CHAPTER 6

FINDINGS AND CONCLUSIONS
6.1 INTRODUCTION

The chapter starts with an overview of the objectives of the present study. It also presents discussion on the key findings of the study, the descriptive statistical findings and the hypothesized relationships. The last section of the chapter presents the conclusion.

6.2 OVERVIEW

The main objectives of the research includes identifying the factors that influence Customer Relationship Management (CRM) in select banks by developing and testing the hypothesized model for validating by exploring relationship between studied factors.

As described in chapter one, the research model in the present study proposed that CRM in select banks is affected by long-term relationship which included communication, customisation, interaction, SERVEQUAL factors, were proposed to mediate the effects of retention, trustworthiness, dissatisfaction, and switchover. The relative importance of each of these factors in the prediction of CRM in select banks is also evaluated.

In order to achieve the above mentioned research objectives, a detailed and organized literature review was conducted, which has been presented in chapter two. Different empirical research studies were reviewed. The literature suggests that the CRM model is the most appropriate for the present research due to its simplicity and specific focus on long term relationship. Hence, the CRM was selected as a base model. However, it was identified that the core constructs i.e. long-term relationship and trustworthiness was not sufficient to explain CRM. Therefore, a need for additional variables was also identified. Suitable factors identified and included in the model are communication, customisation, SERVEQUAL factors and interaction.

This study employed a quantitative approach using field survey for collecting primary data. A questionnaire was developed from the published literature by adopting existing measurement scales reported by previous research studies. Prior to using questionnaire for the main survey, a pilot study was conducted to correct any errors and ambiguities in the measurement instrument. The scales were revised and modified wherever it was necessary.
A final sample of 560 bank customers and 210 employees were used for data collection. The data collected was then analysed using two statistical software tools i.e. SPSS-16 [Andy Field [124]] and AMOS-23. The SPSS version 16.0 was used for the descriptive analysis, AMOS version 23.0 was used for CFA i.e. confirmatory factor analysis and SEM analysis, testing model fit to the data and hypotheses testing.

The descriptive analysis of the survey presented demographic profile of the sample and item analysis. The constructs were then confirmed through confirmatory factor analysis. Finally, the hypothesized relationships between the constructs were examined by SEM. A two step- approach was adopted in SEM. In the first stage, the measurement model, using CFA method, was tested to examine and assess the reliability and validity of the constructs used in the model. In the second stage, a hypothesized structural model was assessed using the path analysis technique for testing the hypothesized causal relationship among the constructs proposed in the research model. The proposed research model was found to be valuable in explaining the CRM in select banks.

The results of this study support the hypothesized relationship proposed in the model. In particular, the results suggested that retention, trustworthiness, dissatisfaction and switchover jointly influence the long-term relationship of CRM in select banks. The structural model was evaluated and a discussion of the findings is presented with details in the next section. It is to be noted that the discussion in this chapter is organized around hypotheses testing results and findings in respect to the proposed hypothesized research model. This is followed by the conclusions of this chapter.

6.3 OBJECTIVES OF THE STUDY

1. To develop a CRM model on both customers and employees perspective.
2. The customer perception on CRM practices in banks.
   a) The impact of CRM factors (interaction, customisation, dissatisfaction and switchover) on trust worthiness were evaluated
   b) The impact of retention and trustworthiness on long-term relationship were examined.
   c) The effect of SERVEQUAL factors, interaction and customisation on switchover was studied.
3. To study the employee perception on CRM practices in banks.
   
   a) The impact of retention, trustworthiness, dissatisfaction and switchover on long-term relationship were known.
   
   b) The impact of CRM factors (interaction, customisation and switchover) on trustworthiness was examined.
   
   c) The effect of interaction and communication on retention was studied.

6.4 HYPOTHESES OF THE STUDY:

Hypotheses is designed to evaluate the above said objectives, customisation is carried out by the banks in order to ensure that customer needs are met. It requires that the banks adapt its products, services or communication in such a way have something unique for each customer. Communication can be customized to address the specific needs and profile of the customer and the banks also make use of CRM as part of this process. Products can be customized as to the specific needs that the customer has of the banks. In the case of the financial services, it refers to the product package that is offered to the customer. The purpose of customisation is to increase the customer relationship and loyalty as perceived by the customers.

In the light of the above objectives, the following alternative hypotheses have been set up for the purpose of investigation.

6.4.1 Hypotheses for Customer Perspective

To examine the influence of exogenous variables (communication, customisation, interaction and SERVEQUAL factors) on endogenous variables (retention, dissatisfaction, switchover, trustworthiness and long-term relationship). The effect of the above factors is studied in customer perspective through testing of the following hypothesis.

$H_1$: There is significant influence of trustworthiness on long-term relationship with customers

$H_2$: There is significant influence of customer retention on long-term relationship with customers

$H_3$: There is significant influence of customer switchover from one bank to another bank on trustworthiness

$H_4$: There is significant influence of customer dissatisfaction on trustworthiness
H5a: There is significant influence of SERVEQUAL factors on switchover of customers from one bank to another bank
H5b: There is significant influence of SERVEQUAL factors on retention of customers
H6a: There is significant influence of interaction between employees and customers on switchover
H6b: There is significant influence of interaction between employees and customers on trustworthiness
H7a: There is significant influence of customisation of transactions on switchover of customers from one bank to another bank
H7b: There is significant influence of customisation of transactions on trustworthiness.
H8: There is significant influence of communication between employees and customers on dissatisfaction of the customers

6.4.2 Hypotheses for Employee Perspective.

To fulfill CRM in banking employee perceptions also covered along with customer perception. The following hypotheses were studied in a similar way.

H1: There is significant influence of trustworthiness on long-term relationship with customers
H2: There is significant influence of customer retaining on long-term relationship with customers
H3a: There is significant influence of customer switchover from one bank to another bank on trustworthiness
H3b: There is significant influence of customer switchover from one bank to another bank on long-term relationship with customers.
H4: There is significant influence of customer dissatisfaction on long-term relationship with customers.
H5: There is significant influence of SERVEQUAL factors on switchover of customers from one bank to another bank
H6a: There is significant influence of interaction between employees and customers on trustworthiness
H6b: There is significant influence of interaction between employees and customers on customer retention
\(H_7a: \) There is significant influence of customisation of transactions on customer retention

\(H_7b: \) There is significant influence of customisation of transactions on trustworthiness

\(H_8: \) There is significant influence of communication between employees and customers on customer dissatisfaction

6.5 TOOLS FOR ANALYSIS

The computation is done for the total sample taken into consideration of different categories like age, gender, education, income and experience. Mean, standard deviation, skewness and kurtosis are used to examine the normality of the data collected from the respondents. CFA is used to analyse data. Hypothesis testing is done using SEM.

6.6 ANALYSIS OF CRM IN CUSTOMER PERSPECTIVE

6.6.1 Response Rate

To evaluate the above discussed hypotheses, a questionnaire was designed, 575 questionnaires were distributed to the respondents (customers), 565 replied (10 did not respond), out of 565, 5 questionnaires were rejected due to insufficient data. The overall useable response rate in this study seems relatively high.

6.6.2 Profile of the Customers

Gender: Majority of the respondents is male (91.83\%) and female respondents are 8.17\%.

Age: 23.33\% of respondents are in the age group of 18-30 years, 41.67\% of the respondents are of the age group of 31-45 years, 29.17\% of respondents are of 45-60, 5.83\% of the respondents are of above 61 Years.

Income level per month: 19.17\% of respondents are having income level below Rs-10,000, 31.67\% of respondents are having income level between 10,001-20,000, 30.83\% of respondents are in between 20,001-30,000, 13.33\% of respondents are in 30,001-40,000 05.00\% of respondents are having income level of Rs- 40,001 and above.

Educational qualification: 08.33\% of respondents qualification are up to S.S.C, 37.50\% of respondents are with H.S.C, 35.00\% of respondents are graduates, 19.17\% of respondents are post graduate and above.
Professional details: 16.17% of respondents are farmers, 10.83% of respondents are Government employee, 30.83% of respondents are private employee, 27.50% of respondents are self employment/business, 9.17% of respondents are retired employee and remaining 5% are students.

Bank related profile:

Location: Most of the respondents (53.33%) are from semi urban, remaining (33.33%) respondents are from rural and few 13.34% are from urban.

Type of account: majority (80%) of respondents are holding savings a/c only 20% of respondents are holding current a/c.

Years of banking transaction: Majority 38.33% of respondents having banking experience between 6-10 years, 9.17% of respondents are having experience below 1 year, 35.83% of respondents are having banking experience between 1-5 years, 16.67% of respondents are having banking experience above 10 Years.

Frequent mode of transaction: Major 70.83% of respondents are transacting frequently through personal visit/ATM, 6.67% of respondents are conducting e-banking transactions, 13.33% of respondents are transacting through other modes, and 09.17% of respondents are using all modes of transaction.

Frequency of transaction: 14.17% of respondents are transacting everyday, 39.17% of respondents are transacting once a week, 41.66% of respondents are transacting once a month, 5% of respondents are transacting occasionally

6.6.3 Constructs and items

This section discusses on the ratings of construct items obtained through analysis

Communication (CM)

The analysis provides that the mean scores for five measured items for this scale were between 2.65 and 3.12, standard deviation was in between 1.080 and 1.641. The item “Bank communicates terms and conditions clearly” (CM2) is rated very high by the respondents and the item “Communication tools are very effective” (CM4) is rated very low by the respondents towards communication construct of CRM in select banks. The remaining items in this construct are “sharing information with customers” (CM1), “Bank communicating about new schemes and services” (CM3), “Awareness programs conducted on services” (CM5).
Modified Cronbach’s alpha coefficient calculated for this constructs was 0.789, this indicates that the construct had strong reliability of the measurement item.

**Customisation (CU)**

The analysis provides that the mean scores for seven measured items for this scale were in between 2.59 and 2.98, standard deviation was in between 1.389 and 1.671. The item “Pro-active in identifying customer needs” (CU1) is rated very high by the respondents and the item “Assessing customer satisfaction” (CU5) is rated very low by the respondents towards customisation construct of CRM in select banks.

The remaining items in this construct are “Clear understanding between banker and customer” (CU2), “Fulfilling customer needs” (CU3), Increasing customer convenience” (CU4), “customer is the biggest asset of the organisation” (CU6) and “strengthening the emotional bonds” (CU7).

Modified Cronbach’s alpha coefficient calculated for this constructs was 0.926, this indicates that this construct has strong reliability of the measurement item.

**Interaction (INT)**

The analysis provides that the mean scores for four measured items for this scale were in between 2.62 and 3.09, standard deviation was in between 1.390 and 1.673. The item “Friendly environment” (INT2) is rated very high by the respondents” and the item “bank website is user friendly” (INT3) is rated very low by the respondents towards interaction construct of CRM in select banks.

The remaining items in this construct are “Excellent employee response (INT1), “Bank attempts to maintain relationship” (INT4).

Cronbach’s alpha coefficient calculated for this constructs was 0.819, this indicates that this construct had strong reliability of the measurement item.

**SERVEQUAL factors (SF)**

The analysis provides that the mean scores for four measured items for this scale were in between 2.68 and 2.97, standard deviation was in between 1.081 and 1.681. The item “Assurance” (SF2) is rated very high by the respondents and the item “Empathy” (SF3) is rated very low by the respondents towards SERVEQUAL factor construct of CRM in select banks. The remaining items in this construct are “Reliability” (SF1), “Responsiveness” (SF4).
Cronbach’s alpha coefficient calculated for this construct was 0.848, this indicates that this construct had strong reliability of the measurement item.

**Dissatisfaction (DS)**

The analysis provides that the mean scores for seven measured items for this scale were in between 2.63 and 3.12, standard deviation was in between 1.091 and 1.641. The item “Lack of safety” (DS4) is rated very high by the respondents and the item “Lack of secrecy of transactions” (DS2) is rated very low by the respondents towards dissatisfaction construct of CRM in select banks.

The remaining items in this construct are “Irresponsible staff” (DS1), “Poor complaint handling procedure” (DS3), Tedious procedure” (DS5), “Bank charges are very high” (DS6) and “It is difficult to interact with bank officials” (DS7).

Modified Cronbach’s alpha coefficient calculated for this construct was 0.820, this indicates that this construct had strong reliability of the measurement item.

**Switchover (SO)**

The analysis provides that the mean scores for six measured items for this scale were in between 2.61 and 3.13, standard deviation was in between 1.084 and 1.673. The item “Improper location of the bank” (SO2) is rated very high by the respondents” and item “Higher bank charges” (SO4) is rated very low by the respondents towards switchover construct of CRM in select banks.

The remaining items in this construct are “Embarrassing ambience” (SO1), “Inconvenient parking place” (SO3), “No transparency” (SO5), “Poor personal relation” (SO6).

Modified Cronbach’s alpha coefficient calculated for this construct was 0.825, this indicates that this construct had strong reliability of the measurement item.

**Retention (RT)**

The analysis provides that the mean scores for five measured items for this scale were in between 2.65 and 2.88, standard deviation was in between 1.090 and 1.671. The item “Retains customers” (RT1) is rated very high by the respondents and the item “Bank deserves for loyalty” (RT2) is rated very low by the respondents towards retention construct of CRM in select banks.
The remaining items in this constructs are “Reduces customer conflicts” (RT3), “Effective customer recovery” (RT4) and “Regular assessment of lifetime value of the customer” (RT5).

Modified Cronbach’s alpha coefficient calculated for this constructs was 0.882, this indicates that this construct had strong reliability of the measurement item.

**Trustworthiness (TW)**

The analysis provides that the mean scores for five measured items for this scale were in between 2.69 and 3.03, and standard deviation was in between 1.082 and 1.670. The item “Consistent services” (TW3) is rated very high by the respondents and item “Timely services” (TW2) is rated very low by the respondents towards trustworthiness construct of CRM in select banks.

The remaining items in this construct are “Customer information is confidential” (TW1), “Transparent and well defined system” (TW4) and “Bank is reaching my expectations” (TW5).

Modified Cronbach’s alpha coefficient calculated for this constructs was 0.808, this indicates that this construct had strong reliability of the measurement item.

**Long-term Relationship (LR)**

The analysis provides that the mean scores for five measured items for this scale were in between 2.60 and 3.42, standard deviation was between 1.209 and 1.676. The item “You have strong personal relationship with your bank” (LR3) is rated very high by the respondents and the item “You are sentimental towards bank” (LR4) is rated very low by the respondents towards long-term relationship construct of CRM in select banks.

The remaining items in this construct are “Routinely asking the customer to provide feedback” (LR1), “Bank attempts to maintain long-term relationship” (LR2), “You will never switchover to any other bank” (LR5).

Modified Cronbach’s alpha coefficient calculated for this constructs was 0.832, this indicates that this construct had strong reliability of the measurement item.

**6.6.4 Hypotheses Testing**

**Trustworthiness and long-term relationship**

H1: There is significant influence of trustworthiness on long-term relationship with
customers. In the proposed model, the researcher hypothesized that the trustworthiness will have significant influence on the long-term relationship.

The parameter estimate results (H1: TW → LR; β = 0.321, t-value = 6.989, p = 0.001) for the hypothesis was found statistically significant. As such this hypothesis was accepted.

The customers of banks in Chittoor district opined that TW was found to have a significant influence on the long-term relationship. These findings demonstrate that those banks which maintain trustworthiness are likely to have long-term relationship with the customers resulting benefit for the both parties involved in transaction. The result of this hypothesis is in concurrence with the earlier study Rupali Madan, Rachna Agrawal and Mitu G Matta [151] it is believed that trust, commitment and bonds hold important role in building up a strong relationship that create both social and economic benefits for both banks and customers.

**Customer retention and long-term relationship**

H2: There is significant influence of customer retention of on long-term relationship with customers. In the proposed model, the researcher hypothesized that the retention will have significant influence on the long-term relationship (H2). The parameter estimate results (H2: RT → LR; β = 0.109, t-value = 2.492, p = 0.013) for the hypothesis was found statistically significant.

This hypothesis was accepted. The bank customers in Chittoor district said that RT found to have a significant effect on the long-term relationship. Hence, those banks which retain customer will have loyal customer resulting long-term relationship. The above finding is supported by the study made by Chacha Magasi [149] stating that customer retention is extremely vital for business to remain competitive. Retention has recently become more significant compared to customer acquisition. Sweta Leena Hota [147] also said that banks have realised that CRM will help them to build stronger and more profitable relationship with their clients and also CRM has helped in establishing customer relationship with clients and will go a long way in developing a lifelong relationship.

**Customer switchover and trustworthiness**

H3: There is significant influence of customer switchover from one bank to
another bank on trustworthiness. In the proposed model, the researcher hypothesized that the switchover will have influence on the long-term relationship. The parameter estimate results (H3: SO → TW; β = 0.049, t-value = -0.007, p = 0.994) for the hypothesis showed that it was statistically not significant therefore, this hypothesis was rejected.

This suggested that switchover does not influence trustworthiness for customer relationship in select banks. This finding demonstrates that customer switchover in banks will not affect the trustworthiness. The switchover may be due to extra benefit they receive from other banks. The result of this hypothesis is in consensus with the earlier study Andrea Almeida D’Costa and Faye Xavier Colaco [135] that it is important that businesses are able to attract new customers and simultaneously retain existing customers, and this is only possible by monitoring their customer’s behavior, building their trust and fulfilling their expectations. Organizations are on the constant lookout to gather relevant information from every interaction with their customers

**Customer dissatisfaction and trustworthiness**

H4: There is significant influence of customer dissatisfaction on trustworthiness. In the proposed model, the researcher hypothesized that the dissatisfaction will have influence on the trustworthiness. The parameter estimate results (H4: DS → TW; β = 0.427, t-value = 8.776, p = 0.001) for the hypothesis was found statistically significant.

This hypothesis was accepted. It is implied that DS was found to have a significant influence on the trustworthiness. The bank customers in Chittoor district said that increase in customer dissatisfaction has impact on customer belief, result in loss of valuable customer. The result of this hypothesis is in concurrence with the earlier study Shirmila Stanley [104] banking is now basically a business of trust. Banks are able to lend a major portion of their deposits and play the role of an intermediary and also constitute the payment system because of the trust of the people that the banks will honor their commitments

**SERVEQUAL factors and customer switchover**

H5a: There is significant influence of SERVEQUAL factors on switchover
of customers from one bank to another bank. In the proposed model, the researcher hypothesized that the SERVEQUAL factors will have influence on the switchover (H5a).

The parameter estimate results (H5a: SF $\rightarrow$ SO; $\beta = 0.132$, t-value = 2.271, $p = 0.001$) for the hypothesis were found statistically significant. This hypothesis was accepted. SF was found to have a significant influence on the SO. This finding demonstrates that, improper implementations of SERVEQUAL factors in the banks are likely to have more influence on SO.

The results of this hypothesis revealed that service quality within the retail outlet has significant and positive impact on customer relationship management. Results also showed that service quality on helpline has significant and positive impact on CRM.

**SERVEQUAL factors and customer retention**

H5b: There is significant influence of SERVEQUAL factors on retention of customers. In the proposed model, the researcher hypothesized that the SERVEQUAL factors will have influence on the retention.

The parameter estimate results (H5b: SF $\rightarrow$ RT; $\beta = 0.056$, t-value = 1.047, $p = 0.295$) for the hypothesis were found statistically insignificant. This hypothesis was rejected. The bank customers in Chittoor district said that SF has no influence on RT. This finding demonstrates that SERVEQUAL factors followed in the banks are not likely to have influence in retaining existing customers.

The result of this hypothesis is in consensus with the earlier study Shivani Dixit and Tazyn Rahman [124] relevant customer data can uncover needed information about behavior patterns and attitudes. This study also focused on highlighting the impact of CRM on service quality and customer retention in the banking sector.

**Interaction and switchover**

H6a: There is significant influence of interaction between employees and customers on switchover. In the proposed model, the researcher hypothesized that the interaction will have influence on the long-term relationship.

The parameter estimate results (H6a: IN $\rightarrow$ SO; $\beta = 0.058$, t-value = 1.240, $p =$...
0.215) for the hypothesis was found statistically insignificant.

This hypothesis was rejected. It is implied that IN was found to have no effect on the customer switchover. This finding demonstrates that interaction between employees and customers in banks in Chittoor district will not have any influence on switchover. The result of this hypothesis is in concurrence with the earlier study Alok Mishra and Deepthi Mishra [42], their study revealed that customer relationship management can help organizations manage customer interactions more effectively to maintain competitiveness in the present economy.

**Interaction and trustworthiness**

H6b: There is significant influence of interaction between employees and customers on trustworthiness. In the proposed model, the researcher hypothesized that the interaction will have influence on the trustworthiness.

The parameter estimate results (H6b: INT → TW; β = 0.139, t-value = 2.848, p = 0.004) for the hypothesis found statistically significant. This hypothesis was accepted. It is implied that interaction between the bank employees and customers was found to have a significant influence on the trustworthiness of customers on banks in Chittoor district.

These findings demonstrate as the banks that maintain good interaction with customers are likely to have a more influence on customer trustworthiness. The above finding is supported by the study made by Adeyeye, Tolulope Charles [126] there was interaction effect of bonding and trust on perceived organizational performance. In addition, trust, communications, satisfaction, commitment and bonding jointly and independently predicted perceived organizational performance. There was significant main and interaction effect of communication and trust on perceived organizational performance

**Customisation and switchover**

H7a: There is significant influence of customisation services on switchover of customers from one bank to another bank. In the proposed model, the researcher hypothesized that customisation will have influence on the switchover.

The parameter estimate results (H7a: CU → SO; β = 0.194, t-value = 3.026, p = 0.002) for the hypothesis was found statistically significant. This hypothesis was
accepted. It is implied that customisation was found to have a significant influence on customer switchover. This finding demonstrates that those banks that provide customized services will restrict the switchover of customer from one to another.

**Customization and trustworthiness**

H7b: There is significant influence of customized bank services of transactions on trustworthiness. In the proposed model, the researcher hypothesized that customisation will have influence on the trustworthiness.

The parameter estimate results (H7b: CU → SO; β = 0.458, t-value = 9.736, p = 0.001) for the hypothesis was found statistically significant. This hypothesis was accepted. It is implied that customisation of services was found to have a significant effect on the customer trustworthiness. This finding demonstrates that those banks which maintain customized services will improve customer trustworthiness. The result of this hypothesis is in consensus with the earlier study Soumya sreedhar V and Jancy Davy [152] CRM means the principles, practices, and guidelines that an organization follows when interacting with its customers. From the organization's point of view, this entire relationship not only encompasses the direct interaction aspect

**Communication and customer dissatisfaction**

H8: There is significant influence of communication between employees and customers on dissatisfaction of the customers. In the proposed model, the researcher hypothesized that the communication will have influence on dissatisfaction.

The parameter estimate results (H8: CM → DS; β = 0.249, t-value = 4.989, p = 0.001) for the hypothesis was found statistically significant. This hypothesis was accepted. It is implied that communication was found to have a significant effect on the customer dissatisfaction.

These findings demonstrate that improper communication or lack of communication leads to customer dissatisfaction. The result of this hypothesis is in concurrence with the earlier study Nyarku and Kwamena M [122] one of the biggest technical challenges for financial institutions is the acquisition and management of usable customer information. Employees of National Investment Banking should interact with their customers in relationship building efforts through a variety of
communication tools and technologies - via email, text messages and through the post. This is necessary as the relationship can only develop and be sustained if there is communication with the customers regarding their needs, perceptions and desires. This involves developing methods of communication proactively with customers regarding the organisation’s products and attempting to initiate dialogue with customers.

Financial institutions have a great deal of information concerning their customers and should develop strategic segmentation of their customer base using value based parameters and compare to some indicators of customer loyalty - length of relationship, breadth of products purchased, and volume of interactions.

6.7 ANALYSIS OF CRM IN EMPLOYEE PERSPECTIVE

6.7.1 Response rate

This field study employed a quantitative approach using a cross-sectional survey for collecting data (Employees: 230 questionnaires were distributed to the respondents), 218 were replied (12 were not replied). Out of 218, 8 questionnaires were rejected due to insufficient data. The overall useable response rate in this study seems relatively high.

6.7.2 Profile of Bank employees

Gender: Majority of respondents (80%) are male, remaining (20%) were female
Age: Majority of the respondents (50%) are in between the age group of 30-40 years, remaining respondents (30%) are in between the age group of 20-30 years, only few respondents are belongs to the age group of above 40 years
Designation: Most of the respondents are clerks and bank POs (60), remaining respondents are cashiers, assistant managers and managers.
Experience: Many employees (45%) are having experience in between 5 to 10 years of experience; remaining employees (35%) are having experience from 1 to 5 years.
Educational Qualification: Most of the respondents (65%) are graduates, remaining respondents are post-graduates.
Bank related profile of the respondents
Location: Majority of the respondents (57%) are from semi-urban, remaining (33%) were from rural, only few respondents (10%) are from Urban. Many respondents
27.5% are bank POs, remaining were assistant managers (12.5%) and cashiers (20%), only few respondents are bank managers.

**Customers select your bank for:** 7.5% of respondents said that excellent services motivates customers to select bank, 10% of respondents said that customers are selecting the banks for their attractive services, 42.5% of respondents said that customers are selecting the bank because of personal relationship and 40% of respondents said that customers select the bank due to convenient location.

**Majority of complaints you received about:** 40% of respondents said that they are receiving major complaints about erratic operational time, 20% of respondents said that they are receiving major complaints about poor quality of services, 20% said that receiving major complaints on bank charges, 10% of respondents said that they are receiving major complaints on prime location and 10% said that they are receiving complaints on parking facilities.

**Does your bank have time limit for solving complaints:** 97.5% majority of respondents said that bank has time limit to solve complaints, only few answered that they have no time limit to solve complaints.

**Time taken to solve customer complainants:** Majority of respondents (50%) accepted that the complaints are solved based on service request, remaining 40% bank employees replied that complaints are solved within a week and remaining employees said that it takes more than 15 days.

**Frequency of organizing Customers’ meets:** Bankers are organizing customer meet on bank every anniversary 52% of respondents accepted the same 47% of respondents are saying that organizing customer meet for branch every anniversary, few said that organizing customer meet on every January first, no bank is organizing customer meet on festival season.

**6.7.3 Constructs and items**

This section provides discussion on the ratings of construct items obtained through analysis.

**Communication (CM)**

The findings revealed that the mean scores for five measured items for this scale were in between 2.66 and 3.12, standard deviation was in between 1.078 and 1.638. The item “Sharing information with customers” (CM1) is rated very high by
the respondents and the item “Awareness programs conducted on services” (CM5) is rated very low by the respondents towards communication construct of CRM in select banks.

Remaining statements in this construct are “Bank communicates terms and conditions clearly” (CM2), “Bank communicating about new schemes and services” (CM3), “Communication tools are very effective” (CM4), and “Bank website is user friendly” (CM6).

Cronbach’s alpha coefficient for this construct was 0.815, which indicated that this construct had strong reliability of the measurement item.

**Customisation (CU)**

The findings revealed that the mean scores for seven measured items for this scale were in between 2.45 and 2.77, standard deviation was in between 1.012 and 1.991. The item “Increasing customer convenience” (CU4) is rated very high by the respondents and the item “Strengthening the emotional bonds” (CU7) is rated very low by the respondents towards customisation construct of CRM in select banks.

The remaining items in this construct are “Pro-active in identifying customer needs” (CU1), “Clear understanding between banks and customers” (CU2), “Fulfilling customer needs” (CU3), “Assessing customer satisfaction” (CU5), “Customer is the biggest asset of the organisation” (CU6),

Modified Cronbach’s alpha coefficient for this construct was 0.900, which indicated that this construct had strong reliability of the measurement item.

**Interaction (INT)**

The findings revealed that the mean scores for five measured items for this scale were in between 2.40 and 2.76, standard deviation was in between 1.387 and 1.987. The item “Positive reaction for customer queries” (INT5) is rated very high by the respondents and the item “Easy access to customers whenever require” (INT6) is rated very low by the respondents towards interaction construct of CRM in select banks.

The remaining items in this construct are “Excellent employee response” (INT1), “Friendly environment” (INT2), “Regular contact with customers” (INT3) and “Bank attempts to maintain relationship” (INT4).
Modified Cronbach’s alpha coefficient for this constructs was 0.889, which indicated that this construct had strong reliability of the measurement item.

**SERVEQUAL Factors (SF)**

The findings revealed that the mean scores for five measured items for this scale were in between 2.42 and 2.75, standard deviation was in between 1.008 and 1.606. The item “Tangibility” (SF5) is rated very high by the respondents and the item “Empathy” (SF3) are rated very low by the respondents towards SERVEQUAL factor construct of CRM in select banks.

The remaining items in this construct are reliability (SF1), assurance (SF2), responsiveness (SF4).

Cronbach’s alpha coefficient for this constructs was 0.890, which indicated that this construct had strong reliability of the measurement item.

**Dissatisfaction (DS)**

The findings revealed that the mean scores for five measured items for this scale were in between 2.48 and 2.83, standard deviation was in between 1.058 and 1.950. The item “Lack of safety” (DS4) is rated very high by the respondents and the item “it is difficult to interact with bank officials” (DS7) is rated very low by the respondents towards dissatisfaction construct of CRM in select banks.

The remaining items in this construct are “Irresponsible staff” (DS1), “Lack of secrecy of transactions” (DS2), “Poor complaint handling procedure” (DS3), “Tedious procedure” (DS5) and “Bank charges are very high” (DS6).

Modified Cronbach’s alpha coefficient for this constructs was 0.919, which indicated that this construct had strong reliability of the measurement item.

**Switchover (SO)**

The findings revealed that the mean scores for five measured items for this scale were in between 2.45 and 2.76, standard deviation was in between 1.006 and 1.603. The item “Higher bank charges” (SO4) is rated very high by the respondents and the item “Improper location of the bank” (SO2) is rated very low by the respondents towards switchover construct of CRM in select banks.

The remaining items in this construct are “Embarrassing ambience” (SO1), “Inconvenient parking place” (SO3), “No transparency” (SO5) and “Poor personal relation” (SO6).
Cronbach’s alpha coefficient for this construct was 0.906, which indicated that this construct had strong reliability of the measurement item.

**Retention (RT)**

The findings revealed that the mean scores for five measured items for this scale were in between 2.62 and 2.97, standard deviation was in between 1.020 and 1.908. The item “Building long-term contracts” (RT6) is rated very high by the respondents and the item “Reduces customer conflicts” (RT3) is rated very low by the respondents towards retention construct of CRM in select banks.

Remaining factors in this construct are “Retains customers” (RT1), “Bank deserves for loyalty” (RT2), “Effective customer recovery” (RT4) and “Regular assessment of lifetime value of the customer” (RT5).

Modified Cronbach’s alpha coefficient for this construct was 0.864, which indicated that this construct had strong reliability of the measurement item.

**Trustworthiness (TW)**

The findings revealed that the mean scores for five measured items for this scale were in between 2.48 and 2.97, and standard deviation was in between 1.017 and 1.998. The item “Timely services” (TW2) is rated very high by the respondents and the item “Transparent and well defined system” (TW4) is rated very low by the respondents towards trustworthiness construct of CRM in select banks.

The remaining items in this construct are “Routinely asking the customer to provide feedback” (LR1), “Consistent services” (TW3), “Bank is reaching customer expectations” (TW5) and “Recovering losses” (TW6).

Modified Cronbach’s alpha coefficient for this construct was 0.889, which indicated that this construct had strong reliability of the measurement item.

**Long-term Relationship (LR)**

The findings revealed that the mean scores for five measured items for this scale were in between 2.47 and 2.75, standard deviation was in between 1.387 and 1.950. The item “You are sentimental towards customers” (LR4) is rated very high by the respondents and the item “Customers will never switchover to any other bank” (LR5) is rated very low by the respondents towards long-term relationship construct of CRM in select banks.
The remaining items in this construct are “Routinely asking the customer to provide feedback” (LR1), “Bank attempts to maintain long-term relationship” (LR2), “you have strong personal relationship with customers” (LR3) and “making long-term contracts with customers” (LR6).

Modified Cronbach’s alpha coefficient for this constructs was 0.972, which indicated that this construct had strong reliability of the measurement item.

6.7.4 Hypotheses Testing

Trustworthiness and long-term relationship

H1: There is significant influence of trustworthiness on long-term relationship with customers. In the proposed model, the researcher hypothesized that the trustworthiness will have influence on the long-term relationship (H1). The parameter estimate results (H1: TW → LR; β = 0.598, t-value = 10.101, p = 0.001) for the hypothesis found statistically significant.

This hypothesis was accepted. It is implied that bank employees in Chittoor district has opined, TW was found to have a significant influence on the long-term relationship. This finding demonstrates that improved trustworthiness in banks leads to long-term relationship. The result of this hypothesis revealed that total customer experience variables influence customer loyalty through a series of mediating variables including satisfaction, quality, perceived value and trust.

Customer retention and long-term relationship

H2: There is significant influence of customer retention on long-term relationship with customers. In the proposed model, the researcher hypothesized that the retention will have influence on the long-term relationship (H2).

The parameter estimate results the opinion of the bank employees in Chittoor district (H2: RT → LR; β = 0.139, t-value = 2.853, p = 0.004). Hypothesis showed that it was statistically significant. Therefore, this hypothesis was accepted. It implies that RT was found to have a significant influence on the LR. This finding demonstrates that proper implementation of retention strategies in banks builds customer relationship for long-term.

The above finding is supported by the study made by M. H. Salim [142] revealing that customer retention is a major benefit that is accruable to an industry and
to firms and can be achieved through better understanding of customer needs and addressing of issues.

Understanding of customer expectations with regard to service delivery levels and product quality is essential for establishing a long term symbolic value relationship.

**Customer switchover and trustworthiness**

H3a: There is significant influence of customer switchover from one bank to another bank on trustworthiness. In the proposed model, the researcher hypothesized that the switchover will have influence on the trustworthiness (H3a).

The parameter estimate results (H3a: SO→TW; β = 0.539, t-value = 12.838, p = 0.001) for the hypothesis found statistically significant. This hypothesis was accepted. It is implied that switchover was found to have significant influence on trustworthiness.

This finding demonstrates that those banks from which customer switchover will have less trustworthiness. The result of this hypothesis is in consensus with the earlier study Rupali Madan, Rachna Agrawal and Mitu G Matta [151] it is believed that trust, commitment and bonds hold important roles in building up a strong relationship that create both social and economic benefits mentioned above for both banks and customers.

**Customer switchover and long-term relationship**

H3b: There is significant influence of customer switchover from one bank to another bank on long-term relationship with customers. In the proposed model, the researcher hypothesized that the switchover will have influence on the long-term relationship (H3).

The parameter estimate results (H3b: SO ← LR; β = 0.410, t-value = 7.840, p = 0.001) for the hypothesis (H3b: SO ← LR) for the above hypothesis found statistically significant. This hypothesis was accepted. It is implied that switchover was found to have a significant effect on the long-term relationship. This finding demonstrates that those banks which have customer switchover are likely to have influence on long-term relationship.
The result of this hypothesis is in concurrence with the earlier study Rupali Madan, Rachna Agrawal and Mitu G Matta [151] in order to obtain and create the benefits, relationship marketing needs to be managed correctly in order to maintain, enhance and develop a long-term relationships between businesses and customers. It is believed that trust, commitment and bonds hold important roles in building up a strong relationship that create both social and economic benefits mentioned above for both bank and customers.

**Customer dissatisfaction and long-term relationship**

H4: There is significant influence of customer dissatisfaction on long-term relationship with customers. In the proposed model, the researcher hypothesized that the dissatisfaction will have influence on the long-term relationship (H4).

The parameter estimate results (H4: DS → TW; β = 0.126, t-value = -2.510, p = 0.012) for the hypothesis were found statistically significant. This hypothesis was accepted. It is implied that DS was found to have a significant effect on the long-term relationship. This finding demonstrates that dissatisfied customer will leave the organisation without long-term relationship.

**SERVEQUAL factors and switchover**

H5: There is significant influence of SERVEQUAL factors on switchover of customers from one bank to another bank. In the proposed model, the researcher hypothesized that the SERVEQUAL factors will have influence on the switchover (H5).

The parameter estimate results (H5: SF → SO; β = 0.435, t-value = 9.101, p = 0.001) for the hypothesis found statistically significant. This hypothesis was accepted. It is implied that improper implementation of the SF in banks will lead to switchover of the customers from one bank to another.

**Interaction and trustworthiness**

H6a: There is significant influence of interaction between employees and customers on trustworthiness. In the proposed model, the researcher hypothesized that the trustworthiness will have influence on the trustworthiness (H6a).

The parameter estimate results (H6a: IN → TW; β = 0.196, t-value = 3.029, p = 0.002) for the hypothesis found statistically significant. This hypothesis was
accepted. It is implied that interaction was found to have a significant influence on the trustworthiness.

This finding demonstrates that high interaction between employees and customers will result in improved trustworthiness. The result of this hypothesis is in concurrence with the earlier study Anu Putney and M. M. Puney [159] to survive in the competitive world, Indian bank sector is realizing the importance of customer’s relationship and is adopting CRM i.e. customer relationship management. So, with each and every interaction with customer can give an opportunity to build long-term relationship.

**Interaction and customer retention**

H6b: There is significant influence of interaction between employees and customers on customer retention. In the proposed model, the researcher hypothesized that the Interaction will have influence on the retention (H6b). The parameter estimate results (H6b: INT → RT; β = 0.122, t-value = 1.995, p = 0.030) for the hypothesis found statistically significant.

This hypothesis was accepted. It is implied that interaction was found to have a significant effect on the retention. This finding demonstrates that customers can be retained for long time through interaction which benefits the organisation. The result of this hypothesis is in consensus with the earlier study S. Suresh and David Jawahar. P [139] measurements of customer facing operations in banks focus only on the process of the banks which uses the CRM software and its interaction with customers.

**Customization and customer retention**

H7a: There is significant influence of customisation of transactions on customer retention. In the proposed model, the researcher hypothesized that the customisation will have influence on the retention (H7a). The parameter estimate results (H7a: CU → RT; β = 0.613, t-value = 12.655, p = 0.001) for the hypothesis was found statistically significant. This hypothesis was accepted. It is implied that customized services will attract and satisfy the customer requirement by which customer can be retained.

The result of this hypothesis is in concurrence with the earlier study Heba Sadek And Passant Tantawi [158] CRM is not only a marketing orientation but also a
management approach that helps the organizations to identify, attract and increase retention of profitable customers by managing relationships with them. P.Sopna R.Saravanan [145] banks have to concentrate those variables are campaign management, data warehousing, knowledge management, personalisation, long term relationship, success and survival in market, Customer retention and loyalty and Higher profitability. It is obvious that enhance and improve these benefits will have a positive impact on customer’s satisfaction and retention. Mahmoud Mohammad Migdadi, Ali Ibraheem Awartany and Mohamed Yasser Khayata [155] with attentive approach to the needs of banking operators, designed several systems to increase customer satisfaction and retention, and make the customers feel important.

**Customisation and trustworthiness**

H7b: There is significant influence of customisation of transactions on trustworthiness. In the proposed model, the researcher hypothesized that the customisation will have influence on the trustworthiness (H7b).

The parameter estimate results (H7b: CU → TW; β = 0.076, t-value = -1.152, p = 0.249) showed that it were statistically in-significant, therefore this hypothesis was rejected. It implies that customisation does not have a significant effect on the trustworthiness.

**Communication and customer dissatisfaction**

H8: There is significant influence of communication between employees and customers on customer dissatisfaction. In the proposed model, the researcher hypothesized that the trustworthiness will have influence on the long-term relationship (H8). The parameter estimate results (H8: CM → DS; β = 0.121, t-value = 2.693, p = 0.007) for the hypothesis found statistically significant. This hypothesis was accepted. It is implied that communication was found to have a significant effect on the dissatisfaction.

This finding demonstrates that those banks which do not maintain communication are likely to have influence on dissatisfaction of the customers. The result of this hypothesis is in consensus with the earlier study Mornay Roberts-Lombard [52] and Ndubisi [180] Communication is very important, especially in the early stages of the relationship with the customers, as an organisation wants to build
awareness and convince interested customers to make a purchase. Communication is the ability to provide timeously and trustworthy information. An organisation would not be able to function without two-way communication, as its management would not be able to convey important information to employees, downward communication, and vice versa, upward communication, or to customers.

6.8 CONCLUSIONS

Money has become one of the most important elements in human life. Banks are the ideal places for the transaction and circulation of the money. Because of growing demand banks are now scattered all over India. Banking industry is growing rapidly, India's banking system is the largest one in the world, in terms of number of branches. Now-a-days the banking sector is marked by high customer expectations and technological innovations. Technology is playing a prominent role in day-wise operations of banks.

Banks are also trying to use advanced technology to have an edge over competition in the industry. All the efforts of banks are directed towards developing long-term relation with the customers, which benefits both customers and the bankers.

In the present study, both bank customers and employees have been taken into consideration for analysis to validate the research model.

This study provides a step in understanding the existing CRM practices in banks in Chittoor district of Andhra Pradesh. This study is an example of the knowledge that can be gained in understanding the effectiveness of CRM strategies in the banking sector, the CRM is one such tool which helps in meeting the customer’s expectations according to their changing needs.

In view of the customers’ the best CRM practices that satisfy their requirement should include good communication on banking information through varied channels for decision making. Customers in study area expected customized banking process without ambiguity. SERVEQUAL factors (assurance, reliability, responsiveness and empathy) are also important in the banking services. Switchover to other banks is caused due to disappointment and dissatisfaction of customers. This is due to non receipt of fruitful results that are expected. Switchover of customers is becoming a big
loss to the existing banks. Retention and trustworthiness play a major role to overcome the loss and to build a long-term relationship that benefits both parties.

In view of the bank employees, the well developed CRM programme should be able to retain the existing customers and attract the new customers for the benefit of the banks. Communication and customisation are playing a key role in order to overcome the dissatisfaction of the customers to retain them in the long-run. Interaction by the bank employees is supporting for retaining and improving the trustworthiness of customers. The SERVEQUAL (reliability, assurance, empathy and responsiveness) are also the reasons for switchover by the customers. Retention and trustworthiness are the major factors that have an effect on long-term relationship, and a similar opinion is shared by the customers also.

It can be concluded that CRM programmes is beneficial for both the customers and banks. CRM programmes should be designed by the banks based on the requirement to succeed in the stiff competition in banking industry.

6.9 SUGGESTIONS FOR FURTHER RESEARCHERS

Research being a never ending process, the present study which would be a useful contribution, however it is highly desirable to undertake more such studies. Further, research must direct itself for conducting such investigations to make the applications more meaningful to make CRM more effective, all such studies and moreover the researchers have their own limitations and this study is no exception, present research is a starting point for new directions in

1. A study on CRM practices in foreign banks.
2. A study can be conduct to examine the effectiveness of CRM strategies.
3. A further study can be carried out to measure the results of CRM efforts.
4. Study can be made to analyse the extent to which the quality of the product contributes to service quality.
5. Further the suggested model needs to be tested for its application across the sector and benchmarks to be identified for others to follow.
6. Comparative study can be conducted on customer satisfaction using CRM in rural and urban banks.
7. Comparison between customer satisfaction using CRM and e-CRM in different banks is suggested.