INTRODUCTION AND DESIGN OF THE STUDY

1.1 INTRODUCTION

The banking sector is the backbone of any financial system and economy. Commercial banks play an important role in the development of underdeveloped/developing economies by mobilization of resources and their better allocation. The demand for 'banking super-malls' offering one-stop integrated financial services is well on the rise. The ability of banks to offer clients access to several markets for different classes of financial instruments has become a valuable competitive edge. Convergence in the industry to cater to the changing demographic expectations is now more than evident. Bancassurance and other forms of cross selling and strategic alliances will soon alter the business dynamics of banks and fuel the process of consolidation for increased scope of business and revenue. The thrust on the farm sector and the health sector and services offers several investment linkages. In short, the domestic economy is growing by which offers extensive economies of scale that only large banks will be in a position to tap. With the phenomenal increase in the country's population and the increased demand for banking services, speed, service quality and customer satisfaction are going to be key differentiators for each bank's future success. Thus it is imperative for banks to get useful feedback on their actual
response time and customer service quality aspects of retail banking, which in turn will help them take positive steps to maintain a competitive edge.

The working of the customer's mind is a mystery which is difficult to solve and understanding the extent of what customer satisfaction is, a challenging task. This exercise in the context of the banking industry will give us an insight into the parameters of customer satisfaction and its measurement. This vital information will help us to build satisfaction amongst the customers and customer loyalty in the long run which is an integral part of any business. The customer's requirements must be translated and quantified into measurable targets. This provides an easy way to monitor improvements, and to decide upon the attributes that need to be concentrated on in order to improve customer satisfaction. We can recognize where we need to make changes to create improvements and determine if these changes, after implemented, have led to increased customer satisfaction.

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. CRM is an intelligent blend of marketing and information technology for serving the customer with greater care and value. It is a new way of doing business covering all aspects. If any area is left out of CRM, the organisation is exposed to risk.

CRM is an integrated approach of dealing with customers with smart use of Information Technology. Computerisation of records, maintenance of customer data base, online customer service will enhance customer loyalty apart from exploring new opportunities for cross selling/sell ups. It involves a dramatic change in the marketing strategies from a products or sales-centric to a customer-centric approach. CRM focuses on the total customer requirements. When any CRM strategy is implemented it computes and analyses data about the target customers and their buying habits in multiple ways.
Relationship marketing is discovering new and potential ways and strategies for enhancing customer value to business. Earlier, companies focused on mass marketing, but now they select their customers more carefully and build long lasting and direct relationships with the targeted customers.

Today Marketing Managers realise the fact that instead of adding some more new customers, it is always profitable and easier to concentrate on the known market with old customers with new options and new opportunities for business. In the past, many companies focussed on finding new customers for their products and closing sales with them. Now this concept has undergone changes and shifted towards keeping current customers more satisfied and loyal for building lasting relationships based on superior customer satisfaction and value. The goal of every company is shifting from making a profit on each sale to making long term profits by managing the life time value of a customer.

With the implementation of CRM business does a better job at a better price to retain old customers and competitors find it increasingly difficult to acquire new customers. As a result, today marketers spend less time on increasing the share of market and more time in enhancing share of customer. They offer new or improved products to current customers and train employees to cross-sell and up sell in order to market more products or services to existing customers.³

1.2. STATEMENT OF THE PROBLEM

Customer relationship management is defined as a business strategy geared towards acquiring, retaining and increasing more profitable customers. For the retention of customers, companies strived to please the new customers by maintaining databases of all the customers and to speak individually to countless customers. The process of globalization and liberalization has exerted its huge influence on the Indian banking sector. In banking, a service sector, customer service should not only be considered a function, but a way of life also. A bank’s success depends on how much it fulfills customer needs. Therefore it should be customer oriented to meet challenges in today’s competitive environment.
Customer need and expectations change from time to time, since they are highly dynamic with respect to societal influence. Today’s customers are aware of their needs. Entry of new branches of foreign banks in India and their better services to customers have increased customer expectations of the same quality of services from public sector banks. So, it is time for public sector banks to innovate new products and services and also refine the existing services.

A way to remain competitive in the more and more complex banking environment is the use of the customer relationship management (CRM) concept. The basic approach of CRM in a banking context is to center all operations of a bank on its customers, creating a ‘CRM state of mind’ in an enterprise-wide manner. Today Indian banks are also trying to develop service quality. They continuously redefine and provide new ideas and techniques to customers. They search for new concepts for maintaining, enhancing the relationship with customers and getting feedback from them about the product offerings and suggestions about improvement of the products.

After a lot of exercise and thought, they provide more flexible banking hours, evening counters, elegant furniture, comfortable ambience, impressive interior, well designed counters, responsive and well-behaved personnel followed by regular contacts with customers receiving much greater attention than ever before. A trained and motivated staff offering full details of products and services, customer-friendly work culture, computerized banking operations, a positive attitude and optimistic outlook of branch personnel, looking for more avenues to serve and retain existing customers, intense customer relationship, use of modern state-of-the-art technology, conversant with products and services being offered and procedures to be followed, effective mechanism for quick redressed of complaints, counseling and guidance, use of sophisticated communication devices, i.e., fax, telex, and e-mail are the factors to withstand the challenges posed before the Indian banks in delivering satisfactory services to their customers.

Trust is one of the basic requirements to achieve loyalty. Another factor that has an impact on customer loyalty is
satisfaction. In addition an employee must also achieve both trust and satisfaction in the bank he serves, since employees influence customers’ feeling towards the bank. So, a sincere attempt will be made by the researcher to analyse the efforts taken by the banker to create employee satisfaction and loyalty. Further, a similar attempt will be made regarding the customers. Thus, a complete evaluation of customer relationship management in the banking sector is undertaken.

1.4. REVIEW OF LITERATURE

T. Mersha and V. Adlakha (1992) stated in their study to indicate that consumers have well-conceived ideas of SQ, and that certain quality attributes are considered important for most types of services which were examined including banking.

C. Ennew, G. Reed and M. Binks (1993) explained in their study that the problems associated with the measurements of quality of services and present a set of indices to provide measures of expectations, perceptions, and overall satisfaction. The quality of the UK banks’ services provided to small firms has been measured. The method was applied to the above example.

N. Avikran (1994) designed and examined the six-dimension model for SQ in banking industry (Responsiveness, Empathy, Staff conduct, Access, Communication and Reliability) with 27 items. The six dimensions with 27 items were empirically reduced to 17 items across four factors. The dimensions to
emerge are staff conduct, credibility, communication, and access to teller services. The instrument’s reliability, dimensionality and validity have been empirically tested. The results are encouraging both in their own right and when compared with other studies.

B. Lewis et al.,vi (1994) attempted to identify the dimensions of loan/overdraft services which banks and building societies provide to students, and also in relation to the trial of a graphic positioning scale to measure students’ expectations and perceptions. Even so, the results suggest a number of areas where the banks and building societies might pay attention to improving their ‘relationship’ with students.

M. Staffordvii (1994) in his study represented a list of characteristics of bank quality as perceived by customers, identifies the underlying dimensions of bank quality and assesses the importance of the characteristics as also perceived by them. Seven factors were found in determining bank quality. They include employees and employee/custumer interactions, the number of accessible and working ATMs, company structure, and four available services. Over 82% of the
respondents felt that banks provided quality service.

R. Johnston (1995) in his study classified the determinants of SQ into those that are predominantly satisfiers and others that are predominantly dissatisfiers. The findings indicate that the intangible aspects of the staff-customer interface have significant effects, both negative and positive, on SQ. They also provide managers with a framework to assess the likely impact of any SQ initiative in terms of its effect and importance.

F. Millson and M. Kirk-Smith (1996) stated that the Midland’s quality programme has a common weakness that it ran it informally and without clearly defined for implementation and measurements. Also, this study indicates that members of quality committees, QCs, were positive in their views of QCs’ effectiveness. A change in actual performance is the most relevant measure.

M. Royne (1996) pointed out from his findings to provide initial direction in determining the proper SQ attributes to focus on during promotional efforts when banks have a target market at least partially defined by gender and age. Further, gender and age are not the only characteristics on which marketing efforts should be based. Therefore, other segmentation variables, such as psychographics, geographies and benefits sought, must be considered when developing marketing and advertising strategies.
David Knights and Darren McCabe (1997) in their paper explores a case study of total quality management (TQM) within the financial services sector. We demonstrate that a conformance to the requirements approach to TQM is concerned with increasing the management’s physical and financial control over procedures, documentation, systems and people. Such an approach only partially addresses quality because (a) there can never be a precise conformance, and (b) this approach neglects customers and employees. We illustrate that often managements do not understand the flaws/problematic and underlying philosophy behind TQM. Thus they continue to adopt inconsistent approaches such as attempting to control costs and employees while espousing the importance of the customer and the need for a trust-based culture. Yet, whether or not they understand the rationale behind TQM and attempt to widen their focus by considering people and customers more directly, we argue that managements cannot easily adopt a consistent approach because a preoccupation with controlling costs is bound up with career-based identities and hierarchical power relations. Ultimately we argue that managements cannot control quality in any simple top down way, essentially because of the indeterminacy of labour, the intangibility of customer satisfaction, and the complexity of organisational power and identity relations.

Andreas C. Soteriou and Richard B. Chase (1998) in their study stated that one of the defining characteristics of services is the
existence of some form of contact between the customer and the service firm during the service production process. In the 1980s, customer contact (CC) became an important dimension in virtually all service taxonomies. Its importance to perceived service quality (SQ) was also recognized, but the direct linkage between CC and SQ was difficult to determine without an operational definition of CC. In 1995, Kellogg and Chase addressed this issue and developed an empirically derived operational measure of contact. In this paper, they employ the Kellogg/Chase measures as the basis for a conceptual model linking the CC dimensions of communication time and intimacy with SQ. They assert that ‘desirable’ levels of these contact dimensions do exist and present hypotheses as to the nature of their relationship. They report results from an empirical study undertaken in a hotel environment which support the existence of such desirable contact levels. Managerial implications and future research are also discussed.

R. Natarajan et al., xiii (1999) pointed out in their paper reports on the development and application of a service template as a diagnostic tool for identifying opportunities for improvements in the service package. The operations in the branch of a bank in Bangalore, India, provide the context. For 21 service attributes, the gap between the expectations of a target customer group and the actual service experience is assessed through a customer survey. A service template graphically displaying the mean values of the responses for the expectations and the perceived service was constructed. Also, for each service attribute, tests of statistical significance for the mean values of the gap were performed. The results were used to develop priorities for improvements.

Javier Reynoso et.al (1995) and Angur et al. xiv (1999) noted that the debate on SQ began in 1985 in the marketing literature and significant contributions to
the literature have also been made by those working in the field of operation management and organisational behaviour. Thus, the research done in the area of quality in the banking industry has been found in many scholarly journals and the academic and practitioner papers. Some of these studies on the one hand deal with definitions and overviews of SQ, dimensions and measurements, and others carried out by practitioners or researchers focus on the importance of SQ, functional areas of the banks, assessment and successful implementation of the current practice. Table 1 below summarises some of these researches in the area of building SQ dimensions in banking industry.

T. Anthony and H. Addams\textsuperscript{ xv} (2000) indicated that credit unions’ rate is significantly higher than banks on 11 of the 14 SQ questions: access, courtesy, communication, credibility, security, empathy, tangibles, basic service, fairness, fixing mistakes, and guarantees. Also they indicate that neither banks nor credit unions do a good job of surveying customer needs or retaining customers.

W. Lassar, C. Manolis and R. Winsor\textsuperscript{xvi} (2000) examined in their study that the effects of SQ on customer satisfaction by utilising a sample of international private banking customers where SQ is operationalised via two measures SERVQUAL and Technical/Functional Quality.

M. Paulin, R. Ferguson and M. Payaud\textsuperscript{xvii} (2000) reported in their study that changing account managers was negatively associated with the bank’s
external effectiveness as measured by the customers’ judgments of satisfaction and SQ, their purchase intentions and their willingness to recommend the bank.

Yogeshwari Phatak and Naseem Abidi (2000) pointed out in their paper to study the gap between a client’s expectation and perception of the quality of services. The study is based on primary data collected with the help of questionnaires in addition to secondary data. Both private and nationalised banks are included in this study. The paper is an attempt to analyse the shortfalls in delivering quality service by banks and possible ways to improve service quality.

Antonio Garcia et al. (2000) in their study stated the active participation of all personnel is the basis for continuous improvement in companies. This paper describes the main features of systems for channelling such participation, used in a series of companies in the automotive parts industry in the Northwest of Spain. These characteristics were obtained from research carried out in mid-1997 and based on personal interviews. Likewise, the great spread of this kind of practice found in this supply industry, mainly made up of SMEs, supports the idea that it is not only applicable in large companies. However, it should not be forgotten that the automotive sector has one of the longest traditions in continuous improvement and employee involvement activities.

B.G. Dale, et al. (2000) in their paper made the point that since the early 1990s there have been signs (e.g. the move from quality and total quality
that quality and TQM are perceived by some commentators to be out-of-date and fallen by the wayside. The paper outlines these signs and points out that they can lead to a marginalisation of quality. However, through major trends such as business to business e-commerce and six sigma there are clear indications that old style quality is coming back into the business arena because of the savings it can bring. These trends and their implications are examined in the paper.

Zhihai Zhang\textsuperscript{xxi} (2000) pointed out that in order to provide readers with a better understanding of China’s approach to quality management, this paper presents China’s quality management history, the main quality management efforts adopted by the Chinese government, the product quality situation, and the reasons for product quality problems. Finally, it has been concluded that governments can only play a role in shaping the context and institutional structure surrounding companies, but cannot create competitive industries; only companies can do that. If the quality of people, especially government officials, top management, and employees does not improve, it is very difficult for the country to improve product quality.

Mile Terziovski and Danny Samson\textsuperscript{xxii} (2000) stated in their study to test the effects of the company’s size on the strength of the relationship between TQM and organisational performance. Based on a cross-sectional study of
manufacturing firms in Australia and New Zealand, the paper tests two hypotheses involving TQM and organisational performance. The central finding of the study is that TQM has a significant and positive relationship with most of the dimensions of organisational performance. The relationship weakened for defect rates and warranty costs when it was co-varied for company size. We conclude that the company’s size impedes the implementation of TQM. Larger companies tend to gain greater benefits from TQM than smaller firms. These findings are consistent with some of the literature. Overall, the findings show that a typical manufacturing organisation is more likely to achieve high organisational performance with TQM than without TQM. The findings have implications for managers wishing to formulate a business strategy based on TQM.

Ron D. McLachlin (2000) stated that there are various views regarding the nature of service quality in a consulting engagement. This paper utilises literature from a number of disciplines, along with exploratory interviews with seven consultants and one client, to address one question, namely, “What is engagement success in consulting, from both the client and the consultant points of view”? In addressing this question, the paper considers distinctions between types of consulting, client expectations and needs, and short-and long-term revenue streams. It concludes by suggesting that a consulting engagement is successful if the consultant has met client expectations (by improving one or more of client performance, client capabilities, or organisational culture, without
making any category worse) – whether or not a core need has been addressed – and the consultant has enhanced his or her reputation, with expectations of future revenue streams - whether or not any immediate income has been received.

Anthony T. Allred and H. Lon Addams (2000) pointed out that the bank and credit union customers were surveyed to determine bank and credit union service quality performance. The results of our study indicate that credit unions rate significantly higher than banks on 11 of the 14 service quality questions: access, courtesy, communication, credibility, security, empathy, tangibles, basic service, fairness, fixing mistakes, and guarantees. The findings also indicate that neither banks nor credit unions do a good job of surveying customer needs or retaining customers. Other results indicate that 50 per cent of the total respondents surveyed reported that they had stopped using a financial service provider because of poor service performance. The vast majority of that group reported that their decision was made because a bank failed to provide adequate service.

Eldon Y. Li, et al., (2001) stated that the banking industry in Hong Kong (HK) plays a significant role. Because of increasingly competitive pressure from domestic and overseas banks, HK banks must tightly control cost and improve quality and efficiency of operations in order to maintain profitability. For this purpose, quality management has emerged as an active tool in recent years. In
fact, it has been regarded as a vital strategic element for meeting the challenge of the new and intensified competition in the financial services industry. This paper reports the result of a survey on quality management initiatives in HK’s banking industry between 1997 and 2000. The trend of changes in these years is analysed and the results from HK are compared with those from British financial institutions reported by Wilkinson, et al. The results show that HK banks have gradually adopted quality initiatives and gained significant success in quality management over the past 3 years. They focused more on meeting service standard and providing prompt services while banking institutions in the UK focused more on understanding and meeting customers’ needs.

Gillian Rice and Essam Mahmoud (2001) prescribed in their study that the Islamic banking transactions and organisations have been growing in the last decade in response to increasing demand. Simultaneously, however, Islamic banks face challenges from non-Islamic institutions because of the mergers of several institutions, inter-organisational collaboration, introduction of new products and services, improved services, and so on. Other contemporary challenges include continuous environmental change, the speed of change, the impact of Internet and mobile banking, and the need for an international focus. To respond effectively to these challenges, Islamic financial institutions need to establish management systems that integrate quality management, creativity, and innovation. This paper
presents a framework for such a management system and discusses its implementation.

Winnie et al., xxvii (2001) prescribed in their study that the recent research has shown the value of using a uniform system such as the American Customer Satisfaction Index model or the European Satisfaction Performance Index model for national customer satisfaction measurement and management. This paper reviews the relationships of latent constructs specified in these popular national customer satisfaction measurement and management systems and concludes that the relationships specified in existing national customer satisfaction systems are far from conclusive. This paper therefore attempts to extend the current understanding of customer satisfaction and customer loyalty at a retail level in an industry-specific context. The adopted Kanji Customer Satisfaction Index was selected and tested with the data of 450 customers of retail banks in Hong Kong. Finally, findings and implications are discussed.

Fco Javier Llorens Montes et al., xxviii (2003) in their paper aimed to determine whether the working environment that bank employees perceive is related to their affective responses and their perception regarding the service quality that is provided at their bank. More specifically, the study extends and links previous works by researching into the relationships between organisational obstacles perceived, employees’ psychological climate, extrinsic recognition
received, and service culture, with various affective responses from the employees (organisational commitment, job satisfaction and work motivation), as well as the perception of the service quality that the bank provides. A theoretical model is developed and tested using empirical evidence from the Spanish bank sector. Results support the hypothetical model.

Mushtaq A. Bhat (2004) in his paper stated that the delivering higher levels of service quality is the strategy that is increasingly being offered as a key to service providers’ efforts to position themselves more effectively in the marketplace. Almost all banks perform the same functions. Therefore, customers take into account the relative efficiency while choosing a particular bank. Moreover, banks carry on business with public money and therefore customers expect better services from them. Under such circumstances, the customer’s decision to patronize one and not the other is based on the quality of service offered him. Firms, therefore, prosper or decline, depending upon the quality of service they provide their customers.
Because of this widespread belief, service organisations have placed service quality at the top of the list of strategic constructs. In view of its strategic importance, an attempt has been made in the present paper to make a comparative study of service quality perceptions in respect of banks, under study, i.e. with the perceptions of their respective customers regarding the quality of service offered, and to offer suggestions to make the overall banking service more effective and efficient. The results of the study lead us to the conclusion that customers perceive that service quality of all banks is below their expectations, and suggest heavy investment on tangibility and improvement in other dimensions of service quality.

Alex R. Zablah et al.,XXX (2004) in their study stated that they were promoted, in part, by the highly exposed failure of customer relationship management (CRM) initiatives. While numerous studies have yielded important insights, the extent of CRM literature appears to be inconsistent and is highly fragmented due, primarily, to the lack of common conceptualisation. Thus, to help advance a cohesive body of knowledge on this topic of growing interest and importance, this paper attempts to provide a clear and accurate delineation of CRM's domain. Following the review and analysis of process, strategy, philosophy, capability and technology-based CRM perspectives, the authors propose that the phenomenon is best conceptualised as an ongoing process that involves the development and leveraging of market intelligence for the purpose of building and maintaining a profit-maximizing portfolio of customer relationships. Based on the proposed conceptualization, a detailed description of the CRM process is provided, along with a comprehensive framework intended to aid marketers in their quest to achieve CRM success.

Michel Laroche et al.,XXXI (2004) in their study stated that the influence of culture on the measurement of service quality and satisfaction in a dentists’ office
settings were examined by a few authors. Respondents from the United States, Canada, and Japan participated in a 2x2 factorial experiment in which the authors manipulated both expectations (high/low) and service performance (high/low) in a series of scenarios. With partial metric invariance, latent mean comparisons revealed that regardless of expectations, Japanese respondents reported lower quality perceptions and satisfaction ratings when performance was lower than those of their U.S. and Canadian counterparts. Thus, there is some evidence that Japanese consumers are more conservative in their evaluations of superior service but are less critical (or more forgiving) of inferior service. Managerial implications and future research directions were also discussed.

Mushtaq A. Bhat (2005) pointed out that in search of competitive advantage, business organisations focus on service quality. Research has shown that high service quality contributes significantly to profitability and productivity. In addition, a knowledge of the costs and benefits of retaining consumers relative to attracting new ones draws a company’s foremost attention to look after present customers, responding to their needs and problems and developing long term relationships. Interest in the measurement of service quality is thus understandably high. An
attempt has been made in the present paper to study service quality in banks and its variation across demographic variables. The study offers suggestions to make overall service quality in banks more effective and efficient. The results of the study lead us to the conclusion that service quality of foreign banks is comparatively much better than that of Indian banks and there are service quality variations across demographic variables.

Alka Sharma and Versha Mehta (2005) prescribed in their study that the services sector is the most important sector, which contributes largely to the national economy. In India, the banking sector is an important component of this sector. The share of the banking and insurance sector has burgeoned from 2.78 per cent in 1980-81 to 6.27 per cent in 1997-98. It has been so due to the increased significance of financial services in the post-reforms era. In the case of banking services, the varied service products being offered and their interface with the information technology have emerged as potent tools of competition. Banks use these tools to seize the markets and be the ultimate winners. A recent survey on banks shows that the HDFC bank, which has been rated the number one bank in India, has quality growth for its main objective. Thus the banking intermediaries also have recently started focusing on the quality issues. In this context, the service quality perception among the customers of the banks is the most critical
issue. The present study is an attempt in the direction, where the quality perceptions of the four leading banks have been compared to reach logical conclusions.

Economic liberalisation and globalisation, Information Technology (IT) revolution, changing customer requirements/expectations and increasing competition pose a challenge to the existing Indian banking scenario. During the past few years, the banking sector has witnessed revolutionary changes. The entry of private and foreign banks has poses a challenge to the monopoly enjoyed by the nationalised banks. With increasing competition, the importance of quality service in banking has gained paramount importance. To survive, banks have to rethink their strategy in delivering quality service to attract and hold clients. The service challenge involves developing new services that will meet client needs in a better manner; improving quality and variety of existing services and finally, providing and distributing these services in a manner that best serves the clients.

Michael Ehret (2005) in his study stated that the management of buyer-seller relationships was an early antecedent to the development of customer relationships management (CRM) concepts. Currently CRM concepts are challenged by the rise of value networks. Value networks can, and often do, interfere with customer relationships and thereby call for a broader range of concepts to analyse and understand relationship management and the influence of value network on relationships. The introductory article describes the nature of the problem between relationships and value networks, reviews the current state of research, and describes the contributions of the articles presented in this special issue on CRM in business-to-business markets.

Stan Maklan et al. (2005) in their study stated that the long-term benefits of implementing a customer relationship management programme are widely accepted as being: learning from customers, building customer retention, and reduced market uncertainty. Yet high rates of failure in CRM can originate
right at the stage where the investment decisions are made. Traditional discounted cashflow analysis alone does not value or focus managerial attention upon the strategic long-term benefits of CRM. Through a simulated case study analysis, the paper illustrates how the addition of real options to discounted cashflow can improve CRM investment decision making, encourage managers to verify critical assumptions and reduce both investment and business risk.

Mohammed Al-Hawari et al., xxxvi (2005) stated in their study that the automated service quality has been recognised as the factor which determines the success or failure of electronic commerce. Those models currently available to measure automated service quality are limited in their focus, encompassing only one electronic channel—the internet—thereby ignoring attributes of the other automated service channels. In relation to the banking sector, research has identified that bank customers tend to use a combination of automated service channels. As such, this research strives to develop a comprehensive model of banking automated service quality taking into consideration the unique attributes of each delivery channel and other dimensions that have a potential influence on quality issues. The proposed model has been empirically tested for unidimensionality, reliability and validity using the confirmatory factor analysis.

Feruccio Bilich and Annibal Affonso Neto xxxvii (2005) stated in their work deals with the management of quality as a fundamental component in the formulation of strategies for commercial banks, important elements in the financial system. Considering the increasing emphasis laid and preoccupation of large organisations with quality, the insertion of banks in this context becomes of
fundamental importance, as much as quality has been provoking a veritable change of paradigms in management. A model for the macro-function quality is proposed, the important and relevant variables related to the dimensions of the model are identified and the desirable actions with respect to each variable and dimension are arrived at through empirical data. In the development of the model for the management of quality in banks, data obtained from 56 executives representing a universe of 43 banks actuating in Brazil were analysed. Concluding the work, alternatives are presented for adequate conduct of the actions for quality considering five dimensions: strategy, managerial model, organisational structure, human resources and systems.

Lester W. Johnson and Sean Leonard\textsuperscript{xxxviii} (2005) stated that the concept of customer value has its roots in the quality movement work done in the area of developing customer focused organisations, and in the marketing concept of market orientation. This has seen many companies move away from a production orientation towards customer orientation. From the 1980s fascination with mergers and acquisitions aimed to deliver market share to concepts based relationship marketing, customer loyalty and retention, brand equity, and customer equity. The shift has fundamentally been a move from product focus to customer focus and a related shift from product quality to service quality. While the research still follows different lines, there are useful lessons to be learned in
areas where there is strong agreement. This thesis discusses what the past ten years have taught us of this shift.

T. Vanniarajan and P. Vikkraman (2006) in their paper focused on the link between customers’ satisfaction and organisational performance. Three groups of banks namely, the Associates of the State Bank of India, Nationalised Banks and Private Sector Banks were included in the study. The empirical data on customer satisfaction on the quality of various services offered by the banks and their business performance were collected through an interview schedule. Based on the empirical data, authors identified the important items in the service quality of banks as Empathy, Assurance, Reliability, Tangibles and Responsiveness. The study identifies the positive impact of customer satisfaction on service quality of banks resulting in its net profit. The significant impact on net profit is created by the customers’ satisfaction on the service quality factors, namely, Empathy, Assurance and Tangibles. The study concludes that the suitable strategy to increase the profit among the banks is creating, maintaining and enhancing appropriate service quality to the customers.

Jean Michel Sahut (2006) pointed out that the internet banking providers tend to introduce to consumers as many services as possible very often without knowing what the customers really want and expect from them. Within the traditional banking environment it was almost impossible to monitor and record
data on second-by-second actions and interactions with the customers. The fact is that the electronic environment allows internet banking providers to capture enormous amounts of information about customer behaviour during the whole process of service consumption and to collect their opinions and requirements in different forms. However, the first question is whether internet banking providers are able to analyse and conceptualise them and further to translate them into service design specifications. The second issue concerns an e-service quality management framework based on the customers’ requirements that would allow managing the quality of internet banking services, developing a quality measurement system and so facilitating full control over service quality in an electronic environment. Quality function deployment (QFD) is a distinguished product and the service design technique primarily oriented to deliver the voice of the customer throughout the planning and design activity. Taking into account the trends of moving the banking products and services online this paper demonstrates the application of QFD to internet banking and it outlines the links among service quality management, its concepts, and tools and internet banking services. The QFD application resulted in formulating the current service quality dimensions, disclosed the quality management deficiencies and provided decision support for e-banking managers.

U. Surya Rao and C. Swarnalatha Raju (2006) stated that the servicing a client is different from
selling a tangible product to customers. It requires a different motivation, a different mindset. Recognition of service quality as a competitive weapon is relatively a recent phenomenon in the Indian banking sector. Banks at times did not feel the need to pay attention to service quality issues and they assigned very low priority to the identification and satisfaction of customers needs. The need of the hour is to build up competitiveness through enhanced service quality thus making banks more market oriented and customer friendly.

Surya Rao and Swarnalatha (2006) in their study pointed out that the need of the hour is to develop awareness of the TQM approach in banks to strive to achieve “Zero error” and “Zero grievance” levels. In fact, most of the bank systems and services are designed to control customers rather than satisfy customers. Banks in India, especially public sector banks, have to bring in more quality in their activities and services in order to be competitive in this changing banking environment. Most bankers would like to believe that they are in the finance industry and not in the service industry. Thus they tend to compete in terms of financial powers rather than service quality. Total quality management, which is about total customer service and continuous customer satisfaction, is applicable not only to the manufacturing industry but also to the service sector where the customer is just as important. Services are where the future is. It has been witnessed in the most developed countries of the world that the service sector has come to occupy the top position in their economies. Customer
satisfaction perhaps is the only route to survival and growth. Developing strategies that focus on satisfaction as the starting point make it imperative to identify what satisfies or makes the customer happy. The public sector banks must weed out potential bugs and build delight in their delivery to customers. Customer’s decision to patronize one bank and not the other is based on the quality of service offered. Banks, therefore, prosper or decline depending upon the quality of service they provide their customers.

Gholamreza Torkzadeh et al. (2006) reported in their study the results of a study designed in close collaboration with Merck-Medco to identify key barriers to the success of their customer relationship management. To identify the key factors, they first used focus groups of principal users of the system to brainstorm and generate a list of scenarios and issues. A team of managers, supervisors and customer service representatives then consolidated this list. A 54-item survey was derived from the list and used to collect 1460 responses from the user groups within the company. Data were equally divided into two sets. Exploratory factor analysis was used with the first data set to identify principal factors that explained the majority of problem areas. Structural equation modeling was used with the second data set to further examine and conform the initial list of factors. The study results suggest a seven – factor 21-item model describing barriers to the success of customer relationship management in terms of standard operating procedure compliance, accountability and ownership, callback information content, customer contact process, billing issues, dispensing and replacement process and queuing procedure. These factors explained the majority of customer relationship problems in the company. These measures can be used by the company to plan and monitor remedial response. Evidence of reliability and construct validity is presented for the measurement models and decision-making implications are discussed.
Ricardo Chalmeta (2006) in his study stated that Customer Relationship Management (CRM) is a customer-focused business strategy that dynamically integrates sales, marketing and customer care service in order to create and add value for the company and its customers. This change towards a customer-focused strategy leads to a strong demand for CRM solutions by companies. However, in spite of companies’ interest in this new management model, many CRM implementations fail. One of the main reasons for this lack of success is that the existing methodologies used to approach a CRM project are not adequate, since they do not satisfactorily integrate and complement the strategic and technological aspects of CRM. This paper describes a formal methodology for directing the process of developing and implementing a CRM system that considers and integrates various aspects such as defining a customer strategy, re-engineering customer-oriented business processes, human resources management, the computer system, management of change and continuous improvement.

Shan-Ling Pan et al. (2006) in their study stated that the case of the National IT Literacy Program (NITLP) as part of Singapore’s e-government initiative serves to illustrate the evolution of strategic customer relationship management (CRM) practices. The role of CRM has remained relatively consistent even though its practices have evolved in response to both environmental and technological changes. This study introduces the concepts of relational incentive, relational value and relational tool that position indirect communications as an important contender to direct communications for organizational relationship building. This study adopts a relational perspective with which to formulate a managerial strategy for CRM that is independent of direct organizational involvement.

Su-Yeon Kim et al. (2006) in their study hold that the more a marketing paradigm evolves, the more long-term relationship with customers gains its importance of CRM, a recent marketing paradigm, pursues long-term relationship with profitable customers. It can be a starting point of relationship management to understand and measure the true value of customers since marketing management as a whole is to be deployed toward the targeted customers and profitable
customers, to foster customers’ full profit potential. Corporate success depends on an organisation’s ability to build and maintain loyal and valued customer relationships. Therefore, it is essential to build refined strategies for customers based on their value. In their paper, they propose a framework for analysing customer value and segmenting customers based on their value. After segmenting customers based on their value, strategy building according to customer segment will be illustrated through a case study of a wireless telecommunication company.

Yong Seog Kim (2006) in his study described the effects of variable selection and class distribution on the performance of specific logit regression (i.e., a primitive classifier system) and artificial neutral network (ANN) a relatively more sophisticated classifier system) implementations in a customer relationship management (CRM) setting. Finally, ensemble models are constructed by combining the predictions of multiple classifiers. This paper shows that ANN ensembles with variable selection show the most stable performance over various class distributions.

Fang Wang and Milena Head (2007) in their study described that the web is increasingly being viewed as a tool and place to enhance customer relationship. In this paper it is defined a model to analyse the web characteristics that aid in building customer relationships and then use this model to examine consumer relationship building mechanisms in online retailing (e-tailing). Through a survey of 177 shoppers who had bought books, CDs, or DVDs online, the causal model was validated using LISREL; 13 out of 14 hypotheses were supported. This research has contributed to both theory and practice by providing a validated model to analyse online consumer relationship building and suggesting mechanisms to help e-tailers focus on online consumer relationship management.

Judith J. Madill et al. (2007) in their study stated that managing the relationships with customers and clients is a critical task for industrial sales organisations. This paper reports on research that focuses on improving client relationships through effective handling of account manager
turnover and improved account management. Even in situations where the account manager turnover is high, the relationship between the company and the SME client does not suffer if the account management turnover process is well managed. When account manager turnover is not well managed, customer satisfaction suffers. The research also identifies eleven specific management activities that are highly related to supplier satisfaction with both the account manager and the supplier financial institution.

Jydy C.R. Tseng and Gwo-Jen Hwang (2007) stated in their study that most existing network-based customer services heavily rely on manpower in replying e-mails or on-line requests from customers, which not only increases the service cost, but also delay the time for responding to the service requests. To cope with these problems, this paper proposes a customer service system which can automatically handle customer requests by analyzing the contents of the requests and finding the most feasible answers from the frequently asked question (FAQ) database. In the situation that a customer is not satisfied with the reply, the system will forward the request to the appropriate service personnel for further processing. An assistance mechanism has been developed to help the service personnel in finding potential answers from existing FAQ data or creating more appropriate answers. Experimental results on practical applications showed that over 87.3 per cent of users were satisfied with the replies given by the system; therefore, it concluded that the system can significantly reduce the service cost and provide more efficient and effective customer service.

Luis E. Mendoza et al. (2007) in their study stated that most organizations have perceived the customer relationship management (CRM) concept as a technological solution for problems in individual areas, accompanied by a great deal of uncoordinated initiatives. Nevertheless, CRM must be conceived as a strategy, due to its human, technological and processes implications, at the time on organization decides to implement it. On this basis, the main goal stated in this research is to propose, justify and validate a model based on critical success factors (CSFs) that will constitute a guide for companies in the implementation and diagnosis of a CRM strategy. The model is confirmed by a set of 13 CSFs with their
55 corresponding metrics, which will serve as a guide for organizations wishing to apply this type of strategy. These factors cover the three key aspects of every CRM strategy (human factor, processes, and technology), giving a global focus and propitiating success in the implementation of a CRM strategy. These CSFs and their metrics were evaluated by a group of international experts allowing determining guidelines for a CRM implementation as well as the probable causes of the deficiencies in past projects.

Sung Ho Ha\textsuperscript{lii} (2007) in his study stated using the customer relationship management perspective to investigate customer behaviour, it differentiates between customers through customer segmentation, tracks customer shifts from segment to segment over time, discovers customer segment knowledge to build an individual transition path and a dominant transition path, and then predicts customer segment behaviour patterns. By using real-world data, this study evaluates the accuracy of predictive models. The concluding remarks discuss future research in this area.

Tzu-Liang (Bill) Tseng and Chun-Che Huang\textsuperscript{liii} (2007) in their study stated that the application of the rough set theory (RST) to feature selection in customer relationship management (CRM) is introduced. Compared to other methods, the RST approach has the advantage of combining both qualitative and quantitative information in the decision analysis, which is extremely important for CRM. To derive the decision rules from historical data for identifying features that contribute to CRM, both the mathematical formulation and the heuristic algorithm are developed in this paper. The proposed algorithm is comprised to both equal and unequal weight cases of the feature content with the limitation of the mathematical models. This algorithm is able to derive the rules and to identify the most significant features simultaneously, which is unique and useful in solving CRM problems. A case study of a video game system purchase is validated by historical data, and the results showed the practical viability of the RST approach for predicting customer purchasing behaviour. This paper forms the basis for solving many other similar problems that occur in the service industry.
Wouter Buckinx et al. (2007) in their study stated that loyalty and targeting are central topics in Customer Relationship Management. Yet, the information that resides in customer databases only records transactions at a single company, whereby customer loyalty is generally unavailable. In this study, we enrich the customer database with a prediction of a customer’s behavioural loyalty in such a way that it can be deployed for targeted marketing actions without the necessarily to measure the loyalty of every single customer. To this end, it compares multiple linear regression with two state-of-the-art machine learning techniques (random forests and automatic relevance determination neutral networks), and it shows that (i) a customer’s behavioural loyalty can be predicted to a reasonable degree using the transactional database, (ii) given that overfitting is controlled by the variable-selection procedure it proposes in this study, a multiple linear regression model significantly which outperforms the other models, (iii) the proposed variable-selection procedure has a beneficial impact on the reduction of multicollinearity; and (iv) the most important indicator of behavioural loyalty consists of the variety of products previously purchased.

Wu et al. (2007) in their study reported the application of the operational complexity index. The aim is to address the relationship between costs and the complexity index. The investigation carried out measurements on two types of supplier-customer systems in the U.K. One is make-to-stock with low product variety but high volume, while the second is make-to-order with high variety but low volume. The research found some evidence that inventory costs are associated with operational complexity. Moreover, while the index is generic to both case studies, there seemed to be a direct link between index value and cost only in the make-to-stock case.

Hsu (2008) in his study proposed an index for online customer satisfaction, which is adapted from an American Customer Satisfaction Index (ACSI). Since online shopping is an experience different in many ways from traditional shopping, a new index for measuring electronic-customer satisfaction index (e-CSI) is required. Thus, this study is the first step towards integrating satisfaction literature to propose an index for online contexts. The e-CSI model was tested in the context
of a one month study of Taiwan’s largest online retailer (PChome Online) where it was found to significantly predict customer loyalty and overall customer satisfaction. In this study, he found that the satisfaction score of PChome Online is similar to the average for the online retail industry in ACSI. This model also allows the online retailer to understand the specific factors that significantly influence overall customer satisfaction by reading the causal relationship in the e-CSI model and the strategic management map. The partial squares (PLS) method was used to test the theoretical model and to derive the e-CSI score.

Iraj Mahdavi et al. (2008) in their study stated that the internet technology enables companies to capture new customers, track their performance and online behaviour, and customize communications, products, services, and prices. Analyses of customers and customer interactions for electronic customer relationship management (e-CRM) can be performed by way of using data mining (DM), optimization methods, or combined approaches. One key issue in the analysis of access patterns on the Web is the clustering and classification of Web documents. Generally, the classification has its base on analytical models which assume a pre-fixed set of keywords (attributes) predefined list of categories. This assumption is not realistic for large and evolving collections of documents such as World Wide Web. They propose a new approach to solve the problem of an unknown number of evolving categories. The approach begins with the classification of test documents into a set of initial categories. A working prototype system which is based on Fuzzy Clustering CRM (FC-CRM) has been developed and presented to validate the proposed approach and illustrate how it handles the dynamics inflow of new documents.

Prakash J. Singh (2008) in his study reported that unlike the experience in the broader quality management (QM) area, for ISO 9000, the relationships between management practices associated with the standard and performance are relatively under-researched. This has contributed to a general lack of clarity on how the standard works and how effective it is in generating the espoused benefits. In this paper, an attempt is made to fill this gap. Through a review of the standard and associated literature, a set of six management practice
constructs (management policies, plans and actions, focus on customers, capable employees, reliable suppliers, sound communication system and steady processes) were identified. Further, three performance constructs (consistent quality outputs, satisfied customers and business performance) were developed based on the espoused outcomes of the standard. Relationships between these constructs were hypothesized, with the relationship between management policies, plans and actions and steady processes constructs being partially mediated by the other four management practice constructs, and the consistent quality outputs and business performance constructs being fully mediated by the satisfied customers construct. These relationships were consolidated into a model and empirically tested with data from 418 Australian ISO 9000 registered manufacturing plans using the structural equation modelling technique. Results showed that only two out of the 12 hypothesized relationships were not supported, with management policies, plans and actions being negatively related to steady processes, and focus on customers and steady processes relationship being statistically insignificant. This result supports the assertion that the top management team plays a ubiquitous role, albeit an indirect one in creating steady processes. Also, strong focus on customers could be of little value in creating steady processes. Overall, this study defines the role of stakeholders and shows how they interact with the salient aspects of the ISO 9000 standard. Through this, insights into how the standard works have been developed. Further, a validated framework for effective implementation of ISO 9000 has been produced.

1.5 IMPORTANCE OF THE STUDY

It is obvious that to survive and compete in a world business structure, retention of customers is the key (Study published in Harvard Business Review concluded that some companies can boost profits by almost 100 per cent by retaining 5 per cent more of their customers!); because the cost of keeping them is less than replacing; selling to them efficiently creates loyalty and therefore,
more business. The analysis of data from customer interaction allows for target marketing, better servicing and better support creating lower overheads; and finally, a happy customer will tell 3-4 potential clients, again creating new business. But as resources are stretched to new limits, the costs to attract and retain customers will continue to rise and banks will be forced to rethink how they can leverage the investments in Customers Relationship Management capabilities and infrastructure. As technological advances continue, many more complications will emerge. New capabilities will be required to capture, store and analyse greater amounts of data. But by making this a part of the future Customers Relationship Management strategies, banks will be much better positioned to keep pace with the demands of their customers and competitors and, to grow profitably in the years to come.

Bringing together the virtual and physical worlds, the next generation of Customer Relationship Management embraces technology as the critical enabler. These solutions will create a world where objects will sense, reason, communicate and act, where the time between stimulus and response would be zero. In this world, insight will be bought and sold in a market that rewards those who build trust and harness the real-time economy. Banks need to be careful that they spend Customers Relationship Management budget on smart, fast and focussed initiatives that will satisfy more customers, more of the time. It is a real opportunity to create tailored customer experiences, and as a result, competitive
differentiation and long term growth. Leaders are taking careful steps and beginning to identify the varying needs of customers, manage the entire experience, and drive in increased loyalty. Others simply can’t afford to wait.

In general, marketing concepts deals with goods and services. This study is focussed on customer relationship management. Understanding the customers’ needs and expectations is the essence of banking can be predicted only with the limited degree of accuracy. Every banker tries to satisfy his customers and their expectations. The study enables the bankers to anticipate the customer needs and also inspires the bankers to satisfy these needs. Through the findings of the study in general would be useful and important one to the bankers to improve their services in Madurai city, as it highlights the bank saver’s opinion about the services offered by the bankers and their employees.

1.6 OBJECTIVES OF THE STUDY

The specific objectives of the study are:

1. To analyse the socio-economic profile of the selected customers and factors influencing them to choose the bank.

2. To discuss the customers’ perception of customer relationship management in public sector banks in Madurai city.

3. To find the relationship between the level of perception of customer relationship management and socio-economic profile of the selected customers.
4. To identify the dimension of perception of customer relationship management.

5. To compare the dimension-wise perception of customer relationship management among the categories of male and female customers.

6. To offer suitable suggestions to improve the customer services of the banks based on the findings.

1.7 HYPOTHESES

The following null hypotheses are:

1. The level of perception regarding CRM is independent of the age.

2. The level of perception regarding customer relationship management is independent of sex.

3. The level of perception is independent of the marital status.

4. There is no relationship between the educational qualifications and
the level of perception of the respondents towards the CRM.

5. There exists no relationship between occupation and level of perception of the respondents.

6. There exists no relationship between the family size and the level of perception.

7. There exists no relationship between the monthly income and the level of perception.

8. There exists no relationship between the residential area and the level of perception.
9. The level of perception is independent of the type of account.

1.7 METHODOLOGY

Designing a suitable methodology and selection of analytical tools are important for a meaningful analysis of any research problem. An attempt has been made to describe the methodology which includes sampling procedure, period of study, collection of data and tools of analysis.

1.7.1. Sampling Design

In Madurai city, the total number of public sector bank branches is 105. The present study covers five major bank branches such as the State Bank of India, the Canara Bank, the Indian Overseas Bank, the Indian Bank and Union Bank of India which were functioning through 68 branches in Madurai city. As far as the customers are concerned, 500 customers are identified and selected out of 68 branches from five categories of bank branches following the proportionate stratified random sampling method. In the case of bank employees, 250 were identified and selected out of 68 branches from five categories of bank branches following the proportionate stratified random method. The following table presents the details of the distribution of the sample design.

<table>
<thead>
<tr>
<th>Sl No</th>
<th>Name of Bank</th>
<th>Total No. of Bank branches</th>
<th>Total No. of Customers</th>
<th>Total No. of Bank Employee</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Customers</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Bank Employees</td>
</tr>
</tbody>
</table>
1.7.2 Period of Study

The field survey was carried out from October 2010 to March 2011 for the collection of primary data. The data collection pertains to the financial year 2010-11.

1.7.3 Collection of Data

The data required for this study had been obtained from primary and secondary sources. First hand data were collected from the field directly through structured comprehensive interview schedule.

Primary data had been collected through the personal interview method with a pre-tested schedule which consisted of information on the socio-economic

<table>
<thead>
<tr>
<th></th>
<th>State Bank of India</th>
<th>Canara Bank</th>
<th>Indian Overseas Bank</th>
<th>Indian Bank</th>
<th>Union Bank of India</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>17</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>15</td>
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<tr>
<td>3</td>
<td></td>
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<td></td>
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<td></td>
<td>19</td>
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<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>Total</strong></td>
<td><strong>68</strong></td>
</tr>
</tbody>
</table>

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>186893</td>
<td>118946</td>
<td>143654</td>
<td>101255</td>
<td>89458</td>
<td>640206</td>
</tr>
<tr>
<td>198</td>
<td>162</td>
<td>185</td>
<td>134</td>
<td>48</td>
<td>727</td>
</tr>
<tr>
<td>146</td>
<td>93</td>
<td>112</td>
<td>79</td>
<td>70</td>
<td>500</td>
</tr>
<tr>
<td>68</td>
<td>56</td>
<td>64</td>
<td>46</td>
<td>17</td>
<td>250</td>
</tr>
</tbody>
</table>

Source: Annual Credit Plan, 2010-11, Published by Lead Bank – Canara Bank, Madurai.
characteristics, service of banks, factors influencing the selection of banks, factors influencing CRM and opinion of employees on the services of banks, customer relationship management and the like.

The secondary data were drawn from the official records of the banks, lead bank office, various journals, magazines, business newspapers and relevant websites sources. They form the major secondary source for the study.

1.7.4. Tools of Analysis

First, the percentage analysis was carried out to find out the number of respondents on the basis of the socio-economic characteristics.

One way Analysis of Variance (ANOVA) was used to find out the significant differences among the male and female customers in respect of the choice of the banks.

Factor analysis was applied to identify the factors influencing the choice of the bank.

In order to find the association between the profile of customers and their perception of factors influencing them to
choose the bank, one way analysis of variance was applied.

The Chi-Square test was employed to analyse the relationship between the socio-economic profile of the customers and their levels of perception of customer relationship management.

To identify the factors which were perceived by the customers as CRM in banks, factor analysis was applied.

In order to examine the difference in the perception of customers regarding CRM, t-test was applied.

**Spearman’s Rank Correlation was computed to study the relationship between the perception of male and female customers of CRM.**

**1.8 LIMITATIONS OF THE STUDY**

**The following are the limitations of the study:**

1) The scope of the study is limited to Madurai city. Hence, the findings and
suggestions made in this study may or may not be applicable to other districts or other geographical areas.

2) The present study focuses only on the customers’ point of view.

3) The customers disclosed the information related to the banking services and other data out of their memory, and they have not maintained any records. The information furnished by the customers may have memory bias.

4) Since the attitude towards the variables related to the services of
banks is psychological, scale scoring was used and the variables are measured with the help of Likert’s five point scale technique.

1.9 PROFILE OF THE STUDY AREA

Madurai District is one of the most important districts of Tamil Nadu where there has been a significant progress in agricultural development since the year 1960\textsuperscript{\textcopyright}. This district is located between $9^\circ 30'$ and $10^\circ 30'$ on the Northern latitude and $77^\circ 00'$ and $78^\circ 30'$ on the Eastern longitude\textsuperscript{\textcopyright}. The capital of this district is Madurai, a city which enjoys a historical and literary reputation. Named after the goddess of the city, it is also referred to as Meenakshipattinam. The four sky-high Gopurams (temple towers) have lent it the name of Nanmadakoodal.

Geographical Features

The Geographical area of Madurai district is 3741.73 sq.km. accounting for nearly 2.9 per cent of the geographical area of the Tamil Nadu state. There are two revenue divisions and seven taluks and 596 villages in this district. Dindigul district, Sivagangai district, Virudhunagar district and Theni district serve as the Northern, Eastern, Southern and Western boundaries respectively of Madurai.
district. Madurai district is classified into six sub-zones (Southern Plateau and hill region) under zone X among the 13 agro-climatic zones in the country. Normally sub-tropical climate prevails over the district without any sharp variation.

**Climate and Rainfall**

Generally, Madurai district has a hot, dry and variable climate. The summer season here extends from March to July and in April–May the summer reaches its zenith. There are two observatories in Madurai district (one in Madurai South and the other at Madurai Air Port). In May 1999, the highest temperature recorded during the hot weather season was 43.5°C and the lowest temperature recorded was 21.2°C in June 2003. The highest temperature recorded in the cold weather season in February 2003 was 38.4°C and the lowest temperature recorded in the same season was 20.3°C in January 2003. The South-West and North–East monsoons bring rainfall to this district from June to September and from October to December respectively. It has a normal rainfall of 706.9 mm. In 2004-2005 the actual rainfall was 535.7 mm.

**Population of the District**
According to the 2001 census, the total population of the district was about 25.78 lakhs comprising 13.03 lakhs of males and 12.74 lakhs of females and with a density of 689 persons per sq.km. The density of Madurai district is higher than the density of the state and that of the nation (which have a density of 480/sq.km. and 221 sq/km. respectively). The proportion of women to men is 964 to 1000 in Madurai district compared to the ratio of 978 to 1000 for the state. The literacy rate is 78.65 per cent. The literates and illiterates were 17.95 lakhs and 7.67 lakhs respectively in 2001. The population is spread over the entire district with 11.27 lakhs and 14.35 lakhs living in the rural and urban areas respectively. The birth rate is 20.6 per 1000 and the mortality rate is 8.4 per 1000, thus resulting in a natural growth rate of 12.2 per 1000.

**Workforce**

The distribution of the labour force in Madurai district during 2009-10 is presented in Table 1.2.

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Category</th>
<th>Number of Persons</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Total Main Workers</td>
<td>10,89,292</td>
<td>95.66</td>
</tr>
<tr>
<td></td>
<td>i) Cultivators</td>
<td>1,86,380</td>
<td>16.37</td>
</tr>
</tbody>
</table>
Table 1.2 shows that of the total working population in the district agricultural labourers accounted for nearly 35.29 per cent, cultivators for 16.37 per cent and other workers for nearly 31.91 per cent of the total number of workers. The household industry, manufacturing and the like accounted for 12.09 per cent of the total number of workers; while the marginal workers constituted the remaining 4.34 per cent of the working population.

**Land Use Pattern**

The working population of Madurai District is predominantly engaged in agriculture and other allied activities. The district has a total geographical area of 3,74,173 hectares. The distribution of land use pattern in Madurai district for the years 2008-09 and 2009-10 is shown in Table 1.3.

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Particulars</th>
<th>2008-09</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Area in</td>
<td>Percent</td>
</tr>
<tr>
<td>ii) Agricultural Labourers</td>
<td>4,01,867</td>
<td>35.29</td>
<td></td>
</tr>
<tr>
<td>iii) Household Industry, Manufacturing</td>
<td>1,37,685</td>
<td>12.09</td>
<td></td>
</tr>
<tr>
<td>iv) Other workers</td>
<td>3,63,361</td>
<td>31.91</td>
<td></td>
</tr>
<tr>
<td>2. Marginal workers</td>
<td>49,444</td>
<td>4.34</td>
<td></td>
</tr>
<tr>
<td>Total Workers</td>
<td>11,38,737</td>
<td>100.00</td>
<td></td>
</tr>
<tr>
<td>Non-workers</td>
<td>12,61,602</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Population</td>
<td>24,00,339</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: "G" Return, Office of the Assistant Director of Statistics, Madurai, 2005.
<table>
<thead>
<tr>
<th>Description</th>
<th>Hectares</th>
<th>%age</th>
<th>Hectares</th>
<th>%age</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Forest</td>
<td>50,452</td>
<td>13.48</td>
<td>50,452</td>
<td>13.48</td>
</tr>
<tr>
<td>3. To utilise non-agricultural uses</td>
<td>64,831</td>
<td>17.33</td>
<td>65,606</td>
<td>17.53</td>
</tr>
<tr>
<td>4. Cultivable waste</td>
<td>5,387</td>
<td>1.44</td>
<td>5,332</td>
<td>1.43</td>
</tr>
<tr>
<td>5. Permanent pastures and other grazing lands</td>
<td>230</td>
<td>0.06</td>
<td>230</td>
<td>0.06</td>
</tr>
<tr>
<td>6. Land under miscellaneous tree, crops and groves</td>
<td>1,219</td>
<td>0.33</td>
<td>1,255</td>
<td>0.34</td>
</tr>
<tr>
<td>8. Other fallow land</td>
<td>28,384</td>
<td>7.59</td>
<td>37,905</td>
<td>10.13</td>
</tr>
<tr>
<td>9. Net area sown</td>
<td>1,52,792</td>
<td>40.83</td>
<td>1,48,047</td>
<td>39.57</td>
</tr>
<tr>
<td>10. Total geographical area</td>
<td>3,74,173</td>
<td>100.00</td>
<td>3,74,173</td>
<td>100.00</td>
</tr>
</tbody>
</table>


Table 1.3 shows that Madurai district is primarily an agriculture based district with a net sown area contributing to nearly 39.57 per cent of the total geographical area in 2009-2010. Forest and current fallows accounted for 13.48 and 13.24 per cent of the total geographical area respectively. The utilization of land to non-agricultural uses constituted 17.53 per cent of the total geographical area.

**Area, Production and the Yield of Major Crops**

Madurai district has a good irrigation system and the farming operations have successfully increased the total agricultural production in the district to a considerable extent. The introduction of high yielding varieties has increased the yield and production of all the corps in the state of Tamil Nadu and this has happened in Madurai District also. The area, production and the yield of the major crops in Madurai district are presented in Table 1.4.
### TABLE 1.4

**AREA, PRODUCTION AND YIELD OF MAJOR CROPS IN MADURAI DISTRICT (2009-10)**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the Crop</th>
<th>Area in Hectares</th>
<th>Production in tones</th>
<th>Average yield in kg/hectares</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Paddy</td>
<td>76,905</td>
<td>3,65,050</td>
<td>4,746</td>
</tr>
<tr>
<td>2.</td>
<td>Cholam</td>
<td>13,043</td>
<td>8,030</td>
<td>615</td>
</tr>
<tr>
<td>3.</td>
<td>Cumbu</td>
<td>1,943</td>
<td>2,540</td>
<td>1,307</td>
</tr>
<tr>
<td>4.</td>
<td>Ragi</td>
<td>197</td>
<td>340</td>
<td>1,725</td>
</tr>
<tr>
<td>5.</td>
<td>Redgram</td>
<td>1,472</td>
<td>980</td>
<td>667</td>
</tr>
<tr>
<td>6.</td>
<td>Blackgram</td>
<td>1,331</td>
<td>520</td>
<td>389</td>
</tr>
<tr>
<td>7.</td>
<td>Greengram</td>
<td>5,443</td>
<td>1,620</td>
<td>297</td>
</tr>
<tr>
<td>8.</td>
<td>Sugarcane</td>
<td>6,741</td>
<td>1,06,150</td>
<td>15,746</td>
</tr>
<tr>
<td>9.</td>
<td>Cotton</td>
<td>10,087</td>
<td>8,990</td>
<td>891</td>
</tr>
<tr>
<td>10.</td>
<td>Groundnut</td>
<td>7,451</td>
<td>14,180</td>
<td>193</td>
</tr>
<tr>
<td>11.</td>
<td>Gingelley</td>
<td>1,886</td>
<td>640</td>
<td>339</td>
</tr>
</tbody>
</table>
Table 1.4 shows that, paddy, the most popular crop, was cultivated in Madurai district in an area of 76,905 hectares and the total production was 3,65,050 tonnes for the year 2009-10. Sugarcane cultivation was undertaken in an area of 6,741 hectares and the production of sugarcane was 1,06,150 tonnes in the same year. The average yield of paddy and sugarcane was of the order of 4,746 kg. per hectare and 15,746 kg. per hectare respectively for the year 2009-10.

Banking

Madurai district has a good net work of banks and bank branches. At the time of the study, there were 44 main banks and 258 bank branches in addition to the 38 co-operative bank branches catering to the banking needs of the people in the district. The average population serviced by each bank branch worked out to 10,770 which was much higher than the all India average. The Apex Co-operative Long Term Financing Bank known as the Land Development Bank has been financing long term loans through its net work of 16 Primary Land Development Banks located in different regions throughout the district.

Infrastructure
Madurai district is provided with good infrastructural facilities for almost all its entire area in respect of transport, communication and power supply. The district has well-laid out roads and they comprise 116.4 kms of the state highways, 679.2 kms. of the major district roads, 1422.18 kms of Panchayat Union roads and 1024.515 kms of Panchayat roads. The railway lines connect all the major towns within and outside the state. Besides, the district possesses a very good communication net work and almost all the villages in the district are fully electrified.

1.10 CHAPTERISATION

The present study entitled “A Study on the Customer Relationship Management in Selected Public Sector Banks in Madurai City – Tamil Nadu” has been organised seven Chapters.

The first chapter, “Introduction and Design of the Study”, introduces the subject, and the role of bank in marketing and customer services in public sector banks. Further, it covers the review of literature, the statement of the problem, the objectives, the methodology adopted, the profile of the study area, the limitations and the chapterisation.

The second chapter, “Banking Sector–An Overview”, discusses the introduction to the services of banks, quality of customer services in banks,
computerization in customer services, information technology in customer services, facilities provided by the banks and the like.

The third chapter “Customer Relationship Management in Banking Sector – Some Theoretical Issues”, gives the meaning of customer relationship management, the significant of CRM, the theoretical framework of CRM, Indian banking scenario and the like.

The fourth chapter, “Socio-Economic Profile of the Customers”, deals with the socio-economic background of the selected customers of public sector banks in Madurai city and analyses the factors influencing the choice of the bank.

The fifth chapter, “Customers’ Perception of Customer Relationship Management”, examines the perception of customers regarding CRM and tries to find the relationship between their level of perception and their socio-economic profile variables.

The sixth chapter, “Factors Responsible for Customer Relationship Management”, analyses the services of the public sector banks as viewed by employees and customers to maintain better customer relationship management (CRM).