	28.00%
2	No	54	6	6	66
		79.00%	13.00%	13.00%	42.00%
3	To some extent	6	30	12	48
		8.00%	67.00%	27.00%	30.00%
Total		69	45	45	159
		100.00%	100.00%	100.00%	100.00%

(Source: Primary data)

While all the branches studied did have a suggestion box available in a visible location, in case of the Public sector banks, the one on one interaction with the walk in customers goes a long way in seeking a productive feedback and thereby acting on the same. To that extent, though the Private sector banks have tried to bridge the gap through technology means, basis reporting by market surveys and service camps, an element of a one on one interaction with the walk in customers’ needs a further enhancement.

The difference in opinions from all the three banking units may be because of the policies and practices adopted by the respective study units. Taking feedback from the customers and immediately acting on the same would go a long way in reducing complaints and generating goodwill for the bank.

Customer Survey:

1A. Fulfillment of commitments:

Table No1A: Fulfillment of commitments

Sr. No	Particulars	Co-Operative Bank	Private Bank	Public sector Bank	Total
1	Yes	75	50	110	235
		50.00%	33.00%	73.00%	52.00%
2	No	30	60	20	110
		20.00%	40.00%	13.00%	24.00%
3	To Some Extent	45	40	20	105
		30.00%	27.00%	13.00%	23.00%
Total		150	150	150	450
		100.00%	100.00%	100.00%	100.00%

While maximum respondents of Public sector bank confirmed on the bank fulfilling customer commitments, almost 40% respondents of private sector bank confirmed otherwise. The same is attributable to the general perception that Private banks are aggressive in customer acquisition and at times the sales teams make over commitments to acquire business. Another reason being attributable to higher customer expectations from a Private sector bank vis a vis a Co-Operative or a Public sector bank. Complexity of the products also demands more trainings being imparted to the customers which would otherwise increase anxiety. Any shortfall would lead to hampering customer satisfaction level index.

2A. Contact with customers:

Table No.2A: Contact with customers

Sr. No	Particulars	Co-Operative Bank	Private Bank	Public sector Bank	Total
1	Yes	70	95	75	240
		47.00%	63.00%	50.00%	53.00%
2	No	40	30	45	115
		27.00%	20.00%	30.00%	26.00%
3	To Some Extent	40	25	30	95
		27.00%	17.00%	20.00%	21.00%
Total		150	150	150	450
		100.00%	100.00%	100.00%	100.00%

Private Banks having a concept of Relationship Managers attached to a certain segment of its customers. The same is also on account of a clear focus on cross selling its products to existing line of customers. The bank has a very robust call center set up through which it continues to remain in constant

touch with its existing customers. There is a regular update sent to the customers, with regards to new banking facilities/ products introduced etc., by way of post or pamphlets.

Similarly, almost 50% respondents of Public sector bank and 47% respondents of Co-Operative Bank indicated that the bank had a clear focus on maintaining contacts with its existing customers. The same is clearly attributable to the increasing awareness and focus on customer retention and cross sell

3A. Customer Opinion about Products and Services Used:

Weighted average score analysis:

Weighted average technique was used to find out the weighted average for each category of respondents over several study factors to know their level of satisfaction towards CRM practices in their concerned banks. For this purpose qualitative information was converted into numerical one using five point scaling technique. While using five point scales score, 5- Was given to highly satisfied, 4- was given to satisfied, 3-was given to moderate, 2- was given to dissatisfied, 1-was given to highly dissatisfied B1, B2, B3 connotes Branch 1, 2 & 3 respectively.

Table No. 3A: Customer Opinion about Products and Services Used

Sr. No.	Factor	Co-operative Bank				Private sector Bank				Public sector Bank			
		Weighted Average				Weighted Average				Weighted Average			
		B1	B2	B3	AVG	B1	B2	B3	AVG	B1	B2	B3	AVG
1	Current/Savings Account	3.1	2.6	2.9	2.9	3.2	3.5	3.2	3.3	2.9	3.2	3.1	3.1
2	Home Loan	2.7	2.5	2.6	2.6	3.3	3.2	3.3	3.2	2.9	3.1	3.0	3.0
3	Auto Loan	2.5	2.5	2.6	2.5	3.2	3.2	3.1	3.2	2.6	2.7	2.6	2.7
4	Personal Loan	2.7	2.9	2.6	2.8	3.2	2.9	3.1	3.1	2.6	2.9	2.8	2.8
5	Credit cards	2.3	2.2	2.3	2.3	3.3	3.2	3.2	3.2	3.1	3.4	2.9	3.1
6	Loan for commercial equipment/vehicle	2.1	2.1	2.5	2.2	2.7	2.4	2.6	2.6	2.7	2.7	2.4	2.6
7	Online share trading services	2.6	2.6	2.3	2.5	2.8	2.7	2.6	2.7	2.4	2.2	2.4	2.3
8	Life & non life insurance products	2.6	2.7	2.9	2.7	3.1	3.1	2.9	3.0	2.3	2.2	2.4	2.3
9	Investment in mutual funds and bonds	2.6	2.6	2.6	2.6	3.2	3.3	3.0	3.2	2.7	2.5	2.7	2.6
10	Loan against gold	2.3	2.9	2.6	2.6	2.8	2.6	2.3	2.6	3.0	2.7	2.9	2.9

The above table brings out the information regarding satisfaction level of the customers (Respondents) and which products/services have they used of the bank.

Across all retail asset products like Home loans, Auto loans, Personal loans & Credit Cards, respondents of the Private sector bank have rated the product features and services as the highest. The Private sector bank has a significant degree of focus on the product features, distribution, servicing etc. As regards the Current Account & Savings account facilities, respondents of both the Private sector bank and Public sector bank have provided almost equal scores in terms of service levels with the Co-Operative bank also closely following suit. The same is on account of the growing importance of current account & savings account mobilization in the banking industry since these constitute a very low cost of funds which enable the banks to price their products and services in a very competitive manner. Once again, both for

Life & Non Life Insurance Products & Services, respondents of Private sector bank have rated it the highest. A similar trend is also observed in terms of Mutual Funds and other financial products offered by the Private sector bank vis a vis Public sector bank & Co-Operative banks. The same is primarily on account of the Private sector bank offering a wide array of products backed by robust technology which creates a lasting impression on customers.

Table No. 4A: Customers Opinion about CRM practices.

Factor	Co-operative Bank				Private sector Bank				Public sector Bank			
	B1	B2	B3	Avg.	B1	B2	B3	Avg.	B1	B2	B3	Avg.
Hospitality	1.9	2.0	1.9	1.9	2.7	2.5	2.5	2.6	2.8	2.9	3.0	2.9
Interior décor of the bank	2.3	2.2	2.2	2.2	3.3	3.2	3.4	3.3	2.8	2.6	2.7	2.7
Reception counter function	2.6	2.6	2.5	2.6	2.8	3.4	2.8	3.0	3.0	2.7	2.8	2.8
ATM facility	2.7	3.0	2.8	2.8	3.5	3.5	3.4	3.4	3.2	3.1	3.3	3.2
Appearance of the employee	2.6	2.5	2.1	2.4	3.5	3.4	3.3	3.4	2.6	2.3	3.3	2.7
Punctuality of employees	2.2	2.4	2.0	2.2	2.9	3.2	3.2	3.1	3.2	2.9	3.0	3.0
Maintenance of accurate record	2.7	3.0	2.8	2.8	3.1	3.0	3.0	3.0	3.0	3.0	2.8	3.0
Trustworthiness of employees	2.4	2.9	2.6	2.6	3.3	3.6	3.5	3.4	3.4	3.2	2.3	3.0
Immediate cognizance of customer problems	2.6	2.7	2.6	2.6	3.4	3.3	3.5	3.4	2.9	3.0	3.1	3.0
Performance of supportive functions like accounting, cheque book facilities etc.	3.0	3.0	2.8	2.9	3.4	3.4	3.5	3.4	3.3	3.2	2.9	3.1
Constant effort in maintaining loyalty among its customers.	2.3	2.3	2.1	2.2	3.2	3.3	3.2	3.2	3.0	2.8	2.6	2.8
Maximum transparency in its dealings with the customers	2.6	2.6	2.7	2.6	3.4	3.5	3.5	3.5	3.0	3.0	2.7	2.9
Use of suggestion box	2.0	2.3	2.2	2.2	3.2	3.1	3.2	3.2	2.9	2.8	3.1	2.9
Obtaining feedback	2.1	2.1	2.0	2.1	3.1	3.0	2.4	2.8	2.3	2.1	2.8	2.4
Policies/rules are flexible while dealing with critical customer problems	2.4	2.0	2.4	2.3	3.1	3.0	3.0	3.0	2.3	2.3	2.9	2.5
Average	2.4	2.5	2.4	2.4	3.2	3.2	3.2	3.2	2.9	2.8	2.9	2.9

Table No. 5A: Customers Opinion towards Their Level of Satisfaction

Factor	Co-operative Bank				Private sector Bank				Public sector Bank			
	B1	B2	B3	Avg.	B1	B2	B3	Avg.	B1	B2	B3	Avg.
Sitting arrangements	2.3	2.5	2.4	2.4	2.9	2.8	3.0	2.9	3.1	3.0	3.4	3.2
Drinking water facility	2.5	2.8	2.6	2.6	3.3	3.2	3.3	3.3	2.9	2.8	2.9	2.8
Discipline in the bank	2.7	2.8	2.4	2.6	3.4	3.7	3.6	3.6	3.0	2.8	3.0	2.9
Fulfillment of commitment	2.4	2.6	2.2	2.4	3.1	3.3	3.3	3.2	3.2	2.7	2.9	2.9
Helping nature of the bank	2.6	2.8	2.6	2.7	3.1	3.0	3.0	3.0	2.9	2.6	2.9	2.8
Extending prompt services	2.8	3.2	2.8	3.0	3.0	3.7	3.1	3.3	2.7	2.3	2.2	2.4
Politeness in employee behavior	2.9	3.3	3.0	3.1	3.0	3.2	3.2	3.2	2.8	2.8	2.1	2.6
Convenient operating hours	3.1	3.0	2.7	2.9	3.3	3.3	3.3	3.3	3.3	3.4	2.7	3.1
Advanced IT facilities made available	2.6	2.6	2.8	2.7	3.1	2.9	3.1	3.1	2.9	2.9	3.0	2.9
Repay the money of the customers on time	2.5	2.5	2.6	2.5	3.4	3.1	3.2	3.2	3.2	2.9	2.8	3.0
Dedicated customer care staff/centers to solve the customer complaints	1.8	2.0	1.9	1.9	2.8	3.0	2.8	2.8	2.3	2.2	2.3	2.3
Frequent contacts with customers / information about new offerings to customers	2.7	2.6	2.9	2.8	3.0	3.1	3.0	3.1	3.0	3.1	3.3	3.1
Sending greetings to customer	2.1	2.7	2.3	2.4	2.9	3.3	3.1	1.0	2.8	2.7	2.6	2.7
Banking Convenience	2.8	3.2	2.8	3.0	3.0	3.7	3.1	3.3	2.7	2.3	2.2	2.4
Average	2.5	2.7	2.6	2.6	3.1	3.2	3.2	3.1	2.9	2.8	2.8	2.8

From table no 4A and 5A, it is imperative that, on an overall comparative basis, respondent customers of Private sector banks have rated the bank highest in terms of implementing CRM practices, thereby enhancing Customer Satisfaction Level Index. Response of customers of Public sector bank has also been on more or less similar lines. However, the Co-Operative bank has been observed to be falling short in this aspect. The biggest contributor to this being the basic Private sector & Co-Operative sector approach in providing banking facilities. In the recent past, Private Sector banks have been assigning huge budgets to enhance their customer service levels. Strict disciplines and accountability matrix have been defined for erring units. There has been a clear focus on the ambience of the Bank branches as well as the dressing code of the employees. The bank has a very strong technology platform thereby providing maximum convenience to its customers. Being the highest in terms of ATM network in the country, there is a significant level of convenience offered to the customers. While Public sector bank has been offering more or less similar service levels in terms of Branch net work, cordial staff employee relationship, quick actioning on the inputs in the suggestion box etc. it needs to improvise further in the overall IT space as well as more customer centric products and services. Co-Operative Bank on the other hand needs to work further more to change the overall approach of the bank and its staff towards customer satisfaction so as to enable the Bank to withhold its customer base and face competition.

Table No. 6A: Customer opinion about Value Added Services

Sr. No.	Factor	Co. Operative Bank				Private sector Bank				Public sector Bank			
		B1	B2	B3	Avg.	B1	B2	B3	Avg.	B1	B2	B3	Avg.
1	Facilities in paying electricity / phone bill	1.0	1.0	1.0	1.0	2.8	3.0	2.9	2.9	1.6	1.8	1.8	1.8
2	Internet Banking, mobile banking, sms alert etc.	2.2	2.2	2.2	2.2	2.9	2.9	2.8	2.9	2.2	2.0	2.2	2.1
3	Guidance about health insurance policies	1.0	1.0	1.0	1.0	2.5	2.6	2.4	2.5	2.4	2.3	2.2	2.3
4	Asset Management Services	1.0	1.0	1.0	1.0	3.3	3.4	3.2	3.3	2.0	2.2	2.1	2.1
5	Customer counseling for financial management	0.0	0.0	0.0	0.0	3.7	3.7	3.7	3.7	3.2	3.1	3.1	3.1
6	Arrangement of visa facilities	0.0	0.0	0.0	0.0	3.7	3.7	3.8	3.7	2.0	1.6	1.8	1.8

Unlike the other Public sector & Co-Operative sector banks, the Private sector bank has been a visionary in the space of providing value added services to its customers. It has also been providing advisory services to its select customer base towards wealth management & investments. The Bank has a dedicated team focused on Asset Management Services. As regards Internet & Mobile banking, the Co-Operative & Public sector banks have also started offering Internet banking & mobile banking facilities to its customers. However, unlike the Public Sector & Co-Operative banks, the Private sector banks are perceived to be more expensive in terms of its banking charges, norms etc. With globalization picking pace, the entire banking industry has realized the importance of customer retention and enhancement of Customer Satisfaction Level Index. As such, we also find the Public sector & Co-Operative sector banks now focusing on technology driven products and services as well as working hard on customer retention policies.

It is evident that the Private sector bank is providing more value added services as compared to corporative and Public sector banks. Also, it is observed that the Co-Operative bank is not keen in

extending value added services like providing consultancy services to its customers for financial management, arrangement of visa facilities etc. It could be on account of the Co-Operative banks nature of traditional products and services being offered to customers.

Table No.7A No. of competent staff

Sr. No	Particulars	Co-Operative Bank	Private Bank	Public sector Bank	Total
1	Yes	80	75	105	260
		53.00%	50.00%	70.00%	58.00%
2	No	30	30	20	80
		20.00%	20.00%	13.00%	18.00%
3	To Some Extent	40	45	25	110
		27.00%	30.00%	17.00%	24.00%
Total		150	150	150	450
		100.00%	100.00%	100.00%	100.00%

The above is clearly attributable to the average vintage of the employees with the Public Sector Banks. Also, the employees being stationed in the same branch for a long duration, they are well versed with the procedures and processes and are able to provide prompt solutions to their customers. The element of personal touch with the customers also plays a major role in terms of grievance redressal and providing proper guidance. Similarly nearly 50% of the respondent customers of both Private sector bank and Co-Operative Bank confirmed that the branch had sufficient number of competent staff members available. This is attributed to the constant trainings being imparted to its employees by the Private sector bank to bridge the experience gap of its employees and address the higher attrition rate vis a vis the Public sector and Co-Operative sector banks. On the other hand, since the Co-Operative sector banks are primarily providing the traditional and vanilla products, the staff is competent enough to address related customer queries if any.

Findings and Suggestions:

1. Acquisition & retention strategy: Statistics show that the cost of acquiring a new customer is almost six times the cost of retaining an existing one. Existing customers contribute more to the bank’s bottom line. Unlike Public sector banks where the branch staff has a more or less one to one relationship with the customers, the level of personal touch is seen lacking in Private sector & Co-Operative sector banks. These banks need to start working on building up personal touch between the customers and the staff. Periodic customer survey and reviews in terms of customer satisfaction index and loyalty programs would help develop policies regarding customer retention.
2. Fulfillment of commitments: Timely fulfillment of customer commitments by the bank staff increases the customer confidence and enhances the bank’s image and goodwill. An aggrieved customer, on the other hand, is unlikely to make a repeat banking transaction or more so refer other customers. Private sector banks in particular need to take care and ensure that the sales staff does not make over commitments to their customers to acquire business and meet targets. Accountability needs to be fixed for erring units.
3. Customer segmentation: Unlike Private sector banks which are keen in customer segmented approach, Co-Operative banks in particular need to focus more on customer segmentation. Customer segmentation is not only cost effective but also enables the bank to provide customer

focused products and services thereby improving the productivity of bank's efforts. Segmentation ensures right set of products and services offered to right strata of customers.

4. Simplification of marketing and sales processes: Simple and easy marketing and sales processes enable the customers to understand the bank procedures better, reduce customer apprehensions and anxiety and ensure faster closure of deals. Unlike Public and Co-Operative sector banks which have been generally offering traditional banking products and services where there is a higher degree of simplicity, Private sector banks are aggressive in innovation and launching of new products and services which leads to a gap in the training and understanding of the product features by the sales team. This in turn results in miscommunication to customers.
5. Value added services: Unlike Private sector banks which are constantly providing novel services to its customers, Co-Operative banks in particular are seen lacking in technology upkeep. With increased globalization, customer awareness and demands are constantly increasing and varying. Banks need to constantly innovate and provide value added services in terms of Internet banking, mobile banking etc.
6. Staff competency: It is necessary that banks maintain a sufficient number of trained staff members in the branches to cater to customer needs. The staff not only needs to be trained and updated in the products & services offered but also updated on latest policies, developments, regulations etc. Only then would the customers be more comfortable in dealing with them and there would be minimal instances of wrong commitments & miscommunications
7. Cross Selling: This is a win win situation for the banks as well as the customers. Since the past transaction history of the customers is known, banks are able to offer relevant products and services and improve customer satisfaction. On the other hand, customers are also more comfortable in dealing with the bank and tend to contribute more to the banks bottom line.
8. Suggestion Box: While all the banks do maintain a suggestion box in a visible location in the branch premises, unlike the Public sector banks, both the Co-Operative and Private sector banks are seen lacking in immediate actioning on customer feedback. Working on customer feedback and taking corrective actions would go a long way in improvising the products & services and building the goodwill and bank's image. Suggestions can also be sought through mailers, emails etc.
9. Banking convenience: While setting up of new branches and ATM network is subject to various factors including economics, strategies, licensing etc. Co-Operative sector banks in particular need to focus on providing maximum banking convenience to their customers. This could be through convenient banking hours, maximum banking facilities including bill payments provided online thereby reducing customer needs to walk in to the branches etc. Today, ATM transactions can also be conducted through ATM network across banks.
10. Transparency in dealings: Banks deal with Public money. It is extremely critical that there is complete transparency in their dealings. Customers feel more comfortable and bank more only when they have no apprehensions with regards to banks policies and procedures. Transparency is critical to improve customer confidence and increase referral business. Co-Operative banks in particular need to work more towards building customer confidence.
11. ABC analysis: This is a budgeting analysis that evaluates overheads and operating expenses by linking costs to customers, services, products etc. It allows managers to see which products, services or customers are profitable and which are losing money. Though not primarily focused on profit making, the Co-Operative banks in particular need to focus more on adopting the ABC analysis.
12. Identifying new customer segments and markets: In order to withstand increasing competition and widen the customer base, Co-Operative banks in particular need to focus more on identifying new

customer segments & markets. This would enable the banks to offer their products over a wider segment thereby increasing their top line and sustaining their market share.

13. Customer complaints: Both Private & Co-Operative sector banks should be more sensitive in taking note of their customer complaints because customers who complain and have their issues resolved are more likely to purchase additional products as compared to other customers. However, one dissatisfied customer would end up spoiling several other customers as per statistics.
14. HNI (High net worth) services: Unlike Private sector banks, both the Public and Co-Operative sector banks need to have a dedicated service cell to cater to requirements of High net worth customers. These set of customers have a different set of service requirements and expectations from their banks and hence need to be catered to differently.
15. Customer education: It is necessary that the customers are constantly updated on changes in policies, norms, requirements, bank charges, interest rates etc. The same can happen through displays in bank branches, mailers, emails, hosting on website, media etc. Banks should give proper guidance to their customers in respect of investments, loan repayments, legal matters etc. on a regular basis. They should advice customers on deposits, savings and investment schemes which are most suitable as per customer requirements.
16. Rewarding employees: In order to drive customer service and encourage employees, the bank's management should start reward and recognition programs for its customer oriented employees who are ensuring higher customer satisfaction index.
17. Constant touch with customers: Public and Co-Operative sector banks should take maximum efforts to ensure continued contact with their customers. This would not only enable the bank in cross selling but also seeking referrals. Also, it would enable the bank in providing better after sales service, educating customers in terms of changed banking policies, new product launches, new branch and ATM openings etc. Customer contact can be maintained through SMS alerts, emails, pamphlets, newsletters, hosting on web site etc.
18. Financial services under one roof: With increased globalization and customer awareness, the expectations of customers are ever changing and increasing. Banks need to focus on providing maximum customer convenience. Both Public and Co-Operative sector banks need to focus on offering an array of products and services including insurance products, bonds, advisory services etc. as a one stop shop.
19. Philanthropy: Banks should also focus on philanthropic causes by organizing blood camps, donations to victims of natural disasters, sponsoring health care and education for economically down trodden, conducting campaigns on green house effect, plantation of trees etc. Such activities build up the banks image as a socially responsible player and strengthen goodwill.

Concluding Remark:

Unlike past where most banks focused primarily on fresh acquisition of customers and increasing their market share by all means, the importance of managing Customer Relationship has now taken deep roots in the banking industry. Banks have come to realize that price war alone is not a long lasting strategy. With increased globalization and customer awareness, it is imperative that the banks keep themselves abreast with the latest technologies and best market practices so as to ensure a high customer satisfaction index.

With the given focus on profitability, banks realize that the cost of acquiring new customers is far higher than the cost of retaining existing relationships. The industry has matured and there are huge budget allocations happening towards building up infrastructures, advertisements & awareness campaigns focusing on customer relationship. Banks have realized that a sustained growth is possible only when they

have a robust customer base and that customers with a higher seasoning and with a higher loyalty and satisfaction index are likely to contribute more to the profits of the bank. These customers are not only low on risk but also their demographics and banking habits being known, banks are able to service them better.

CRM is no longer viewed as a luxury or a regular cost head in the Profit & Loss account statement of an Institution, but has gained its rightful place in many of the strategic decision making for the organizations.

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