ABSTRACT

In the year 1991, India has adopted the policy of LPG i.e. Liberalization, Privatization & Globalization. Due to this critical step, India’s economy was opened up for foreign companies & obviously the competition for Indian companies increased multifold.

Today, Indian retail banking industry encompasses not only public sector banks but also private sector, cooperative sector & foreign banks & it’s needless to say that the competition for attracting greater share of customers is huge.

In this situation, the commercial banks have to meet the expectations of the customers better than the competitors in order to remain competitive;

This scenario has led the commercial banks to focus on Customer Relationship Management so that the customers become the lifelong, profitable partners. The CRM in retail banking provides a huge scope of research and this is an enticing element for the researcher to carry out this in depth study.

Through this study, the researcher was very much interested to find out that, “In retail banking industry, whether Customer Relationship Management as a whole & its individual components influence key Business performance variables like Customer Satisfaction, Customer Loyalty & Bank Profitability & if yes, what is the nature of this impact?”

This study is specific to Retail banking industry in Pune city of Maharashtra state of India.

Based on this broad interest area, following specific objectives were established:

1) To check the existence & nature of impact of Customer Relationship Management as a whole on Customer satisfaction
2) To check the existence & nature of impact of Customer Relationship Management as a whole on Customer loyalty

3) To check the existence & nature of impact of Customer Relationship Management as a whole on Bank profitability

4) To check the existence & nature of impact of all the individual components of Customer Relationship Management on Customer Satisfaction.

5) To check the existence & nature of impact of all the individual components of Customer Relationship Management on Customer Loyalty.

6) To check the existence & nature of impact of all the individual components of Customer Relationship Management on Bank Profitability.

Based on the above objectives, the researcher has framed following six hypotheses to accomplish this study:

1) Customer Relationship Management in retail banks has a significant positive impact on Customer Satisfaction.

2) Customer Relationship Management in retail banks has a significant positive impact on Customer Loyalty.

3) Customer Relationship Management in retail banks has a significant positive impact on Bank profitability.

4) All individual components of Customer Relationship Management have a significant positive impact on Customer Satisfaction.

5) All individual components of Customer Relationship Management have a significant positive impact on Customer Loyalty.
6) All individual components of Customer Relationship Management have a significant positive impact on Bank Profitability.

The population of this research is the savings account holders of public sector, private sector & cooperative banks in Pune city having a relationship of at least four years with their bank.

The banks having at least five branches in Pune city & having a valid IFSC code are included in the sample.

The primary data is collected through a structured questionnaire in which Nominal scale & a seven point Likert scale were used. The questionnaire gauges the perception of the customers about CRM practices at their banks & their satisfaction level, loyalty & buying intention. Customer buying intension is linked to Bank profitability as Higher the customer buying intension, higher will be the Bank profitability.

The primary data collected is represented by using Frequency distribution table & pie chart.

Various statistical tools used are Mean, Percentage, Standard deviation, Coefficient of variation, Skewness, Kurtosis & Chronbach’s Alpha.

There are two statistical techniques used in this study i.e. Confirmatory Factor Analysis (for confirming the validity & reliability of all constructs in the questionnaire) & first & second order Structural Equation Modeling (for Hypothesis testing).

After carrying out in depth data analysis, it is concluded that, in retail banking context, Customer Relationship Management as a whole has significant positive impact on Customer satisfaction & Customer loyalty. The study also concludes that Customer Relationship Management has a partial indirect (mediating) positive impact on Bank Profitability.

The impact of all individual components of Customer Relationship Management is also analyzed in detail & elaborated in chapter 6 of this thesis.
Hence this study first checks the existence (or non-existence) of impact of CRM & its individual components on three vital business performance variables i.e. Customer Satisfaction, Customer Loyalty & Bank profitability & once the existence of impact is confirmed, it finds out the exact nature of this impact.

Though this study is carried out under certain limitations, it gives a fair idea to bank managers as to how effectively they can implement CRM at their banks & which factors should be focused upon for enhancement of Customer satisfaction, Customer loyalty & Bank profitability.