Chapter VIII

FUTURE SCOPE AND CONCLUSION
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8.1 Future Scope

Organisations irrespective of the nature of business they are conducting, have realised the importance of becoming more and more customer centric. The cost of retaining customers is much less than the cost of acquiring customers. Hence Customer Relationship Management (CRM) is gaining more acceptance, among business organisations.

CRM involves the activities a business perform to identify, acquire, develop and retain increasingly loyal customers by delivering the right product/services, to the right customer, through the right channel at the right time. For a successful company or organisation, customers are the most important people, whose needs and expectations are to be properly taken care of. Many big organisations are investing in managing the relations through Customer Relationship Management. It helps the company/organisation to meet the customer requirements, by using appropriate processes and procedures.

The key goal of Customer Relationship Management is to efficiently and effectively increase the acquisition and retention of customers by selectively building and maintaining mutually satisfying relationship with them. The CRM practices have direct impact on customer satisfaction ratings and can lead to customer retention and loyalty.

From 2008 onwards, players in Housing Finance sector realised that, housing finance is not a commoditized business and that it need more attention towards the customer viewpoint or the business need to be more customer centric. As a result, players in this industry started adopting Customer Relationship Management techniques to attract and retain their customers with the purpose of providing best service to their customers.

In the case of Housing Finance sector of Kerala, Commercial Banks and Housing Finance Companies are the major players in lending housing finance. The relevance
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of CRM in Housing Finance sector is increasing. So there is a need to do a study on the CRM practices of Commercial Banks and Housing Finance Companies in Kerala.

From the review of literature, it was found that, not many studies have done with regard to the CRM practices of various players in Housing Finance sector in Kerala. Hence it was decided to conduct a study on the CRM practices of select Commercial Banks and Housing Finance Companies in Kerala.

This study was done by collecting data from the customers and the employees of select Commercial Banks and Housing Finance Companies. Apart from Commercial Banks and Housing Finance Companies, there are other institutions in Kerala, providing housing finance. This include HUDCO, GIC Housing Finance, HOUSEFED, Co-operative Banks etc. A separate study can be done by collecting data from the above mentioned Housing Finance Institutions. Another possibility is conducting comparative study by including all Commercial Banks offering housing finance. Similarly, a study can be done by including Housing Finance Companies alone for the purpose of comparison among them with regard to CRM practices. Another study can be done by including all Housing Finance Institutions other than Commercial Banks and Housing Finance Companies.

8.2 Conclusion

Customer Relationship Management (CRM) is a relatively new technique adopted by organisations in the business sector and its importance is increasing. CRM is different from conventional marketing, as it allows organisations to give personal attention to their customers. In today’s market, business organisations realised the importance of building up healthy and long term relationship with customers. Hence they started adopting Customer Relationship Management (CRM) practices.

CRM involves those activities an organisation perform to identify, acquire, develop and retain increasingly loyal customers by delivering the right product/services, to the right customer, through the right channel at the right time. Customers are the back bone of every successful company or organisation. As customers are the most important people, their needs and expectations are to be
properly taken care of. It is because of this factor, organisations are investing in managing the relations through Customer Relationship Management.

In an economy where population is continuously increasing, housing problems of people are also increasing. Own house is a dream for everyone. Construction of house is an activity which happens once in a lifetime for a majority of people. Lack of adequate funds is the major problem faced by those who are desirous of having their own house. For this, they approach various Housing Finance Institutions. People take housing loan for various purposes such as the purchase of house, construction of house, alteration of house and purchase of plot for the construction of house.

In late 2000s, Housing Finance Institutions became more customer-centric providing more attention towards the customers’ viewpoint. To attract and retain their customers and to provide best service to their customers, players in the Housing Finance sector started adopting Customer Relationship Management techniques.

Commercial Banks and Housing Finance Companies are the major providers of housing finance in Kerala. These HFIs have a large customer base and each of them follow different CRM practices to retain their customers. Literature review revealed a dearth of studies done in the field of understanding the CRM practices of Commercial Banks and Housing Finance Companies operating in Housing Finance sector especially in the context of Kerala. This necessitated a study on the CRM practices of Commercial Banks and Housing Finance Companies in Kerala.

This research covered the role of Commercial Banks and Housing Finance Companies in providing housing finance in Kerala, the profile of customers availing housing finance from select Commercial Banks and Housing Finance Companies and the comparison of the Customer Relationship Management practices followed by the HFIs from the perspective of customers and employees.

Factors such as Customer focused information technology, Customer focused organisational climate, Relationship marketing and Knowledge management were considered. Under Customer focused information technology, User friendly website and IT enabled communication services were included. Customer friendly
employees, Customer services and Simplicity of doing business were the factors considered under Customer focused organisational climate. Relationship marketing consists of factors like Trust, Competence, Commitment to customers, Customer interaction and Conflict handling. Customer acquisition/ expansion strategy, Customer retention strategy and Value creation strategy were considered under CRM strategy. Identifying customer trends and expectations was studied under knowledge management. This study was done by collecting data from the customers and employees of select HFIs located in select districts of Kerala.

The study is descriptive in nature, supported by survey method. The study was conducted among Commercial Banks (CB) and Housing Finance Companies (HFC) operating in Kerala State. Four Banks from among the Commercial Banks - one each from SBI and Associate Banks (State Bank of Travancore), Scheduled Banks (Union Bank), Regional Rural Banks (North Malabar Gramin Bank), Private Banks (Federal Bank), and two Housing Finance Companies (HDFC Ltd and LIC HFL) were selected based on the number of customers who availed Housing Loan. The Housing Finance Institutions with largest number of customer base in each segment was taken for the study.

Stratified random sampling method was used for data collection. The state of Kerala was divided into three regions - North, Central and South. From each of these regions, two districts were selected randomly. From the northern region, Kozhikode and Kannur were selected. Similarly, Ernakulam and Thrissur from Central region and Thiruvananthapuram and Kottayam from southern region were selected for the study. Commercial Banks and Housing Finance Companies were considered for the study. The sub-categories considered under commercial Banks were (i) SBI and Associate Banks, (ii) Scheduled Banks (iii) Regional Rural Banks and Private Banks. From each sub category, Banks which have disbursed highest number of Housing loan were selected. Accordingly State Bank of Travancore, Union Bank, Federal Bank and North Malabar Gramin Bank were selected. Among the Housing Finance Companies, one Company each from Public and Private Housing Finance Company were selected. Accordingly LIC HFL and HDFC Ltd. were selected from among the Housing Finance Companies. Data were collected from customers and employees of main branch of the above mentioned Commercial Banks and Housing
Finance Companies. Simple Random sampling method was used for selecting customer respondents and employee respondents.

For the purpose of the study, 720 customers and 180 employees were selected as respondents. Data were collected from these respondents, by administering structured questionnaires. Both primary and secondary data were used for the study. Primary data were collected from the employees and customers of the Commercial Banks and Housing Finance Companies using structured questionnaires.

Secondary data were collected from the official websites, Annual Reports, leaflets and pamphlets of the Commercial Banks and Housing Finance Companies considered for the study. Data were also collected from the official websites of National Housing Bank, Reserve Bank of India, CRISIL, CARE, Kerala Government and from Planning Board. Websites which have relevant information in the context of the study were also used. Data were collected from Housing Commissionerate, Technical Cell Housing and Lead Bank Office. Other published documents from these organisations were also used. Books, newspapers, magazines, journals, working papers, dissertations and conference proceedings relating to Customer Relationship Management and housing finance were also referred for conducting the study. Survey method was used for collecting primary data. Desk research was the method used for collecting secondary data. To check the reliability of the questionnaire used for collecting data, a Pilot study was conducted. Descriptive analysis; One–way ANOVA; Independent Samples’ t’-test; Multiple Linear regression and MANOVA were the statistical tools used for the study. For presenting the data, tables are used.

It is found from the study that, there exists significant difference among the customers of CBs and HFCs regarding their opinion about Customer focused information technology, Customer focused organisational climate, Relationship marketing and Knowledge management. The study revealed that there is dependence between Customer satisfaction and various services provided by Commercial Banks and Housing Finance Companies. Dependence is there between Customer loyalty and various services provided by Commercial Banks and Housing Finance
Companies. In the case of Commercial Banks, 61.2% of Customer satisfaction is affected by the factors such as Customer friendly employees, Customer interaction, Customer orientation, Trust and Commitment to customers. 92% of Customer satisfaction of Housing Finance Companies is affected by the factors such as Commitment to customers, Customer interaction, Customer orientation, Customer preferences and expectations, User friendly websites and Conflict handling. In the case of Customer loyalty of Commercial Banks, 32.3% of Customer loyalty is affected by factors such as Customer satisfaction, Commitment to customers, Competence and Customer interaction. 71.4% of Customer loyalty of Housing Finance Companies is affected by the factors such as Trust, Commitment to customers, Customer preferences and expectations, Customer satisfaction and Conflict handling. It was found that there is significant difference in the opinion of employees regarding the set of variables describing Customer focused information technology, Customer focused organisational climate, Relationship marketing, CRM strategy and Knowledge management of HFIs.

Identification of CRM practices of various Housing Finance Institutions in Kerala, from the perspective of customers and employees was done in this study. The relative positions of various Housing Finance Institutions in terms of Customer satisfaction and loyalty were identified. Establishing the relationship between Customer satisfaction and factors affecting it, as well as the relationship existing between Customer loyalty and factors affecting it, with regard to the Commercial Banks and Housing Finance Companies selected for the study are the contributions of this study.