1.1 INTRODUCTION
Indian banking today is witnessing drastic changes. The liberalization of the financial sector and banking sector reforms have exposed the Indian banks to a new economic environment that is characterized by increased competition and new regulatory requirements. As a result, there is a transformation in every sphere of activities of the banks in India, especially in governance, nature of business, style of functioning and delivery mechanisms. The new generation banks brought the necessary competition into the industry and spearheaded changes towards higher utilization of technology, improved customer service and innovative products. The changes in the political, economical, social, cultural and environmental perspective can be seen in business environment too. Above all, the business scenario is highly influenced by the changes in the needs and aspirations of the people. Today, the degree of such changes is very fast and more frequently experienced by them. Therefore, the consumer status is changed from isolated to connected, unaware to well informed and passive to active.¹

Consumers now seek to exercise their influence in every walk of the business system, interact with firms and co-create value. As the outreach is enlarged in the industry with the increased number of banks and wider network,

the customer demands convenience, comfort, speed, cost-effective and quality services in the banking operations. In the recent years, the Indian banking industry saw a host of new faces called new generation banks entering with their innovative strategies. All these banks are generally slim in structure but heavily using the technology and multi-channel facilities to reach out to a large section of the customers. It is no longer adequate for banks to provide only traditional banking services. Apart from providing the conventional banking services, banks have begun offering a bouquet of financial services to their clients, including cross selling of financial products. The ultimate aim is to offer a one-stop-shop for meeting varied customers' financial needs. Some banks have begun employing customer relationship management systems to not only retain the existing customers but also to attract new customers. The establishment of new private sector banks and foreign banks has rapidly changed the competitive landscape in the Indian consumer banking industry and placed greater demands on banks to gear themselves up to meet the increasing needs of customers. For the discerning current day bank customers, it is not only relevant to offer a wide menu of services but also provide these in an increasingly efficient manner in terms of cost, time and convenience. Therefore, it is evident from the above facts that the changes in business environment and scenario has made / instigated the need for implementation of Customer Relationship Management has become the necessity for the Indian Banks for the survival and being profit earning entities in
the long run. Most of the studies have been conducted in the area of Customer Relationship Management (CRM) so far for the Airline, Hospitality, Retail industry with isolated factors where as very few research projects have been taken up by the scholars for study of CRM in direct relation with the Indian Banking Industry and covered very few aspects of CRM. By visualizing the changes in business environment and significance of CRM for banking industry of India it has become essential to conduct an empirical study on CRM strategies of Indian Banks. This study is structured to understand the significance of CRM for the banks along with the study of various factors / determinants of CRM like product and services, customer focus, the CRM and organisation, knowledge management and planned communication efforts and technology used for the implementation of CRM programme together.\(^2\)

Customer Relationship Management is a broad concept for retaining, creating and expanding customer relationships in banking sector. CRM enables organization to effectively manage relationship with their customers, in simply it is an overall business strategy. CRM enables to anticipate, understand, manage and personalize the requirements of customer. Today, many business organisation such as insurance companies, banks and other service providers realize its importance. They also understand the potential of CRM which help

\(^2\) Ibid.
them to attract new customers and retain existing ones which maximize their lifetime value.

In the current scenario management process of acquiring customers by understanding their needs, retaining customers by fulfilling their requirement more than their expectation and through customer specific strategic marketing approaches attracting new customers is called customer relationship management. It is also a process which invites total commitment on the part of the entire organization regarding relationship strategies.

1.2 IMPORTANCE OF CUSTOMER RELATIONSHIP MANAGEMENT

Banks are most important constituents of the financial infrastructure of a country. They play a vital role in bringing about desired change in the economic development of the country. The size and mirror the economic happenings in the country. And also, it is an established fact that banking by channelizing the scattered savings to mobility to the capital plays an important role in achieving the desired socio-economic development of a country. Thus, the success of banking industry is a necessary prerequisite of the economic development of a country. CRM in banking industry is entirely different from other sectors, because banking industry purely related to financial services, which needs to create the trust among the people. Establishing customer care support during on and off
official hours, making timely information about interest payments, maturity of
time deposit, issuing credit and debit cum ATM card, creating awareness
regarding online and e-banking, adopting mobile request and the like are
required to keep regular relationship with customers. CRM has to improve the
“moment of truth” when the client is with the bank making the contact more
efficient and more satisfactory for the customer. So banks have to improve not
only the technology but also the relationship skills of the advisors.

Improve the quality of customer service, beautiful care and lack of stress
in terms of customer benefits of Customer Relationship Management (CRM).
Customer Empowerment ultimate solution for both the customer is becoming as,
is a highly competitive business world, organizations as well. Any organization
that he loses his clients should have a clear idea as to why. It is active and the
only way to avoid or at least will tell. CRM approach from the point of view of
service organizations like banking sector has attached great importance to the
following:

- Reduction in customer recruitment costs
- Generation of more and more loyal customers
- Expansion of customer base
- Lack of advertising and sales promotion expenses
Clients benefit selectivity approach

increase the number of profitable customers

Easy business expansion possibilities

Increased customer partnerships etc

1.3 STATEMENT OF THE PROBLEM

Today, customers have more power in deciding their bank of choice. Consequently, keeping existing customers, as well as attracting new ones, is a critical concern for banks. Customer satisfaction is an important variable in evaluation and control in a bank marketing management. Poor customer satisfaction will lead to a decline in customer loyalty, and given the extended offerings from the competitors, customers can easily switch banks. Banks need to leverage effectively on their customer relationships and make better use of customer information across the institution. Competition in the financial services industry has intensified in recent years, owing to events such as technology changes and financial industry deregulation.

In current situation of competitive banking world, improvement day-by-day in customer services has most important tool for better further growth. Customer requirements, need, necessity and complaint are part of their banking business-life. So, it is more important to bank because it is a service industry.
Therefore customer services and customer satisfaction are their primary work.
The need for the study arises because banking sector helps in economic
development of the country and to fulfill this, customer satisfied first by
providing better services with the help of computer and other innovated
technologies. Hence there is need for customer survey, identifying their
requirements and satisfaction.

The banks both public and private sector provide certain services which can
help to shift customers away from the branch so as to avoid crowding. The
Automated Teller Machines (ATMs) of the bank are networked all across the
country and give customers the power to access their accounts 24 hours a day from
anywhere in India. The bank also has phone banking and internet banking services
where a customer can carry out various financial transactions. At present, almost
all the banks encourage its customers to avail of these facilities. Usually the banks
have segmented its customers into two broad groups namely regular and High Net
Worth (HNW) customers. The HNW customers are given certain privileges such as
free demat accounts, priority locker allotment, subsidized interest rates, free debit
cards and the like. Further relationship pricing strategies encourage customers to
have multiple accounts and services with the bank. The bank has several
relationship pricing programmes.

After a lot of exercise and thoughts, they are providing more flexible
banking hours, working on Sundays, evening counters, elegant furniture,
comfortable ambience, impressive interior, well designed counters, responsive and well behaved personnel followed by regular contacts with the customers. A trained and motivated staff with full details of products and services, customer friendly work culture, computerized banking operations, 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 of satisfactory services to their customers.

Trust is one of the basic antecedents 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 where he serves, since employees will influence how a customer feels towards the bank. So, a sincere attempt has been made by the researcher to study and analyse the efforts taken by the banker to create customer relationship and loyalty as it plays a prominent role in producing customer satisfaction and loyalty. Thus, a complete evaluation of customer relationship management in public sector and private sector banks is being undertaken. This study is focused on Tirunelveli district in particular as this is an important industrial as well as commercial area in south Tamil Nadu.
The present research work studies the different aspects of Customer Relationship Management among private and public sector banks, through an empirical survey of customers and employees of banks. The focus of the study is to examine the need of Customer Relationship Management (CRM) for Indian Banking Industry especially in Tirunelveli district and how far these banks are achieving success in creating and maintaining CRM. Further the study also emphasis to understand the view points of customers about their experience in context of the CRM implemented by their banks.

1.4 REVIEW OF LITERATURE

N. Avikran\(^3\) designed and examined the six-dimension model for service quality 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.

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B. Lewis et al., 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. Stafford 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/customer interactions, the number of accessible and working ATMs, company structure, and four available services. Over 82 per cent of the respondents felt that banks provided quality service.

R. Johnston in his study classified the determinants of Service Quality (SQ) into those that are predominantly satisfies and dissatisfies. 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\(^7\) 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\(^8\) pointed out from his findings to provide initial direction in determining the proper Service Quality (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.

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David Knights and Darren McCabe in their paper explore a case study of Total Quality Management (TQM) within the financial services sector. They 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. Further, the authors illustrated that often managements do not understand the flaws/ problematic and underlying philosophy behind TQM. Thus they continued 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 they argued 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\textsuperscript{10} 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 employed the Kellogg/Chase measures as the basis for a conceptual model linking the CC dimensions of communication time and intimacy with SQ. They asserted that ‘desirable’ levels of these contact dimensions do exist and present hypotheses as to the nature of their relationship. They reported results from an empirical study undertaken in a hotel environment which support the existence of such desirable contact levels. Managerial implications and future research were also discussed.

R. Natarajan et al.,\textsuperscript{11} 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, provided 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., and Angur et al. 12 (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.

T. Anthony and H. Addams\textsuperscript{13} 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 indicated 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{14} 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{15} 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.

\textsuperscript{13} T. Anthony and H. Addams, “SQ at Banks and Credit Unions”, \textit{Managing SQ}, 10(1), 2000, pp. 52-60.


Yogeshwari Phatak and Naseem Abidi\textsuperscript{16} 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 were included in this study. The paper was an attempt to analyse the shortfalls in delivering quality service by banks and possible ways to improve service quality.

Antonio Garcia et al.,\textsuperscript{17} in their study stated the active participation of all personnel is the basis for continuous improvement in companies. This paper described 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 Small and Medium Enterprises (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.


\textsuperscript{17} Antonio Garcia-Lorenzo J., Carlos Prado, Jesus Garcia Arca, “Continuous Improvement and Employee Participation in SMEs”, \textit{The TQM Magazine}, 12:4, 2000, pp. 290-294.
B.G. Dale, et al.,\textsuperscript{18} in their paper made the point that since the early 1990s there have been signs (e.g. the move from quality and total quality management (TQM) to excellence, and process control to process management) that quality and TQM were perceived by some commentators to be out-of-date and fallen by the wayside. The paper outlined these signs and points out that they could lead to a marginalisation of quality. However, through major trends such as business to business e-commerce and six sigma there were clear indications that old style quality is coming back into the business arena because of the savings it could bring. These trends and their implications are examined in the paper.

Zhihai Zhang\textsuperscript{19} 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 could not create competitive industries; only companies can do that. If the quality of people, especially government

\textsuperscript{18} B.G. Dale, R.T. Williams, T. Van der Wiele, “Marginalisation of Quality: Is there a Case to Answer”, \textit{The TQM Magazine}, 12:4, 2000, pp. 266-274.

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{20} 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 tested 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. They finally concluded that the company’s size impedes the implementation of TQM. Larger companies tend to gain greater benefits from TQM than smaller firms. These findings were consistent with some of the literature. Overall, the findings showed that a typical manufacturing organisation is more likely to achieve high organisational performance with TQM than without TQM. The findings had implications for managers wishing to formulate a business strategy based on TQM.

Ron D. McLachlin\textsuperscript{21} stated that there were 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 about engagement success in consulting. In addressing this question, the paper considered distinctions between types of consulting, client expectations and needs, and short-and long-term revenue streams. It was concluded 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\textsuperscript{22} pointed out that the bank and credit union customers were surveyed to determine bank and credit union service quality performance. The results of the study indicated that credit unions rate was 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 indicated that neither banks nor credit unions did a good job of surveying customer needs or retaining customers. Other results indicated that 50 per cent of the total respondents surveyed, the result revealed 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., 23 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 had 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 reported 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 was analysed and the results from HK were compared with those from British financial institutions reported by Wilkinson, et al. The results showed 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\textsuperscript{24} 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 faced 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 included 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 needed to establish management systems that integrate quality management, creativity, and innovation. This paper presented a framework for such a management system and discussed its implementation.

Winnie et al.,\textsuperscript{25} prescribed in their study that the recent research had shown the value of using a uniform system such as the American Customer

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Satisfaction Index model or the European Satisfaction Performance Index model for national customer satisfaction measurement and management. This paper reviewed the relationships of latent constructs specified in these popular national customer satisfaction measurement and management systems and concluded that the relationships specified in existing national customer satisfaction systems were far from conclusive. This paper therefore attempted 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.

Fco Javier Llorens Montes et al., in their paper aimed to determine whether the working environment that bank employees perceive is related to their effective responses and their perception regarding the service quality that is provided at their bank. More specifically, the study extended and linked 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 provided. A theoretical model was
developed and tested using empirical evidence from the Spanish bank sector.

Alex R. Zablah et al.,\textsuperscript{27} 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 appeared to be inconsistent and was highly fragmented, primarily
due 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 proposed 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 was provided, along
with a comprehensive framework intended to aid marketers in their quest to
achieve CRM success.

\textsuperscript{27} Alex R. Zablah, Danny N. Bellenger and Wesley J. Johnston, “An Evaluation of
Divergent Perspective on Customer Relationship Management: Towards a Common
Understanding of an Emerging Phenomenon”, \textit{Industrial Marketing Management},
Mushtaq A. Bhat\textsuperscript{28} in his paper stated that the delivering higher levels of service quality was the strategy that was increasingly being offered as a key to service providers’ efforts to position themselves more effectively in the marketplace. Almost all banks performed the same functions. Therefore, customers considered the relative efficiency while choosing a particular bank. Moreover, banks carried on business with public money and therefore customers expected better services from them. Under such circumstances, the customers’ decision to patronize one and not the other was based on the quality of service offered him. The firms, therefore, prospered or declined, depending upon the quality of service they provided their customers.

Because of this widespread belief, service organisations had placed service quality at the top of the list of strategic constructs. In view of its strategic importance, an attempt had 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 was that customers perceived that service quality of all banks was below their expectations, and

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suggest and heavy investment on tangibility and improvement in other dimensions of service quality.

Michel Laroche et al.,\textsuperscript{29} 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 was some evidence that Japanese consumers were more conservative in their evaluations of superior service but were less critical (or more forgiving) of inferior service. Managerial implications and future research directions were also discussed.

Mushtaq A. Bhat\textsuperscript{30} pointed out that in search of competitive advantage, business organisations focused on service quality. Research has shown that high service quality contributed significantly to profitability and productivity. In addition, a knowledge of the costs and


benefits of retaining consumers relative to attracting new ones drew 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 was thus
understandably high. An attempt had been made in the present paper to
study service quality in banks and its variation across demographic
variables. The study offered suggestions to make overall service quality
in banks more effective and efficient. The results of the study was that
service quality of foreign banks was comparatively much better than
that of Indian banks and there were service quality variations across
demographic variables.

Alka Sharma and Versha Mehta31 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 had 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

31. Alka Sharma and Versha Mehta, “Service Quality Perceptions in Financial Services — A Case Study
used these tools to seize the markets and be the ultimate winners. A recent survey on banks showed 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 had recently started focusing on the quality issues. In this context, the service quality perception among the customers of the banks was the most critical issue.

The economic liberalisation and globalisation, Information Technology revolution, changing customer requirements/expectations and increasing competition posed a challenge to the existing Indian banking scenario. During the past few years, the banking sector had witnessed revolutionary changes. The entry of private and foreign banks had posed 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 had to rethink their strategy in delivering quality service to attract and hold clients. The service challenge involved 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\textsuperscript{32} in his study stated that the management of buyer-seller relationships was an early antecedent to the development of Customer

\textsuperscript{32} Michael Ehret, “Managing the Trade-Off between Relationships and Value Networks, Towards a Value-Based Approach of Customer Relationship Management in
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.\textsuperscript{33} in their study stated that the long-term benefits of implementing a customer relationship management programme were widely accepted as being: learning from customers, building customer retention, and reduced market uncertainty. Yet high rates of failure in CRM could originate right at the stage where the investment decisions were made. Traditional discounted cashflow analysis alone did not value or focus managerial attention upon the strategic long-term benefits of CRM. Through a simulated case study analysis, the paper illustrated 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.,\textsuperscript{34} stated in their study that the automated service quality had been recognised as the factor which determined 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 had 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 had a potential influence on quality issues. The proposed model had been empirically tested for unidimensionality, reliability and validity using the confirmatory factor analysis.

Feruccio Bilich and Annibal Affonso Neto\textsuperscript{35} 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 had 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 were 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 were 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{36} stated that the concept of customer value had 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 had 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

\textsuperscript{36} Lester W. Johnson and Sean Leonard, \textit{Service Quality and Customer Value}, The ICFAI University Press, 2005
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\textsuperscript{37} 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 identified the positive impact of customer satisfaction on service quality of banks resulting in its net profit. The significant impact on net profit was created by the customers’ satisfaction on the service quality factors, namely, Empathy, Assurance and Tangibles. The study concluded 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 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 was 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 was whether internet banking providers are able to analyse and conceptualise them and further to translate them into service design specifications. The second issue concerned 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) was 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\textsuperscript{39} stated that the servicing a client is different from selling a tangible product to customers. It required 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\textsuperscript{40} 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 were designed to control customers rather than satisfy customers. Banks in India, especially public sector banks, had 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 were 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 had 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 was the only route to survival and growth. Developing strategies that focus on satisfaction as the starting point made 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 was based the on quality of service offered. Banks, therefore, prosper or decline depending upon the quality of service they provide their customers.

Gholamreza Torkzadeh et al. reported in their study that 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 suggested 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 could 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 were discussed.

Ricardo Chalmeta\textsuperscript{42} in his study stated that Customer Relationship Management (CRM) is a customer-focussed 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 led 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 was 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 described 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., in their study stated that the case of the National IT Literacy Program (NITLP) as part of Singapore’s e-government initiative served to illustrate the evolution of strategic customer relationship management (CRM) practices. The role of CRM had remained relatively consistent even though its practices have evolved in response to both environmental and technological changes. This study introduced 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 adopted a relational perspective with which to formulate a managerial strategy for CRM that is independent of direct organizational involvement.

Su-Yeon Kim et al.\textsuperscript{44} 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 could 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 depended on an organisation’s ability to build and maintain loyal and valued customer relationships. Therefore, it was essential to build refined strategies for customers based on their value. In their paper, they proposed 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\textsuperscript{45} 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 were constructed by


combining the predictions of multiple classifiers. This paper showed that ANN ensembles with variable selection show the most stable performance over various class distributions.

Fang Wang and Milena Head\textsuperscript{46} in their study described that the web was increasingly being viewed as a tool and place to enhance customer relationship. They 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.\textsuperscript{47} in their study stated that managing the relationships with customers and clients was a critical task for industrial sales organisations. This paper reported 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 was high,


the relationship between the company and the SME client did not suffer if the account management turnover process is well managed. When account manager turnover was not well managed, customer satisfaction suffers. The research also identified eleven specific management activities that were highly related to supplier satisfaction with both the account manager and the supplier financial institution.

Jydy C.R. Tseng and Gwo-Jen Hwang\textsuperscript{48} 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 increased the service cost, but also delayed the time for responding to the service requests. To cope with these problems, this paper proposed a customer service system which could 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 was 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 was concluded that the system could significantly reduce the service cost and provide more efficient and effective customer service.

Luis E. Mendoza et al.\textsuperscript{49} 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 was to propose, justify and validate a model based on critical success factors (CSFs) that would constitute a guide for companies in the implementation and diagnosis of a CRM strategy. The model was confirmed by a set of 13 CSFs with their 55 corresponding metrics, which would 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{50} in his study stated that 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{51} in their study opined that the application of the rough set theory (RST) to feature selection in customer relationship management (CRM) was introduced. Compared to other methods, the RST approach had 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 contributed to CRM, both the mathematical formulation and the heuristic algorithm were 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

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\textsuperscript{50} Sung Ho Ha, “Applying Knowledge Engineering Techniques to Customer Analysis in the Service Industry”, \textit{Advanced Engineering Informatics}, Vol.21, 2007, pp.293-301.
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the most significant features simultaneously, which is unique and useful in solving CRM problems. A case study of a video game system purchase was validated by historical data, and the results showed the practical viability of the RST approach for predicting customer purchasing behaviour. This paper formed the basis for solving many other similar problems that occur in the service industry.

Wouter Buckinx et. al.\textsuperscript{52} in their study stated that loyalty and targeting were central topics in Customer Relationship Management. Yet, the information that resides in customer databases only recorded 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 necessarily to measure the loyalty of every single customer. To this end, it compared 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 over fitting 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.

Y. Wu et al.\textsuperscript{53} in their study reported the application of the operational complexity index. The aim was 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 was to make-to-stock with low product variety but high volume, while the second was to 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\textsuperscript{54} in his study proposed an index for online customer satisfaction, which is adapted from an American Customer Satisfaction Index (ACSI). Since online shopping was 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 was 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. 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) could 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 was 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 was not realistic for large and evolving collections of documents such as World Wide Web. They proposed a new approach to solve the problem of an unknown number of evolving categories. The approach begins with the

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classification of test documents into a set of initial categories. A working prototype system which is based on Fuzzy Clustering CRM (FC-CRM) had been developed and presented to validate the proposed approach and illustrate how it handles the dynamics inflow of new documents.

Prakash J. Singh\(^{56}\) 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 were relatively under-researched. This has contributed to a general lack of clarity on how the standard works and how effective it was in generating the espoused benefits. In this paper, an attempt was 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.

Alan D. Smith in his study stated that with the rise of e-commerce, online payment service providers, such as PayPal, have proven to be an effective tool for online transactions. A personal interview of 190 semi-professional and professional working adults within the metropolitan area of Pittsburgh, PA, derived from several companies in the service sectors. A total of 20 variables were collected and represented in the final analysis of the dataset. Using chi-square and multiple linear regression techniques during the hypothesis-testing procedure, with

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active enrolment in PayPal online payment services as the dependent variable, yielded interesting results. Customer Relationship Management (CRM) is an important part of online payment service providers' future. As evident in the present study, many potential customers still opt for a more costly transactional approach by paying for online purchases with a credit card instead of signing up for an online payment service account.

Luigi Dumitrescu and Mircea Fuciu, in their study pointed out that the development of the information technology and of the communication systems has created the best environment for the organizations to develop a better and a longer relationship with consumers. The stronger the competition becomes the harder it is for the organizations to target and retain the clients. The development of the customer relationship management has become an important tool for creating better value for the customers. With the help of CRM and of CRM related software, it has become much easier to target the consumer. This paper present several definitions to CRM as well as some different approaches with regard to this aspect. We also present several aspects with regard to the evolution of the CRM software world wide.

R. Padmaja stated that today’s customers buying decisions are not based simply on the quality of the product but with the relationship they have with the company. Banking industry has gone through many changes, privatization to nationalization and back to privatization with the international players on the one hand and on the other hand accepting deposits and giving advances to expanding services to wide variety of products. It is the responsibility of the organizations to provide what they need so that they can do their job properly. In today’s world, we do business with individuals or groups with whom we may never meet and hence much less known in person to person sense. Customer Relationship Management is about creating the feel of comfort in this high tech environment. This paper focuses the role of Customer Relationship Management in banking sector and the need for Customer Relationship Management to increase customer value and Customer Relationship Management in Banks with special reference to Bank of India, Hyderabad.

George Cosmin pointed out that the Building strong relationships with customers have become a prime strategic objective of retail marketing. This

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article focuses on the paradigm of customer relationship management (CRM), regarding the principles of customer value and the constructs of customer loyalty and customer satisfaction. In highly competitive environment the relationship marketing is concerning on critical importance of clients for every business activity in market economy. The significance of customer relationship management is to lead to satisfied and loyal clients. From one side it is oriented to synchronize relations between the customers and the retail company, from the other side it is dedicated to optimize sources of information for better comprehension of consumer behavior. The CRM outline the main directions for development of client oriented products, high level consumer service and long term partnership with the company audiences and it is also an instrument of the intelligent company management in the field of customers relationship, taking into consideration the personal preferences and characteristics. This approach emphasizes the possibility to evaluate the separate clients according to their significance for business by realized sales, profitability and development potential. Also it is important to mention that in retailing the loyalty programmes are manifestations of customer relationship management.
Daniela Frejková and Vladimír Chalupský⁶¹ in their study focused that the main goal of this paper is to analyse the relationship between two key managerial conceptions: customer relationship management (CRM) and market orientation (MO). It was decided to conduct a more thorough research on the basis of previous research in these fields, as MO and CRM should be strong concepts that help companies achieve success. This research was conducted on a sample of 43 completed questionnaires provided by firms from the field of aeronautics in the Czech Republic and partly in the Slovak Republic. The aerospace industry is a high-tech industry providing high added value. There is a high concentration of research and production capacity in this branch and the importance of the aeronautical industry is continuing to grow. The results of the present research show the level of interdependence between MO and CRM and major deficiencies in their practical application. The influence of MO and CRM on corporate performance was also confirmed.

Berrin Onaran Zeki Atil Bulut and Alparslan Ozmen⁶² in their study discussed that beyond satisfying needs, customer value is the key to establish


and maintain long run relationships. Hence, providing excellent customer value as a driving force of customer relationships management performance plays a key role in gaining sustainable competitive advantage. The aim of this research is to investigate the relationships among dimensions of customer value, customer satisfaction, brand loyalty and customer relationship management performance. Data obtained from customers of thermal hotels in Afyon, was analyzed by using Structural Equation Modeling (SEM). Results reveal that emotional value being the most influential dimension and social value being the least influential one, dimensions of customer value affect customer satisfaction directly by 80%. Besides, it is revealed that customer satisfaction has strong effect on customer relationship management performance and brand loyalty and considerable part of this effect is mediated by the indirect effect of customer value. Thus, we can say that dimensions of customer value have an indirect effect on customer relationship management performance and brand loyalty mediated by customer satisfaction.

Rogaye Rezaeegiglo, et al., in their study aimed to identify and rank the factors affecting the deployment of customer relationship management at Nestle Company. The research method in this study is a descriptive-survey. The

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population of this study is all staff of the Nestle Company which is 255 people and were selected randomly. The sample size for this study given that the population size is limited is obtained at the 0.95 Confidence level and accurate 0.01 using Cochran formula for 102 persons. Data collection tool in this study is a questionnaire that its validity by professors and its reliability by CRONBACH's alpha coefficient 0.804 were confirmed. Data analysis is performed using descriptive statistical methods, as well as Student t tests, Friedman test, independent t-test and ANOVA analysis is performed using SPSS software. The results showed that the components of the current culture of the organization and the organization's current strategies support the implementation of customer relationship management at Nestle.

Habibollah Danaei, et al.,\textsuperscript{64} investigated in their study that the readiness of University of Isfahan in implementing Customer Relationship Management according to opinions of the students in this university. This study is an applied one and in its nature and method, it is a descriptive and survey-based one. The statistical population of this study included 12815 persons, including all Bachelor's, Master's, and Ph.D. degree students at the second semester of academic year 2010-11. Sampling method is a stratified random sampling based

on the students of different section and faculties of this university. The instrument used in this study is proved to enjoy content validity. The reliability of the instrument is also tested by Cronbach's ?. And data analysis is carried out using SPSS. The students evaluated three criteria of Customer Relationship Management (Educational Processes, Service-Providers, Educational Technology) in the University of Isfahan to be at an average level. Indeed, the results of this study revealed that University of Isfahan lacks the required grounds in these three aspects in order to implement a decent Customer Relationship Management (CRM). Finally, lack of the required grounds for implementing Customer Relationship Management in an educational system according to its customers (the students) is considered as a major failure which needs to be taken into serious consideration by the managers and experts in order to improve the situation and to satisfy its customers.

Krishnamurthy in his Doctoral thesis, “CRM Practices in New Private Sector Banks – A Changing Scenario” had viewed that the banks are the backbone of all the transactions, the mechanism to deploy capital for industrial growth, and trustee of citizen’s savings. He strongly said that CRM enhances the customer satisfaction and brings the performance oriented growth of private sector banks and it helps in retention of the customers and employees of new private sector banks. He had found that in all New Private Sector Banks, technology plays a vital role for customer staff relation and to maintain loyalty towards the banks. He had
suggested information search place a major role in consolidating optimistic relationship between customers and executives. So, meticulous care must be taken by the banks to advertise their services and products. Finally he concluded that personal details of customers like gender, age and educational qualification are essential in determining the CRM strategies of three different new private sector banks. The CRM and its effectiveness is essential to perform better for all the banks in fact it gives maximum credit and gains to the new private sector banks for the future. 65

D. Vimala in her Doctoral thesis, “Customer services in commercial banks (with special reference to metro and urban branches in Tamil Nadu)”, analyzed the importance of Customer Services in metro and urban branches in Tamil Nadu. She stated that the provision of better and efficient customer services is the only way, not only for earning profit but also for the survival and expansion of the business. The customer expects the services to be fast, reliable and of assured quality. Customer’s perception on the quality, job knowledge, attitudes and behavior of bank personnel are the important factors to be taken into account for the assessment of customer service in banks. She found that the customer’s satisfaction is the most important factor to retain the customers, positive attitude and courteous behaviors must be developed by the bankers towards

customers. She had suggested after sales services like timely reminder about the maturity of term deposit, sending current accounts statement promptly, crediting interest on delayed collection of cheques, delayed credit of mail transfer and the like, should be improved to make the customers fully satisfied. Later she had concluded that the customer expect speed, accuracy, courtesy and concern, and convenience from the banks are the important aspects of customer service.\textsuperscript{66}

A. Dilshath in his Doctoral thesis, “Customer services and satisfaction- A study with reference to customers of select public sector banks at Chennai” had indicated that the demands and aspiration of the customers, witnessed a steep raise where as the responsiveness of the bank to meet with these needs is found wanting many respects in the Indian banking system. The success of Indian public sector banks will depend upon the speed and quality of customer service rendered by the banks. Productivity and efficiency are at the top agenda of all the banks today are directly linked with customer service. The customer services are armed with hi-tech products such as ATM credit cards, debit cards, smart cards, petro cards, Tele-banking, electronic fund transfer, electronic clearing services, on line banking, e-banking, internet banking, any time banking, anywhere banking and home banking. He had concluded that public sector banks function as a catalyst for socio-economic development of a region. The relevance of public

\textsuperscript{66} D.Vimala, “Customer services in commercial banks (with special reference to metro and urban.
sector banks in India has increased manifold in the context of radical economic reforms of globalization of Indian economy, which handles the vast volume of financial and economic transactions of the country and determined the economic pulse of India.  

So far the review of literature majority of the researchers did their research on CRM in new private sector, CRM in old and new generation private sector banks, customer services in Commercial banks. Most of the researchers harped on the issue that Customer Relationship Management and its various aspects should be improved to the expectations of the customers. However most of them had expressed that the private sector banks had excelled in providing quality of service with myriad service packages to the customers than the public sector bank. But, no one was carried out their Doctoral research in Customer Relationship Management in Banking Sector that is both public and private sector banks. Hence, the researcher made an attempt to study the CRM in banking sector in Tirunelveli District.

1.5 SCOPE OF THE STUDY

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Understanding customer relationship management and lack of standardization is always a concern in the service sector. With the new concept of CRM failure to promote learning organization in the spirit of the times has left the organization disabilities. Through analyzing the differences are many; many demographic indicators were tested against the implementation of CRM. Two conditions associated with loyalty, customer retention, and there are other customers’ total stakes. Client creates moments of truth with customer service, and these services should be managed by the organization encounters. According to Mohammed Almotairi different perspectives (technical) (tactical) is used to define the broad definition of CRM. CRM, narrow definition of convergence possible to refer to the common definition. However, in two areas of CRM, marketing and information technology studies to define the width may be the result of the emergence of a new concept. On the other hand, the broad definition of CRM, CRM focuses on strategic orientation. Customer relationship management is primarily as a strategic business process that includes among the service sector such as banking. However the study covers the Customer Relationship Management in Public Sector Banks and Private Sector Banks in Comparative Study in Tirunelveli District only. It does not cover the Customer Relationship Management in Public Sector Banks and Private Sector Banks in other districts of Tamil Nadu.
1.6 **OBJECTIVES OF THE STUDY**

The specific objectives of the study are

1. To trace the profile of the study area and selected public and private sector banks.

2. To study the significance of Customer Relationship Management in the banking sector.

3. To analyze the socio-economic profile selected customers and services rendered by the public and private sector banks.

4. To examine the relationship between profile variables and level of perception towards customer relationship management.

5. To identify the factors influencing the customers’ perception towards customer relationship management.

6. To study the impact of factors influencing CRM practices among public and private sector banks.

7. To study the perception of bank employees on customer relationship management.

8. To offer suitable suggestions to improve the customer services of the banks based on the findings of the study.
1.7 HYPOTHESES OF THE STUDY

The following null hypotheses were formulated.

- The level of perception of the customers towards Customer Relationship Management among public and private sector banks is independent of the age.
- The level of perception of the customers towards Customer Relationship Management among public and private sector banks is independent of sex.
- The level of perception of the customers towards Customer Relationship Management among public and private sector banks is independent of the marital status.
- There exists no relationship between educational qualifications and level of perception of the customers towards Customer Relationship Management among public and private sector banks.
- There exists no relationship between occupation and the level of perception of the customers towards Customer Relationship Management among public and private sector banks.
a There exists no relationship between the family size and the level of perception of the customers towards Customer Relationship Management among public and private sector banks.

b There exist no relationship between monthly income and the level of perception of the customers towards Customer Relationship Management among public and private sector banks.

1.8 OPERATIONAL DEFINITION OF CONCEPTS

1.8.1 Customer

A customer is person or party who receives a service or product in exchange for a payment of some sort.

1.8.2 Bank Customer

For a bank, a customer is a person who is utilizing one or more of the services provided by the bank. A customer is a person through whom the bank gets an opportunity to make an earning in return to the service they can provide the customer with. For Ex: an individual who has a checking account with a bank or an individual who has a mortgage or a loan with the bank or an individual who has a fixed deposit with the bank are all customers of the bank.

1.8.3 Service
Services are those separately identifiable, essentially intangible activities that provide satisfaction which are not necessarily tied to the sale of product or another service. Service means service of any description which is made available to potential user for a fee. It does not include a contract of personal service.

1.8.4 Customer Service

Customer service is the provision of service to customers before, during and after a purchase. According to Turban et al. (2002) "Customer service is a series of activities designed to enhance the level of customer satisfaction – that is, the feeling that a product or service has met the customer expectation."

1.8.5 Service Quality

Service quality is a judgmental issue relating to the different between an individual’s expectations of a service quality. Phrases such as “meeting customers wants, when they want then at an acceptable cost” are well-known explanations of the meaning of quality.

1.8.6 Perception

The particular interpretations given to objects observed or ideas generated or otherwise brought to the customer’s attention through his sense.

1.8.7 Customer perception
It is the level of a person’s felt state resulting from comparing a product’s visible performance in relation to the person’s expectation of the “perception level”. It is a function of the difference between performance and expectations.

1.8.8 Customer Relationship Management

‘Customer relationship management is a comprehensive approach for creating, maintaining and expanding customer relationship’. It is further defined as, “a combination of business process and technology that seeks to understand a company’s customers from the perspective of who they are, what they do, and what they are like”.

1.8.9 Commercial Banks

A financial institution that provides services such as accepting deposits and giving business loans is known as commercial banks. For the present study, the schedule commercial banks of public and private sector banks were considered. Banks like Regional Rural Banks, Cooperative Banks and the like were excluded from the study.

1.8.10 Public Sector Banks
The public where majority of stake are owned by the government viz., the State Bank of India and its associated and nationalized banks constitute public sector banks.

1.8.11 Private Sector Banks

Private sector banks are those banks in which majority of stake are held by private individuals and not by the government. Both old private sector banks and new private sector banks constitute private sector banks for the study purpose.

1.9 METHODOLOGY

In the present study, the descriptive research design has been used. The descriptive research is marked by a clear statement of the problem, specific hypothesis, detailed information needs, sample selection, data collection and processing and analysing of the collected data to get valid inferences in the form of findings. The present study deals with the perception of the customers towards Customer Relationship Management in public and private sector banks. Hence, the present study is purely descriptive in nature.

1.9.1 Sampling Design

The study entitled Customer Relationship Management in Banking Sector in Tirunelveli District. In Tirunelveli District, there are twenty public sector banks and ten private sector banks (including new private sector banks) are functioning.
Out of which five public sector banks namely The State Bank of India, Canara Bank, Indian Overseas Bank, Union Bank of India and Indian Bank and five private sector banks namely the ICICI, the Axis Bank, the Tamilnad Mercantile Bank, the Karur Vysha Bank, and City Union Bank were selected on the basis of large number of branches in the district.

Then four branches were chosen from each selected bank based on the stratified random sampling method. On the whole forty branches were selected from public and private sector banks respectively. Twenty respondents were selected from each branch on the convenient sampling method. The researcher had collected data from 400 respondents from the public sector banks and 400 respondents from the private sector banks with the help of the interview schedule for the study. In the case of bank employees, 120 were selected out of 40 branches of public and private sectors banks using simple random sampling method.

1.9.2 Period of Study

The field survey was carried out from October 2013 to March 2014 for the collection of primary data. The data collection pertains to the financial year 2012-13.

1.9.3 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 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 website sources. They form the major secondary source for the study.

1.9.4 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. The ‘F’ statistic is calculated by using the following formula:

\[
\text{Variance between Groups}
\]
The above F ratio is calculated and compared with the respective table value.

Factor analysis was applied to identify the factors influencing the choice of the bank. Mathematically, factor analysis is somewhat similar to multiple regression analysis. Each variable is expressed as a linear combination of underlying factors. The amount of variance a variable shares with all other variables included in the analysis is referred to communality. The co-variation among the variables is described in terms of a small number of common factors plus a unique factor for each variable. These factors are not over observed.

If the variables are standardized, the factor model may be represented as:

\[ X_i = A_{i1} F_1 + A_{i2} F_2 + A_{i3} F_3 + \ldots + A_{im} F_m + V_i U_i \]

where,

\[ X_i = \text{i}^{th} \text{ standardized variable,} \]

\[ A_{ij} = \text{Standardized multiple regression coefficient of variable on common factor j} \]

\[ F = \text{Common factor,} \]
\( V_i = \) Standardized regression coefficient of variable \( i \) on Unique factor \( i \)

\( U_i = \) The unique factor for variable \( i \) and

\( m = \) Number of common factors

The unique factors are uncorrelated with each other and with the common factors. The common factors themselves can be expressed as linear combinations of the observed variables.

\[ F_i = W_{i1} X_1 + W_{i2} X_2 + W_{i3} X_3 + \ldots + W_{ik} X_k \]

where,

\( F_i = \) Estimate of \( i^{th} \) factor

\( W_i = \) Weight or factor score coefficient

\( K = \) Number of variables.

It is possible to select weights or factor score coefficients so that the first factor explains the largest portion of the total variance. Then a second set of weight can be selected, so that it is the second factor, which accounts for most of the residual variance subject to being uncorrelated.
with the first factor. The same principle could be applied to selecting additional weights for the additional factors. Thus, the factors can be estimated so that their factor scores, unlike the value of the original variables, are not correlated. Furthermore, the first factor accounts for the highest variance in the data, the second factor the second highest, and so on.

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.

\[
\chi^2 = \sum \frac{(O - E)^2}{E}
\]

Degrees of freedom = (r-1) (c-1)

where,

\[ O \] = Observed frequency
\[ E \] = Expected frequency
\[ E = \frac{\text{Row Total} \times \text{Column Total}}{\text{Grand Total}} \]
$C = \text{Number of columns in a contingency table},$

$r = \text{Number of rows in a contingency table}.$

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

The multiple regression analysis had been used to find out the impact of factors influencing CRM practices on overall perception of the customers towards banking services relating to customer relationship management. The multiple regression models for public and private sector banks are as follows:

The fitted regression model for public sector bank is

$$Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3 + b_4 X_4 + b_5 X_5 + b_6 X_6 + b_7 X_7 + e$$

Whereas,

$Y = \text{Scores on the overall perception},$

$X_1 = \text{Scores on the perception towards Selection of Banks on the basis of service quality},$

$X_2 = \text{Scores on the perception towards Rate of Interest on Deposit and Loans},$

$X_3 = \text{Scores on the perception towards the Borrowing Procedure},$

$X_4 = \text{Scores on the perception towards the Repayment Facilities},$

$X_5 = \text{Scores on the perception towards the non-material services},$
$X_6$ = Scores on the perception towards the Satisfaction of the Customers regarding the Services Offered by Bank,

$X_7$ = Scores on the perception towards the Infrastructure and general utilities services,

$b_1, b_2, \ldots b_7$ = Regression coefficient of independent variables

$a$ = Intercept

$e$ = Error term

The fitted regression model for private sector bank is

\[ Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3 + b_4 X_4 + b_5 X_5 + b_6 X_6 + b_7 X_7 + e \]

Whereas,

$Y$ = Scores on the overall perception,

$X_1$ = Scores on the perception towards the Satisfaction of the Customers regarding the Services Offered by Bank,

$X_2$ = Scores on the perception towards the Infrastructure and general utilities services,

$X_3$ = Scores on the perception towards the non-material services,

$X_4$ = Scores on the perception towards Selection of Banks on the basis of service quality,

$X_5$ = Scores on the perception towards Rate of Interest on Deposit and Loans,

$X_6$ = Scores on the perception towards the Repayment Facilities,

$X_7$ = Scores on the perception towards the Borrowing Procedure,

$b_1, b_2, \ldots b_7$ = Regression coefficient of independent variables
1.10 LIMITATIONS OF THE STUDY

Every effort has been made to focus the study around the chosen objectives. An attempt has also been made to conduct the study in a precise and accurate manner but any study at individual level is bound to suffer with certain limitations and constraints. The present research endeavours with the study of CRM among public and private sector banks. It is very difficult, rather impossible, to cover whole of it in a single study, therefore, like other studies the present study has also been conducted under the limitation explained below:

- The measuring tools and instruments are partially reliable and valid.

- If the scope of the study is made too wide, the depth is reduced.

- More accurate results can be obtained from whole of the population rather than from sample drawn from a population unless the sample is a true representative of the population which is quite difficult to achieve.

Due to the limitations of time and resources on the part of investigator, an attempt has been made to delimit the study in terms of sample, method of study and measuring instruments.
1.11 CHAPTER SCHEME

The present study entitled “Customer Relationship Management in Public and Private Sector Banks in Tirunelveli District: A Comparative Study” has been organized into seven chapters.

The first chapter “Introduction and Research Design” introduces the subject, statement of the problem, review of literature, objectives, hypotheses, methodology adopted and chapter scheme.

The second chapter “Profile of the Study Area and Selected Public and Private Sector Banks” describes the profile Tirunelveli district and selected public and private sectors banks.

The third chapter “An Overview of Customer Relationship Management in Banking Sector” deals with the brief description of the customer relationship management in banking sectors.

The fourth chapter “Socio-Economic Profile of the Customers” presents the details about the profile of customers, services offered by the banks and reason for choosing the bank.

The fifth chapter “Analysis of Level of Perception of Customers towards CRM” discusses the level of perception and factors identifying the perception of customers towards services of banks relating the Customer Relationship