CHAPTER II

REVIEW OF LITERATURE

This chapter reviews the studies on different aspects of customer relationship management connected directly and indirectly with the present study. The review of literature is highly useful to design the present study as it indicates the research gap in the study on customer relationship management of the commercial banks. The study of customer relationship management has attracted the expanded attention of practitioners and scholars irrespective of countries, be it developed, developing or least developed. Increasingly organizations are adopting customer-centric strategies, programs, tools, and technology for efficient and effective customer relationship management. They are realizing the need for in-depth and integrated customer knowledge in order to build close and partnering relationships with their customers. The divergent perceptual frameworks involving various theoretical issues and problems of customer relationship management are scrutinized through the review of literature in this chapter.

Jean Perrien, Filiatrault and Ricard (1992) in their article titled “Relationship Marketing and Commercial Banking: A Critical Analysis”, analyze the competitive pressures as well as the search for fee-based incomes, mainly derived from cross-selling that has forced financial
institutions to re-define their marketing strategies and to focus on relationship marketing. The study identifies the major problems raised by the implementation of an effective relationship approach. The study concludes that relationship banking is a major corporate issue and not the sole responsibility of front-line people.

John B. Holland (1992) in his article, “Relationship Banking: Choice and Control by the Multinational Firms”, investigates how large UK multinational firms evaluate individual and multiple banking relationships and how they exercise control over their portfolios of banks. The identification and description of how firms do this is important for those banks marketing a wide range of financial services to the corporate sector. Between 1986 and 1990, 15 confidential corporate case studies were developed from interviews with the UK firms. The study uses a theoretical perspective to interpret the decision making behaviour of the personnel and explores the nature and function of the rules that lead to the decision making process.

Viswanathan (1993) in his article titled “Banking Ombudsman: A Suggested Framework”, observed that in banks, a number of business grievances arise everyday because of the volume of growth in business, number and varieties of transaction and the different types of customers who transact with banks everyday. The only way to solve the problem as
suggested by the author was to use banking ombudsman as a conciliation medium to solve customers’ complaints.

**Augustine and Prasanta (1994)** made a research on “Customer Service in Commercial Banks: Expectation and Reality”. The objectives of the study were to assess the deposit holders’ level of satisfaction and to identify the most common areas of customer dissatisfaction. The area wise analysis indicated a wide gap between the expectations and reality. The gap is higher in the metro and lesser in the urban and rural areas. The customer expects speed, courtesy and concern from the bankers. Customers in metro areas have a higher level of expectations from the bankers. As a result there is a low level of satisfaction among them when compared to urban and rural customers.

**Ranganathan (1994)** in his paper on “Customer Service”, focused on the problems faced by bank customers. He states that there has been deterioration ratio in the services offered by banks. He offered suggestions such as in each bank there should be an enquiry window manned by a staff well versed in banking routine and having abundant human qualities. Training courses should be organized for the bank officials to train them in matters relating to dealing with customer and development of customer relationship and computerization of transactions hold to render better services to the customers.
Johnston (1995) revealed that there are some service quality determinants of internet banking are predominantly satisfiers and dissatisfiers with the main sources of satisfaction being attentiveness, responsiveness, care and friendliness. The main sources of dissatisfaction are integrity, reliability, responsiveness, availability and functionality.

Ennew Christine and Binks Martin (1996) have studied the impact of service quality and service characteristics on customer retention in small business and their banks in the UK. The recent developments in relationship marketing have increasingly focused attention on the beneficial effects of customer retention. The notion of building relationships and delivering quality service in order to encourage loyalty is perhaps of particular importance in the service sector where it is often argued that customer attraction costs are significantly higher than retention costs. Central to the idea of investment in the development of service quality and customer relationships is the belief that such investments will enhance loyalty, retention and profitability. Empirical evidence on the extent to which such links exist is still partial. This paper explores the relationship between customer relationships and customer loyalty and retention using evidence from the UK banking sector and its small business customers.
Alpha and Hutchinson (1997) made a study on customer relationship marketing in banking sector. They found that attracting customers is considered to be an intermediary steps in the relationship building process in banks with ultimate objective of increasing loyalty of profitable customers. The study reveals that the top 20% of typical bank customers produce as much as 150% of overall profit, while the bottom 20% of customers drain about 50% from the bank’s bottom line and revenues from the rest just meeting.

Sangeetha Aurora and Meenakshi Malhotra (1997) made a study about “Customer Satisfaction: A Comparative Analysis of Public and Private Sector Bank”. The objectives were to study the factors determining customer satisfaction at different levels and marketing strategies for increasing the level of customers’ satisfaction. Factor-wise average scores revealed that there is significant difference between the satisfaction level of public and private sector banks’ customers. The latter are much more satisfied than their counterparts in public sector banks. The most distinguishing and outstanding factors responsible for the satisfaction of private banks’ customers were staff and service factors. It is also evident that public sector banks need to adopt certain specific marketing strategies to survive in the present day competition.
Seal (1998) in his research paper titled, “Relationship Banking and the Management of Organizational Trust”, analyses the personal, institutional and behavioural bases of trust in banking relations, arguing that banks should pay attention to intra as well as inter-firm policies for developing trust and assessing trust-worthiness. Trust may derive from person-to-person interaction or from an impersonal, symbolic presentational base. Marketing strategies can both analyze the trust characteristics of customers as well as proactively pursue those relational forms of marketing that can generate long-term competitive advantages. However, the most relational levels of marketing require a system-delivery approach which must itself derive from internally nurtured forms of trust based on appropriate personnel policies, organizational routines and training.

Ashok Thampy and Madan Mohan (1999) submitted a working paper on “Segmented Service Quality Audit for Banks: An Empirical Analysis”. The purpose of the paper was to present empirical evidence that suggest the value of conducting segmented service quality audit and to further develop an instrument most appropriate to banking service based on SERVQUAL model. They pointed out that there is a wide variation in the perception of service quality across individual customer segments and location of branches. Hence, banks need to device
appropriate content and methods to improve the level of communication flow with their retained customers.

Philippe Jare (2000) in his article entitled “E-CRM in Financial Service”, has discussed various issues regarding the CRM. In the highly fluid and competitive market place, the pressure for all organizations to retain customers and attract subscribers is rapidly increasing. Customers see that they have a multitude of choices regarding delivery channels, product packaging, loyalty rewards, and service levels and ultimately price. Service, delivery method and price have become the predominant factors influencing customer decision making. But CRM is more than just customer satisfaction or a new sales force automation system, more than just developing a new delivery channel such as website or call centre. Being customer centric is a new way of doing business.

Metta Ongkasuwn and Worasri Tantichattanon (2000) analyzed five dimensions of service quality namely performance, reliability, serviceability, features and perceived quality. A survey using formal questionnaire followed by on-site and telephone interview and website visits is used as a research methodology. All thirteen banks in Thailand are studied and compared using formal questionnaire. It was observed that 31.79 per cent of the respondents are aware of internet banking services in Thailand. The result suggest that the Bank of Asia has the highest rate and
rank number one in terms of satisfaction on the five basic inquiries service on the internet banking services. It was suggested that all banks should provide 24 hours error free internet bank services with quality and security to ensure their high level of performance to their customers.

Citi Bank (2000) had undertaken a study to identify the areas of strength and weakness of Citi Bank, its relative position vis-à-vis key competitors. It has made an attempt to capture the view of corporate customers of different banks both in quantitative and qualitative terms and to study the performance of banks in terms of each of the critical success factors. In the light of various factors under study, the corporate did not consider Citi Bank as their preferred bank. The bank does have its strength, which can be exploited, and also weakness, which the bank should overcome. However, Citi Bank had succeeded in meeting 67 per cent of the total expectations of customers and 40 per cent of the corporate chose Citi Bank as its most preferred bank.

Parimal Vyas (2000) made a study on “Measurement of Customer Satisfaction: A Study of Banking Service”. The author attempted to study empirically, customers’ satisfaction from the services provided by different banks and also to analyze the response of customers towards the actual time taken by banks to complete the banking transactions. The study reveals that nationalized banks and co-operative banks need to
improve on reducing the overall time taken to complete banking transaction. Comparatively, the private and foreign banks take much lesser time for completing their transaction. Nationalized banks, commercial banks and co-operative banks need to increase the use of information technology and customer relationship management to deliver standardized services to its target customers.

KPMG Consulting (2000) made a research on “Customer Management: Who Manages When?” The main objective of the study was to highlight the issues that companies face in providing personalized products and services to customers and what they need to do to build better relationship with customers who are wary of disclosing their personal information. The findings of the study revealed that customers expect to be treated as individuals. Before approaching a customer for any information, the company must know what data they really need, they should be prepared to give incentives to share their information. Customer initiated contacts can be an opportunity to highlight their products and to subtly gain information, without jeopardizing the customer relationship.

Naidu (2000) made an attempt to study the impact of CRM programs on the performance of private sector banks. The objectives of the study are: to review CRM practices and policies of select private sector banks; to study socio-economic background of the customers; to analyze
the customization of banking products; and to find out the impact of CRM programs on the performance of the banks.

**Ashley Friedlein (2001)** in his study “CRM meets e-CRM: An Executive Briefing”, has outlined reasons for the rise of CRM and how it is intended to serve three purposes. Firstly, it gives wheel’s view on the importance of the digital component of CRM (e-CRM) and the opportunities afforded by digital channels. Secondly, it intends to outline the commercial and strategic imperatives that must drive any CRM project. These are fundamental to understand how CRM can deliver a snapshot of the CRM landscape at the beginning of 2001, acting as an introductory guide and overview of the industry as a whole, with a more detailed look at some of its key components, including how e-CRM fits into CRM.

**Ko de Ruyter, Martin Wetzels and Mirella Kleijnen (2001)** have made an attempt to investigate the impact of bank reputation, relative advantage, and perceived risk on perceived service quality, trust and behavioural intentions of customers towards adopting value-added e-services. The results suggest that the three factors have a significant main effect on the customers’ attitude and behaviour towards e-service. The results show that organizational reputation and perceived risk have a combined effect. A good organizational reputation impacts the effect of perceived risk on the three dependent variables.
Ragunath and Joseph Shields (2001) made a study on “Introduction of e-CRM in the Indian Insurance Sector”. The study focused on the reaction of the agents and customers to the introduction of e-CRM call centres and internet products in the insurance sector. The findings of the study was that general insurance agents preferred telephonic and e-mail interaction which life insurance agents preferred personal interaction though they expressed their willingness to be part of the network for setting up a database for their customers. Customers’ attached a high weightage for human interaction and customization. This view was also echoed by the agents as well.

Ramachandran (2001) made a study on “How CRM can be strengthened: Beyond the Hype.” The purpose of study was to highlight the reasons for the lack of success of the current crop of CRM tools and review the strength and weakness of the current approaches to CRM. The study stressed on the point that customer needs are dynamic, and these should be new methods to capture them. This means, new dimensions have to be added to the set of IT based CRM tools. A mix of quantitative and qualitative inputs will provide an insight into the requirement of customers’ computers and packages are only tools. The organization should decide the purpose and make use of a mix of CRM tools.
Chatterjee and Prasad (2001) made a study on “Crating a Customer Driven Organization”. The main aim of the study was to formulate customer focused relationship-marketing programmes for creating a customer driven organization and to implement the concept in engineering consultancy services. The result of the study emphasized that every organization should redefine its marketing objectives considering the expectations of customers and the degree of relationship required. They have recommended that a good organization should create conducive infrastructure to support customer relationship management implementation.

Gupta and Sonal Shukla (2001) made a study on “Implementation Issues in CRM: A Study in the Indian Banking System”. This study is a modest attempt to identify the implementation issues associated with CRM, importance of CRM, its technology and how it drives customer service particularly in the banking sector. The study comprehends that banks are still in the initial phase of CRM implementation. With some foreign and private sector banks taking the initiative on the technology front, public sector banks has a long way to go in adopting the new technology. The study further revealed that CRM is gradually picking up and is definitely considered as a viable proposition by banks in improving services to their customers.
Mosad Zineldin (2002) in his paper titled “Managing in the Age: Banking Service Quality and Strategic Positioning” states that banking has traditionally operated in a relatively stable environment for decades. However, today the industry is facing dramatically aggressive competition in a new deregulated environment. Positioning is an attempt to distinguish the bank from its competitors along real dimensions in order to be the most preferred bank for a certain market segment or prospect. A key way to build a strong competitive position is through management, IT and service/product quality and differentiation. Evaluation of the relationship between quality, and positioning requires an understanding and examination of the elements of service quality relative to the operations strategy. The main objectives of this study was to develop theoretically and empirically an understanding of the relationship between service quality and bank strategic positioning. The study surveyed how Swedish commercial banks have been selected and perceived from the point of view of their customers in relation to their competitors in the marketplace.

Ramachandra (2002) has made a study on “customer Relationship Management Emerging Strategies”. The study stressed on improving customer loyalty and to measure the depth, stages of relationship development in banks. The study proved that concept of CRM needs to make its impact in the banking scenario, especially, in the nationalized
banks and old private banks. Being customer-centric rather than product-centric goes a long way in laying the right foundation for better CRM. Retention of old customer must be given precedence over acquisition of new customers for it promotes cross selling of products and thereby increase profitability.

Deepak Sirdeshmukh, et al. (2002) made a research on “Consumer Trust, Value and Loyalty in Relational Exchanges” The authors developed a framework for understanding the behaviour and practices of service providers that creates or depletes consumer trust and the mechanisms that convert such trust into value and loyalty in relational exchanges. The result of the study reveals that conversion of trust to loyalty involves complex, multiple-loop process that require an understanding of how specific trust worthiness dimensions can build greater consumer trust, how increased consumer trust can enhance value for the consumer and how value translates into loyalty. Although there are significant pay-offs from building consumer trust in relational exchanges realizing them is neither straightforward nor inevitable.

Hansotia (2002) made a study on the aspects of customer retention and customer relationship. He found out that the factors that determine customer relationship are customer satisfaction, payment, equity and effective commitment and the various factors that determine customer
relationship instruments are loyalty program and direct mailing. He concluded that both customer relationship perceptions as well as relationship marketing instruments influence customer retention and customer relationship.

**Bose (2002)** has outlined a CRM development plan based on the development life cycle approach involving acquisition, analysis and use of knowledge about customers so as to sell more goods and services and to do it more efficiently. An integration of technologies, working together, such as data warehouse, website internet/extranet, phone support systems, accounting, and sales have been called for by the author. The analytic functions have been proposed to be fulfilled by separate systems such as decision support systems and expert systems.

**George S. Day and Katrina J. Hubbard (2002)** in their study titled “Customer Relationships Go Digital”, have stated that the success of initiatives to deploy the Internet and CRM technologies are more about organizational alignment than database management, systems integration and software selection. Internet enabled CRM has to be managed as a cross-functional initiative that depending the overall capability. This is especially so in organizations where functional divisions and interests prevail. Indeed, competitive advantage comes by integrating and aligning
the internet with the overall strategy, and doing so better and faster than the competition.

**Koushiki Choudhary, et al. (2002)** made a study on “Relationship Marketing Strategies and Customer Perceived Service Quality: A study of Indian Banks”. One of the determinants of the success of the relationship marketing strategies of a firm is how the customers perceive the resulting service quality. In India, with the onset of financial deregulation, banks are functioning increasingly under competitive pressure and it is imperative for banks to focus on developing long-lasting relationship with their customers. This paper explores as to what kind of relationship and strategies followed by the Indian banks in today’s competitive environment and the service quality perceived by the customers.

**Alok Mittal, et al. (2002)** in their article on “An Exploratory Study of CRM Orientation among Bank Employee”. The paper aimed to explore the aspect of CRM orientation among bank employees of both public and private sector banks. The findings of the research highlighted that there is a need for improvement on some of the components of CRM, such as customer communication, orientation, care and handling complaints in both private and public sector banks. The aged employees in the private and public sector banks need to improve CRM skills in order to compete with their younger counterparts.
Chang and Lin (2002) found that the degree of requirement and cognition of information quality among financial organizations in Taiwan was very high because those organizations relied on this information to understand the demands of their customers. Moreover, through the adoption of CRM systems, financial organizations can understand consumers’ behaviour thoroughly before providing products and services to them. Furthermore, as with these financial organizations, Taiwan’s banking industry has a keen awareness of the importance of information quality because their credit-card services compared with those provided by other industries. Through the application and use of credit cards, the banking industry can gain more details and a deeper understanding of their customers while interacting with them.

Ronald L.Hess, et al. (2003) in their study on “Service Failure Recovery: The Impact of Relationship Factors on Customer Satisfaction”, focused to understand how customer relationships either buffer or magnify the impact of service failures on customer satisfaction and also to learn about the conditions under which a service organization relationship can help to shield a service organization from the negative effects of failures on customer satisfaction.

Stephan Gobel (2003) conducted a study on “CRM Implementation Practices in Europe” to develop a customer relationship management
implementation methodology, which is especially tailored to the requirements of small and medium-sized enterprises. The first part of study focuses on the identification and analysis of current customer relationship management implementation practices across Europe. The most important measure for accessing these practices was a field survey among customer relationship management system users and vendors. Information was received from 144 customer relationship management system vendors and consultants and 193 user organizations. It was found that 17 techniques are necessary to fulfill the user requirements and better implementation of customer relationship management systems.

Hassan Al-Tamimi, et al. (2003) have made an attempt to analyze the service quality in the UAE Islamic banks. The objective of the study is to analyze service quality in the UAE Islamic banks and to compare service quality between the Dubai Islamic Bank and the Abu Dhabi Islamic Bank. Linear regression results indicate that there was a positive significant relationship between overall service quality and the SERVQUAL dimensions in the UAE Islamic banks. It was found that empathy and tangibles were the most important dimensions. ANOVA results showed that there was no significant difference between the levels of overall service quality in the Dubai Islamic Bank and the Abu Dhabi Islamic Bank. The results indicate, however, that there was a significant
difference in the level of service quality in the UAE Islamic banks based on the customer's age, education and number of years with the bank.

Peru Mohamed and Elgina Sweetiline (2003) made a study on “Call Centres and Strategic Tools for Customer Relationship Management”. The study provides an idea as to how call centers developed customer relationship, its functional advantages and how call centers are useful to acquire new customers and retain the existing customers. On making a cost benefit analysis the author proves that, web-based call centers are much more cost effective than the PC based system. Further, it was found that organizations are evolving strategies to attract and retain customers, who desire to be listened, recognized, cared and responded by the organization. Call centers emerge as strategic tools in building such customer relationship.

Arvind Singh (2004) in his article on “Customer Relationship Management: New Horizons in Banking”, argues that the truly most productive and desirable assets are not buildings and fixtures but a profitable customer base. He states that enhanced customer relationship implies taking customer service and associated profitability to new heights by increasingly interactive banking and client links and suggests that banks globally must consider themselves as innovative service providers satisfying the customer rather than just a product driven or a profit driven
distributor. He suggests that banks must reassess their strategies and must acquire a mindset in managing customer relationship to be successful in the ever-changing markets.

Lawrence Ang and Francis A. Buttle (2004) in their study titled “ROI on CRM: A Customer Journey Approach”, has discussed an issue critical to companies that invest in CRM, how to assess return on investment. A number of issues make this task challenging. First, defining the boundaries of CRM; second, establishing what constitutes a CRM investment; third, deciding what counts as a ‘return’ on that investment; and finally, choosing the time frame to use in the assessment. The approach traces the customer’s value from initial acquisition through development to retention.

Daniel Ashok (2004) in his project titled “A Study on CRM in Select Banking Industry: With Special Reference to Coimbatore City”, has highlighted the emergence of new generation banking facilities in India, where the rules of the banking business witness a tremendous change in the way banking is carried out. The research has identified the six most important factors namely convenience, contact, communication, competence, customer awareness and customer service to establish an efficient CRM. Banking organizations of the new generation need to orient
their businesses to this new market paradigm of CRM in retail banking to retain their customers and tap potential customers.

Rowley (2004) in his paper focused on a requirement of capabilities in CRM systems beyond basic levels. CRM system allowing the organization to gain an insight into the behaviour of individual customers and this helps to target and customize marketing communication and messages. The tools embedded in the CRM system support the calculation of customer lifetime value for the ‘segment of one’ that is individual customers. This paper evaluates CRM systems in their capabilities to include online order, e-mail, and knowledge bases and the use of these to generate customer profiles and finally to customize service.

Upinder Dhar, et al. (2004) have analyzed in their exploratory study about different service quality factors in the private and public sector banks. They have selected 150 respondents for the study and they have used correlation, factor analysis and Z-test for analysis. The study revealed that competence, tangibility and record maintenance seems to be the typical factors of private sector banks, because these three factors have been found to be common in terms of the perception of employees and customers of private sector banks. Similarly, tangibility, reliability and access seems to be the typical factors of public sector banks, because these
factors have been found to be common in terms of the perception of employees and customers of public sector banks.

Sweet (2004) reported four survey results related to CRM applications in UK companies. The surveys were conducted by PMP Research from 2001 to 2004. A range of CRM related issues are investigated including the success level of CRM, reasons for implementing CRM applications, degree of customizing CRM solutions, current spending and future investment in CRM, degree of using analytical tools, and the perception of gaining competitive advantage from CRM.

Bhat Mushtaq (2005) in his paper titled “Service Quality Perceptions in Banks: A Comparative Analysis” states that delivering higher levels of service quality is the strategy that is increasingly being offered as a key to service provider’s efforts to position themselves more effectively in the marketplace. Almost all banks perform same functions. Therefore, customer takes into account the relative efficiency while choosing a particular bank. Moreover, banks carry on business with public money and, therefore, customers expect better services from them. Under such circumstances, customer’s decision to patronize one and not the other is based on quality service offered to him. Firms, therefore, prosper or decline, depending upon the quality of service they provide to their customers. Because of this widespread belief, service organizations have
placed service quality at the top of the list of strategic constructs. In view of its strategic importance, an attempt has been made in the present paper to make a comparative study of service quality perceptions in respect of banks, under study, i.e. with the perceptions of their respective customers regarding the quality of service offered by banks, and to offer suggestions to make the overall banking service more effective and efficient. The results of the study lead us to the conclusion that customers perceive that service quality of all banks is below their expectations, and suggests heavy investment on tangibility and improvement in other dimensions of service quality.

Karatepe Osman, et al. (2005) in their study “Measuring Service Quality of Banks: Scale Development and Validation” by employing a multi-stage, multi-phase, and multi-sample approach, reports on the construction of a service quality scale. Customer perceptions of service quality of retail banks in Northern Cyprus serve as the study setting. The four-dimensional scale consisting of service environment, interaction quality, empathy, and reliability exhibits sound psychometric properties. Scale development procedures and managerial applications of the derived scale are discussed.

Bhat Mushtaq (2005) in his study “Correlates of Service Quality in Banks: An Empirical Investigation” shows that high service quality
contributes significantly to profitability and productivity. In addition, knowledge of the costs and benefits of retaining consumers relative to attracting new ones draws company’s foremost attention to looking after present customers, responding to their needs and problems and developing long-term relationships. Interest in the measurement of service quality is, thus, understandably high. An attempt has been made to study service quality in banks and its variation across demographic variables. The study offers suggestions to make overall service quality in banks more effective and efficient. The results of the study lead us to the conclusion that service quality of foreign banks is comparatively much better than that of Indian banks and there are service quality variations across demographic variables.

Rahman Ljaz Dar and Yongchao Hu (2005) have made a study on “How Banks Manage CRM: A B2B Perspective”. They have stated that today marketing is not just developing, delivering and selling, it is moving towards developing and maintaining relationship with customers for long-term. In this situation CRM is an opportunity that banks can avail to rise above minor advantages by developing actual relationships with their customers. The purpose of this study has been to investigate how B2B CRM in banks can be described. The results revealed that banks know the term CRM very well. Banks have implemented CRM processes which are considered necessary for a customer-centric organization. The studied
banks have integrated technology with the business process in a very good way and are following the CRM organizational structure.

Aslam Chaudhary (2005) in his study “CRM making it Simple for the Banking Industry” has stated that executing customer relationship management for the financial and banking industry involves many issues, including the use of unique processes and solutions. To be successful with CRM, financial and banking, organizations must define and develop a business strategy as well as a supporting infrastructure for that strategy. He has concluded in his study with the following suggestions for effective business strategy: focus on customer equity assets, enable organizational structures to support a customer-centered business model, provide a mechanism to develop data that supports the customer-centered model and incorporate a technology infrastructure that optimizes customer relationships.

Mosad Zineldin (2005) stressed that the customer relationship factor that influences the customer selection and image of the principal banks. The study analyzed that a bank has to create customer relationships that deliver value beyond that provided by the core product. This involves added tangible and intangible elements to the core products, thus creating and enhancing the “product surrounding”. One necessary condition for the realization of quality and the creation of value-added services is
quality measurement and control. This is an important function to ensure the fulfillment of given customer requirements. The key ways to building a strong competitive position are through value-added services and differentiation.

**Sharma Alka and Mehta Versha (2005)** have made a study titled “Service Quality Perceptions in Financial Services: A Case Study of Banking Services”. 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 authors state that the banking intermediaries have recently started focusing on the quality issues. In this context, the service quality perception among the customers of the banks is the most critical issue. The present study is an attempt in the direction, where quality perceptions of the leading banks have been compared to reach at logical conclusions.

**Saumithra Bhaduri (2005)** has stated in her article entitled “CRM in Banks: Serve the Customer” that according to a RBI road-map, India will have a competitive banking market after 2009. As one of the most attractive emerging market destinations, India will see foreign banks come in, grow and acquire. A greater focus on CRM, the only way the banking industry can protect its market share and boost growth. CRM would also make Indian bankers realize that the purpose of their business is to “create
and keep a customer” and to view the entire business process as consisting of a tightly integrated effort to discover, create, and satisfy customer needs.

**Najjar Lotfollah and Bishu Ram (2006)** in their study on “Service Quality: A Case Study of a Bank” state that today's marketing environment is characterized by increased competition, uncertain economic conditions, and shifts in global trading relationships. The objective of the study is to examine the importance of improving service quality in the banking industry. A questionnaire was developed to identify underlying dimensions of bank quality and to assess consumers' perceptions of the importance of each of these dimensions. Two large banks were selected, with five branches among them. Service quality questionnaires were sent to 800 customers; the overall response rate was 59 per cent. The results of the service quality analysis show that reliability and responsiveness are the two most critical dimensions of service quality, and they are directly related to overall service quality.

**Evangelia Blery (2006)** has conducted a study with the aim to analyze the design and implementation of CRM in the bank, identify the benefits, the problems, as well as the success and failure factors of the implementation and develop a better understanding of CRM impact on banking competitiveness as well as provide a greater understanding of
what constitutes good CRM practices. In this study, a single descriptive case study of one major Greek bank that has implemented CRM is presented. The study reveals that banks have realized that managing customer relationships is a very important factor for their success. Customer relationship management is a strategy that can help them to build long-lasting relationships with their customers and increase their profits through the right management system and the application of customer-focused strategies.

Innoveer (2006) made a study on “Achieving CRM Success within the High-technology Industry” has stated that executives in the technology industry tasked with customer oriented and loyalty objectives. By offering high-technology companies better customer information, they can easily automate customer service, improve sales forecasting, or increase marketing campaign effectiveness, to name a few. Beyond these business benefits, new and advanced CRM capabilities further increase customer intimacy that all-important factor in generating new customers and retaining existing ones.

Pushpangathan (2006) has conducted a study titled “A Study on the Quality of Customer Service in Public Banks in Kerala”. This article presents an abstract of a study which evaluated the quality of customer service in public sector banks in Kerala. The principle of maximum
profitability is noted. A comparison between the customer services of Indian commercial banks and foreign banks is discussed. The parameters to be used in the selection of bank employees are enumerated.

Choudhury Koushiki (2007) in his study titled “Service Quality Dimensionality: A Study of Indian Banking Sector” explores the dimensions of customer perceived service quality in the context of the Indian retail banking industry. Drawn from customers’ perceptions about service quality as well as the bank marketing and service quality literature, a set of service quality parameters were devised. Using factor analysis, these parameters have been employed in the context of four of the largest banks in India to distinguish the underlying dimensions of service quality. The results of the study revealed that customers distinguish four dimensions of service quality in the case of the retail banking industry in India namely, attitude, competence, tangibles and convenience.

Tsung-Chi Liu and Li-Wei Wu (2007) in their study titled “Customer Retention and Cross-Buying in the Banking Industry: An Integration of Service Attributes, Satisfaction and Trust” examined the effects of location convenience, one-stop shopping convenience, firm reputation, firm expertise, and direct mailings on both customer retention and cross-buying. The mediating roles of satisfaction and trust in the relationships between service attributes, customer retention, and cross-
buying are also examined. The results indicate that banks can use different service attributes to influence customer retention and cross-buying. Trust and satisfaction play different mediating roles in the relationships between service attributes, customer retention, and cross-buying.

**Vigg Silky and Holani Umesh (2008)** in their study titled “Service Quality Perception of Corporate towards Private and Public Banks”. Explored the service quality perception and expectations of corporate customers towards their bankers. Various tests were applied and the result shows that there was a significant difference between service quality perception of corporate customer towards private and public banks. The factor analysis resulted in the emergence of seven factors like customized banking solutions, customer satisfaction, banking facilities, bank policies, satisfaction with services, online solutions and other facilities.

**Vanniarajan and Nainamohamed (2008)** conducted a study titled “Mapping Service Quality in the Indian Banking Industry”. The study was conducted among the selected public and private bank customers in Madurai City. The study suggests a new approach to the exploratory and evaluative research of service quality dimensions by employing correspondence analysis. The images of Indian commercial banks among the customers are graphically displayed with the help of correspondence analysis. It concludes that the correspondence analysis can be used
effectively in evaluating service quality and displaying the banks according to their service quality dimensions. Accordingly, it fields some strategic options for banks. These are to separate themselves from competitors by providing differentiated service quality or to associate themselves with traditional bank attributes or to more closes to the cluster of attributes about the origin.

Manoj Patwardhan and Pankaj Srivastava (2009), state that the customer relationship management is no longer a new term but a reality for many organizations. Banking is a prime candidate for CRM transformation, as competition in this sector increases; an excellence in service becomes a critical success factor. The study discovers the factors that influence CRM in Indian banking sector and evaluates the current CRM implementation process. Respondents are from both private and public sector banks. Findings of this study have relevance for managers as these findings provide them with the current scenario of CRM. Further managers learn to identify CRM-related factors that could contribute to CRM implementation.

John Mylonakis (2009) carried out a study in 2007 on a convenience sample of 300 respondents through the distribution of structured questionnaires to bank customers within the area of Athens, Greece. The aim of the study is to present customer relationship management
functions, as applied in the banking sector, examined from a bank marketing point of view. The finding of the study reveals that a majority of customers are satisfied with their bank. Most bank customers believe that the use of new technologies helps their communication with banks. They trust the bank employees for obtaining information on the existing banking products and services, while for new programs; they prefer to choose alternative channels, such as the internet, phone services, brochures and press releases. He concludes that the Greek banking market has adopted CRM solutions in recent years, as banks have realized the need to maintain their customer base and to better use their resources in order to promote their products and services.

Semih Onut (2009) conducted a study titled “Customer Relationship Management in Banking Sector and A Model Design for Banking Performance Enhancement.” The study deals with the role of customer relationship management in banking sector and the need for customer relationship management to increase customer value by using some analytical methods in CRM applications. CRM is a sound business strategy to identify the bank’s most profitable customers and prospects, and devotes time and attention for expanding account relationships with those customers through individualized marketing, re-pricing, discretionary decision making, and customized service—all delivered through the various sales channels that the bank uses. This study
underlines CRM objectives such as growth, retention and cost reduction. Increasing customers’ product cross-holdings, maximizing the contribution from each customer through time and increasing efficiency are couple of those objectives, which this study covers. Under this case study, a campaign management in a bank is conducted using data mining tasks such as dependency analysis, cluster profile analysis, concept description, deviation detection, and data visualization. The model developed here answers what the different customer segments are, who more likely to respond to a given offer is, which customers are the bank likely to lose, who is most likely to default on credit cards, what the risk associated with this loan applicant is. Finally, a cluster profile analysis is used for revealing the distinct characteristics of each cluster, and for modeling product propensity, which should be implemented in order to increase the sales.

Abbas Keramati, et al. (2009) have conducted a research to investigate customer relationship management activities in e-banking among Iranian banks. These banks are already adopting CRM and approaching it differently, and achieving different rates of success in terms of customer satisfaction and CRM. A comparative approach of their attitudes toward CRM, therefore, will reveal important insights. Following similar approaches, researchers have employed in Europe, Pakistan, Malaysia, the UK and Ireland; the researchers investigated the touch
points and services that connect banks to their customers. They have developed a theoretical framework to investigate CRM activities in public and private Iranian banks by interviewing with qualitative approach case study. The main components of their research framework are: communicational/collaborative CRM, operational CRM and analytical CRM. They consider the relationship among the components. The study revealed that Iranian banks’ positioning with regard to their view, concept and the benefits of CRM, with a cross-case comparison between Iranian banks’ CRM activities and also some conclusions for practitioners.

Tanveer Ahmed (2009) carried out a study to investigate how banks use electronic customer relationship management tool to maintain their customer relations by using the internet and what benefits are derived by using this E-CRM tool and how successfully this tool is implemented in a bank. A qualitative study was conducted comprising two cases of banks one from Sweden and second from Denmark to get inside of E-CRM practices. The study reveals that in online banking face to face interaction between bank and customer is not seen. This creates huge service gap for banks how to serve and maintain customer relations in online environment. The findings indicate that banks use E-CRM mostly for mass customization, customer profiling, self-service, one-to-one interaction and automatic locks in flow of financial data like security prices which ultimately results in reduced cost of operation and increased
customer loyalty and more profits. Similarly staff training and customer feedback is considered as backbone for successful implementation of E-CRM strategy.

Kallol Das (2009) studied the association between deployment of customer relationship management best practices and loyalty of profitable customers in Indian retail banking sector. The study comprises two parts. The first part called the CRM best practices survey involves the use of descriptive research design. The second part involves the use of embedded customer loyalty survey. The hypothesis testing based on literal and theoretical replication is done using the concept of pattern matching. The findings reveal that there is no perfect bank, as yet, across the three bank types, which has deployed all the 29 CRM best practices to the fullest extent. The results of literal and theoretical replication done by using pattern matching technique indicates no strong association between deployment of CRM best practices in scheduled commercial banks and loyalty levels of both high and medium relationship value retail customers. The study develops a list of 29 CRM best practices, which may be helpful to the organizations toward achieving comprehensive CRM deployment. The results imply that going for CRM deployment may not be a profitable strategy for retail banks, particularly in the Indian context.
Mengi Pooja (2009) conducted a study titled “Customer Satisfaction with Service Quality: An Empirical Study of Public and Private Sector Bank”. The study compares customers' perceptions of service quality of public and private banks of Jammu. SERVQUAL scale was used to determine different dimensions of service quality and chi-square analysis was used to understand the impact of SERVPERF (Service Performance) dimensions, namely, tangibility, reliability, responsiveness, assurance and empathy on customer satisfaction. It was found that customers of public sector banks are more satisfied with the service quality, than those of private sector banks.

Hazra Sandip Ghosh and Srivastava Kailash (2009) have carried out a study titled “Impact of Service Quality on Customer Loyalty, Commitment and Trust in the Indian Banking Sector”. The study examines the relationship of service quality with customer loyalty, commitment and trust from the customer's perspective in the Indian banking sector. Data was collected from 300 customers of public and private sector banks using structured interview schedules. The results show that dimensions of service quality such as assurance, empathy, reliability and tangibles significantly predict customer trust and commitment. The results also indicate that service quality is positively associated with customer loyalty. Private bank customers are more committed and loyal as they receive better quality of service. The study implies that public sector banks should
also come forward and try their best to provide better quality service to win back their customers' loyalty and commitment.

Trivedi Megha and Agrawal Nirmi N (2009) have carried out survey on “A Study to Find the Gaps in Services Offered by ICICI Bank with Regard to Customer Expectations and Deliverables”. The study is based on five overall dimensions of customer satisfaction with services provided by ICICI Bank. The five dimensions used to measure service quality are tangibility, reliability, responsiveness, assurance and empathy. This study gives useful insights to boost customer satisfaction towards ICICI Bank. The study reveals that quality of service is an indicator of customer satisfaction. Measuring service quality involves objective feedback about existing customers of ICICI Bank with respect to their expectations and services offered. Performance of a bank may be evaluated with regard to a set of satisfaction parameters that indicate the strengths and weaknesses of an organization.

The studies reviewed above have analyzed the customer relationship management practices in the banking sector. These studies have made use of various parameters to measure the CRM related variables. However, these studies have not covered the entire practices of the customer relationship management. Selection of limited samples and lack of studying the association between demographic variables of the
respondents towards customer relationship management are the limitations of these studies. With this background, the present study is an attempt to fill in the research gap in these areas. The study covers 9 commercial banks, with a sample of 435 customers.

REFERENCES


