CHAPTER - II

Review of Literature
CHAPTER 2

REVIEW OF LITERATURE

2.1 INTRODUCTION

Review of literature is considered to be a guiding device in social science research. Quite a large number of studies are available on customer relationship management in banks, but most of the studies have been made in other states in India. A thorough review and survey of related literature forms an important part of research. It deals with the critical examination of various published and unpublished works related to the present study. Knowledge of related research enables the researcher to define the frontiers of her fields; it helps in comparing the efficiency of various procedures and instruments used. Further review of literature avoids unintentional replication of previous studies and also places the researcher in a better position to interpret the significance of his own results.

Several studies have been made in India and abroad on specific aspects of the field of customer relationship management. The researcher is interested in presenting here a few studies from India and abroad relevant to the objectives of the present study.

2.2 REVIEW OF LITERATURE

2.2.1 Customer Perception towards the Customer Relationship Management Practices

Adrian Paynee and Pennie Frow\(^1\) (2005 in their article “A strategic framework for customer relationship management”. Customer relationship management that helps broaden the understanding of customer relationship management and its role in enhancing customer value indentified five key cross functional CRM process; a

strategy development process, a value creation process, a multichannel integration process, an information management process and a performance assessment process.

Sharma Alka and Mehta Versha\(^2\) (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.

Manoj Kumar Joshi\(^3\) (2006) in his article “customer service in retail banking in India” explains that customer service of high standard and quality implemented through the use of modern technology helps banks succeed in the competitive world of retail banking. RBI has come out with broad guidelines by framing ‘fair practice code’ on lenders ‘liability’ to be implemented by all the banks to improve customer service. The biggest challenge that the banks face is the protection of privacy and dignity of the customers in the electronic age.

Malini Priya Tripathy\(^4\) (2006) in her article “a service quality model for customers in public sector banks” explains that the banking sector in India has made remarkable progress since the economic reforms in 1991. New private sector banks have

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\(^3\) Manoj Kumar Joshi, “Customer service in retail banking in professional banker, February, pp.122-127.

brought the necessary competition the industry and spread headed the changes towards higher utilization of technology, improved customer service and innovative products. Customers are now becoming increasingly conscious of their right and are demanding more than ever before. The recent trends show that most banks a “customer-centric model” as customer satisfaction has become one of the major determinants of business growth.

Kaushik Mukerjee\(^5\) (2006) in his article “CRM in banking-focus on ICICI Bank’s innovations” points out that the use of CRM in the banking has gained importance with the aggressive strategic for customer acquisition and retention being employed by the banks in today’s competitive mile CRM in banking has been done with regard to targeting customers, sales, consistent interfacing with customers, etc.

Varadi et al\(^6\) (2006) in their study “measurement of efficiency of banks in India” analyse that it is clear that public sector banks are having high efficiency in terms of productivity, profitability, financial management and asset quality where as the private banks are having a very high inefficiency levels during the sample period in the different indicators but foreign banks seem to be more efficient than the private banks. Therefore it is quite evident to say, from my study that public sector banks have wider scope to produce more and more output. Implementation of the reforms in banking sector has given handy to public sector banks are in the forefront of beneficiaries list of reforms in banking field. The public sector banks profitability has improved and their NPAS have declined massively and it is hoped that this trend would continue and the NPAS would be brought down to a tolerable level. As a matter of fact,


\(^6\) Varadi, Vijaya Kumar Mavaluri, Pradeep Kumar And Boppana, Naarjuna, “Measurement of efficiency of banks in India”, University of Hydrabad, August, pp.138-146.
public sector banks are having high possibility to fulfill corporate and social responsibilities towards all stakeholders. In order to improve the efficiency both private and foreign banks should maintain their financial standards properly.

Roberts Ori and Van Mayros (2006) in their article “Data quality, customer relationship management, marketing automation” points out that the ultimate customer data management solution supports all knowledge needs of the enterprise and increases profitability. This article illustrates through several examples of how to present knowledge to every level of the entire marketing sales. It and/or business planning/operations groups. It presents the importance of data quality and data management. The solution samples presented represent just a small sample of the total needs of the enterprise. Before the enterprise cleans data, they should understand the significance of the cleansing and how clean data will ultimately be used. The data analysis must have the ability to reach out to customers in a professional manner and to accurately identify their wants and needs.

Rengasamy Elango and Vijayakumar Gudep (2006) in their article “a comparative study on the service quality and customer satisfaction among private, public and foreign banks in India” point out that the results indicate that the level of awareness among the customers improved significantly. Customer service aspects have been observed that the foreign and new generation private sectors banks are serving the customers better. This has larger implications on the public sector commercial banks in India. It is high time the public sector commercial banks made efforts to revamp their

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7 Roberts Ori and Van Mayros-Data quality, CRM, marketing automation, Vol.11, No1, October pp.141-147.
approach towards customer, so as to perform better and device competitive advent in
the long run competition, brand building in long term and cost effectiveness of
retaining existing passengers compared to acquiring new customers are the compelling
reasons for airlines to chant and implement the mantra of CRM.

Surya Rao, U, and C. Swarnalatha Raju\(^9\) (2006) stated that the servicing a
client is different from selling a tangible product to customers. It requires 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 customer needs. The need of the hour is
to be build up competitiveness through enhanced service quality thus making banks
more market oriented and customer friendly.

Sho Ling et al.,\(^10\) (2006) in their study stated that the case of the national IT
literacy program (NITLP) as part of Singapore’s e-government initiative serves to
illustrate the evolution of strategic CRM practices. The role of CRM has remained
relatively consistent even through its practices have evolved in response to both
environmental and technological changes. This study introduces the concept of rational
incentives, rational value and rational tool the position indirect communications as an
important contender to direct communications for organisational relationship building.
This study adopts a relational perspective with which to formulate a managerial
strategy for CRM that is independent of direct organisational involvement.

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\(^9\) U. Surya Rae and C. Swarnalatha Raja, TQM in public sector banks, paper presented at international
conference an business and information, July 12-14 2006 Singapore.

\(^10\) Shan ling pan, chee-wee tan and eric, T.K..Lim, “CRM in e-Govt: A relational perspective”, Decision
Su Your Kim et al.,\textsuperscript{11} (2006) 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 can be a starting point of relationship management to understand and measure the true value of customer since marketing management as a whole is to be deployed toward the target customers, and profitable. Corporate success depends on an organisations ability to build and maintain loyal and value customer relationships. Therefore, it is essential to build refined strategies for customers based on their value. In their paper, they propose a framework for analysing customers based on their value. In their paper, they propose a framework for analysing customer value and segmenting customers based on their value strategy building according to customer segment will be illustrated through a case study of a wireless telecommunication company.

Najjar Lotfollah and Bishu Ram\textsuperscript{12} (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.

Srivatsa H.S and Srinivasan. R$^{13}$ (2007) in their article “Banking channel perceptions An Indian youth perspective” explain that retail banking has undergone rapid changes with the introduction of new technology based channels and it’s interesting to note how people have adapted to different ways of deriving their banking needs. This study uses psychographics to study the banking channel adaptation and the trends in the retail banking scenario in Karnataka, Indian it has been found that people clearly want convenience and security in their choice of banking channels.

Vannirajan. T$^{14}$ (2007) in the article “Internal service quality and performance outcomes in commercial banks” observes that all the banks have to develop employee friendly atmosphere in order to provide their customers the superior quality of service which is highly needed for long term customer relationship. It shows that the quality and capability of the bank employees play a major role in the service recovery performance among the bank employees (internal customer). The result reveals that the significantly influencing internal service quality factors are training, empowerment, organisational commitment and job satisfaction among the bank employees. The articulation and implementation of employee friendly policies can enhance the job satisfaction loyalty to the organisation and the bank’s performance. That can enrich the customer satisfaction through the service quality of the commercial banks.


Choudhury Koushiki \(^{15}\) (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\(^ {16} \) (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.


Lu and Shang\(^{17}\) (2007) explored the Customer relationship management perceptions in fright forwarded services from managerial perspectives. They had come out with six dimensions of Customer relationship management namely customer acquisition, customer response, customer knowledge, customer information system, customer value evaluation and customer information process.

Vanniarajan and Nainamohamed\(^{18}\) (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.

Rotman et al.,\(^{19}\) (2008) identified the variable that influenced the customer relationship management of banks from employee’s perspectives. These were attitude of their employees, knowledgeability and two way communications. They found that

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the variables, ‘attitude’ and knowledgeability of bank employees, had a significant impact on the effectiveness of customer relationship management strategies of banks.

**Vigg Silky and Holani Umesh**\(^{20}\) (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.

**Iraj Mahadevi**\(^{21}\) et al (2008) in their study stated that the internet technology enables companies to capture new customers track their performance and online behaviour, and customize communications, products, service, and prices. Analyses of customers and customer interactions for electronic customer relationship management e-CRM can be performed by way of using data mining (OM) optimization methods, or combined approach, one key issue in the analysis of access patterns on the web is the clustering and classification of web documents. Generally, the classification has its based on analytical models which assume a predefined list of categories. This assumption is not realistic for large and evolving collections of documents. Such as World Wide Web they propose a new approach to serve the problem of an unknown number of evolving categories. The approach begins with the classification of test documents into a set of initial categories. A working provide type system which is

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based on fuzzy clustering CRM (FC-CRM) has been developed and presented to validate the proposed approach and illustrate how it handles the dynamics inflow of new documents.

**Tanveer Ahmed**\(^2^2\) (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**\(^2^3\) (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

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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.

**Aravind Shrivastava and Pooja Purang**24 (2009) in their study “employee perceptions of job satisfaction comparative study on Indian banks” bring forth the fact that the sector differences in terms of compensation growth opportunities social environment and job security play a significant role in influencing employees perceptions of job satisfaction. By leveraging this fact jobs can be enriched and can be made highly motivating and satisfying for the employees. The public sector bank needs to increase employees pay satisfaction by introducing a differential pay system based on one’s merit and effort. In addition, human resource practices must be effectively and fairly used to enrich one’s job. With respect to the private sector bank, employees have also reported dissatisfaction in terms of job security private sector banks need to introduce special schemes related to pension, gratuity, retirement and other related benefits to enhance the employees’ sense of security.

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Mohammed Sadique Khan and Siba Sanjar Mahaparta\textsuperscript{25} (2009) in their study “service quality evaluation in internet banking an empirical study in India” aim at evaluating the service quality of internet banking (i-banking) services in India from customer to various target groups. Seven quality dimensions, viz, reliability, accessibility user friendliness privacy security, efficiency, responsiveness and fulfilment are identified based on principal component factor analysis. Demographic analysis of data reveals that gender is hardly a bias for use and evaluation of service quality of I-banking in most of the cases across various categories of customers. A valid mathematical model is proposed to assess the overall service quality using regression analysis. The results shows that customer are satisfied with quality of service on four dimensions such as reliability, accessibility, privacy/security, responsiveness and fulfilment but least satisfied with the ‘user-friendliness dimension. The empirical findings not only priorities different parameters but also provide guidelines to bankers to focus on the parameters on which they need to improve.

Kallotdas\textsuperscript{26} et al (2009) in their study “customer relationship management (CRM) best practices and customer loyalty  a study of Indian retail banking sector “ explore 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 involves the of descriptive research design. The second part viz, case study research involves the use of embedded customer loyalty survey. The hypothesis testing based on literal and theoretical replication is done using the concept


\textsuperscript{26} Kallotdas, Aitesh and Vijay Kumar Sadaman’s, “Customer relationship management best practices and customer loyalty. A study of Indian retail banking sector”, European Journal of Social Science Vol.11, No.1, pp.48-54.
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 schedule 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 organisations toward achieving comprehensive CRM deployment. The results also imply that going for CRM deployment may not be profitable strategy for retail banks, particularly in the Indian context.

**Manoj Kumar Jain** et al. (2009) in their article “customer relationship management in Indian retail market” point out how satisfied customers with a pleasant customer experience will always revisit CRM enhance customer satisfaction and offer a pleasant shopping experience where the customer is treated important Indian retailers have to implement these strategies to have a better growth and to improve customer satisfaction. The traditional thought of “customer is god” has been improvised with modern methodologies to provide the best services to customers. Today it takes a lot of thought process and effective thinking to launch an effective and efficient CRM programmed, the various examples as well as intangible point to the importance of the customers’ aspirations from the retailer. Here CRM plays a major role in meeting customer’s expectations.

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Mansor et al., (2010) highlighted the understanding of customer relationship management practices among Agro banks staff. They identified four variables namely, marketing, sale, information technology and information system. Service support was found to influence the understanding of customer relationship management. The results indicated that the variable “marketing had significantly influenced the understanding of customer relationship management.

K.Ganesamurthy et.al. (2011) they describe that customer retention management (CRM) perceives as a techniques of banking companies in order to explore retain and also increase the loyal customers in the competitive business era. This research paper attempted to study the customer perspectives on CRM practices of Commercial banks in India, the sample size include 421 respondents from both public and private sector banks in Tamilnadu, and the study revealed that customers’ perception of CRM in banks does not vary irrespective of different classifications of customers such as age, sex, education, occupation income level the bank in which customers have an account type of account and the period o customers’ association with banks.

Zuliana and Izah (2012) extracted six dimensions of customer relationship management from 25 items in banks. These were customer acquisition, customer response, customer knowledge, customer knowledge, customer information system, customer value evaluation and customer information process.

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2.2.2 Factors influencing the customer relationship management practices

Michel Laroche\textsuperscript{31} et.al., (2004) in their study stated that the influence of culture on the measurement of service quality and satisfaction in a dentist office settings were examined by a few authors respondents from the united states Canada, and Japan participated in a 2*2 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, Japans respondents reported lower quality perceptions and satisfaction ratings when performance was lower than those of their U.S. and Canadian counterparts. Thus there is some evidence that Japans consumers are more conservative in their evaluations of superior service but are less critical (or more for giving) of interior service. Managerial implications and future research directions were also discussed.

Arvind Singh\textsuperscript{32} (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.


Daniel Ashok\textsuperscript{33} (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.

Lynette Ryals\textsuperscript{34}(2005), showed that Customer Relationship Management works and that a relatively straightforward analysis of the value of the customer can make a real difference. The research suggests that the important issue is not customer loyalty or customer retention, but it is profitable customer retention and profitable customer portfolio management.

Bhat Mushtaq\textsuperscript{35} (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\(^{36}\), 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.

Rahman Ljaz Dar and Yongchao Hu\(^{37}\) (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\textsuperscript{38} (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\textsuperscript{39} (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 fulfilment of given customer requirements. The key ways to building a strong competitive position are through value-added services and differentiation.

Stan Makllan\(^{40}\) et.al. (2005) in their study stated that the long-term benefits of implementing a Customer Relationship management programme are widely accepted as being learning from customers, building customer retention, and reduced market uncertainty, yet high rates of failure in CRM (an originate right at the stage when the investment decisions are made. Traditional discounted cash flow analysis alone does not value or focus managerial attention upon the strategic long-term benefits of CRM. Through a simulated case study analysis the paper illustrates how the addition of real options to discounted cash flow can improve CRM investment decision making, encourage managers to verify critical assumptions and reduce both investment and business risk.

Saumithra Bhaduri\(^{41}\) (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.


\(^{41}\) Sumitra Bhaduri (2005), CRM in Banks: Serve the Customer, The Hindu Business Line, November.4
Frederict Hong-Kit Yim Rolph et al, (2005) in their article “CRM: ITS Dimensions and effective on customer outcomes” observe that the results indicates that the bank managers need to think significantly enhance customer loyalty and sales growth.

William Boulding et al, (2005) in their article “a customer relationship management roadmap what is known, potential pitfalls and where to go” observe the successful implementation of customer relationship management requires that firms carefully consider issues of consumer trust and privacy and fairness. Successful implementation of customer relationship management requires that firms incorporate knowledge about competition and competitive reaction into customer relationship management process. Effective customer relationship management implementation requires co-ordination of channels, technologies customers and employees. Customer relationship management is the outcome of the continuing evolution and integration of marketing ideas and newly available data technologies and organisational forms. We do not forecast a discontinuous leap after CRM.

Zillur Rahman (2006) in his article “service quality-gaps in the Indian banking industry”, which is based on a study conducted for measurement of serving quality of banks in India examines and evaluated factors like competitive service quality assessment course expectation, perceptions and gaps among users of bank services. The purpose of the study to diagnose service shortfalls in the banking systems accurately by assessing and comparing customer perceptions, it investigate the

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discrepancy, between customer’s expectations and perceptions towards quality of service provided by banks. The results indicated that a sample population has perceptual problems with their banking service experiences and it is therefore, commended that managers should become more aware of their role and provide the staff with adequate training in order to offer a consistently high standard of service quality.

Garimella GK Murthy45 (2006) in his study “Management of complaints and customers in banks” brings out the various dimensions of customer complaints and the approaches that can help eliminate the complaints. Despite the increased level of awareness of banks about customer service, customer complaints in banks seem to be growing along with the business of the banks. The complex nature of operations of banks, across a wide network of branches as also the varying levels of orientation and attitude of the workforce in banks could be the factors responsible to this in a competitive environment winning customer loyalty being the paramount factor, banks need to equip themselves to tackle different types of customers in understanding and meeting their expectations through fulfilment of needs. This article provides an insight into the bankers to understand the customer’s expectations, the attributes required in tracking at difficult and angry customers. It highlights that offering a problem-free service is the best strategy for a banker in the first place. But when there is failure on this front and problems crop up in customer relations the only option left is to render appropriate assistance to the customer till he is completely satisfied.

Gopalakrishnan. S 46 (2006) in this study “customer service and grievance redressal mechanism” points out that realizations has dawned on banks that customer retention is more crucial than acquiring new customers. The growing competition and the technological innovations have created tremendous awareness among the customers. In order to retain even the existing customer products and required to be upgraded keeping in mind the development in other markets with globalizations, banks are required to keep themselves abreast with development worldwide.

Hasanbanu. S 47 (2006) in his article “customer service in rural banks: An analytical study of attitude of different types of customers towards banking services” describes that this study has been undertaken mainly to highlight the attitude of different types of customers towards banking services. All kinds of customer like business man agriculturists professionals, pensioners and housewives have been chosen for this study. It has to be released that banking customer service cannot be seen in isolation from other organisational priorities customers expect speed, courtesy and concern from the banks. The main thrust of the survey shows that the system followed in banks need a review for simplifying the various forms and proceedings for sanctioning loans. A banker should maintain a high customer satisfaction level through service. Defect analyse should be practiced to locate failure and remedial actions should be taken for the retention of all customers.

Innoveer 48 (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

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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.

Pushpanganathan\(^{49}\) (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.

Madhu Jasula\(^{50}\) (2008) in the article “CRM: A competitive pool for Indian banking sector” points out how CRM has emerged as a popular business strategy in today’s competitive environment. IT is a discipline which enables the companies to identify and target their most profitable customers. CRM involves new and advancement marketing strategies which not only retain the existing customers but also acquire new customers. It is observed that customers in the CRM bank rate its services far more favourably than those in the non-CRM which is an indicator of the superior level of services in the former. This could be further attributed to CRM a close understanding of and individualized service to the customer. There is a direct relationship between perception and satisfaction commitment and loyalty which underlines the signification of CRM in service industry. For those planning to up-sell


and cross-sell, raising customer perception is all the more important and employing CRM may only strengthen the relationship between perceptions and up-buying and cross-buying which is all in support of introducing CRM in service sector.

**Arpita Khare and Anushman Khare**\(^{51}\) (2008) in their article study “managing customer relationship using CRM technology in India’s financial sector” investigated the role and relevance of CRM in creating sustainable relationship: The discussion focuses of the CRM technology in the financial sector in India. It highlights how they are changing their business processes to provide better value to the customer during the interaction. They reiterate the growing relevance and demand for building relationship with customers and emphasis the usage of information technology in creating better value for the end user. It also explores the practices being adopted in the financial sector organizations in India in redesigning their business processes to interaction with customers. With information technology setting never standards of performance financial organisations able to recognise their business and services around core processes are the ones that stand to succeed.

**Manoj Patwardhan and Pankaj Srivastava**\(^{52}\) (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

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provide them with the current scenario of CRM. Further managers learn to identify CRM-related factors that could contribute to CRM implementation.

John Mylonakis\(^53\) (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\(^54\) (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 banks 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.\(^5\), (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.

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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.

Mengi Pooja\textsuperscript{56} (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\textsuperscript{57} (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 Nirmit (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.

2.2.3 Problems of Customer Relationship Management Practices

Mustaq A. Bhat\(^{59}\) (2005) pointed out that in search of competitive advantage, business organisations focus on service quality. Research has shown that high service quality contributes significantly to profit and productivity. In addition, knowledge of the cost and benefits of retaining consumers relative to attracting new ones draws 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 thus understands high. An attempt has been made in the present paper 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 load us to the conclusion that service quality of foreign banks is comparatively much better than that of Indian banks and these are service quality variations across demographic variables.

Michal Ehrest\(^{60}\) (2005) in his study stated that the management of buyers-sellers relationships was an early antecedent to the development of customer relationship management concepts. Currently customer relationship management concepts are challenged by the rise of value networks, value networks can, and often do, interface with customer relationship management and the influence of value network on relationships. The introductory article describes the nature of the problem between relationship and value networks, reviews the current state of research, and


describes the contribution of the articles presented in this special issue on Customer relationship management in business-to-business markets.

Bhat Mushtaq\textsuperscript{61} (2005) in his study “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.

Evangelia Blery\textsuperscript{62} (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.

Mohammed Al-Hawari\textsuperscript{63} et al., (2005) stated in their study that the automated service quality has been recognised as the factor which determines the success or failure of electronic commerce. Those models currently available to measure automated service channels. In relation to the banking sector, research has 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 have a potential influence on quality issues. The proposed model has been empirically tested for dimensionality, reliability and validity using the confirmatory factor analysis.

Feruccio Bilich and Annibal Affonso Neto\textsuperscript{64} (2005) stated in their work deals with the management of quality as a fundamental component in the formulation of strategic for commercial banks, important elements in the financial system. Considering the increasing emphasis laid and pre occupation of large organisations with quality the insertion of banks in this context becomes of fundamental importance, as much as quality has been provoking a veritable change of paradigms in management. A model for the macro-function quality is proposed, the important and relevant variable related to the dimensions of the model are identified and the desirable actions with respect to each variable and dimension are arrive at through empirical data. In the development of


\textsuperscript{64} Ferocious Belch and Cannibal Alfonzo Nate, “Total Quality Management: Quality Macro-Function Model for Banks”, Total Quality Management, Vol.11, No.1, 2005, pp. 15-15
the model for the management of quality in banks actuating in Brazil were analysed, concluding the work, alternatives are presented for adequate conduct of the actions for quality considering fire dimensions: strategy, managerial model, organisational structure, human resources and systems.

**Vanniarajan, T and Vikkiraman, P** (2006) in their paper focused on the link between customer’s satisfaction and organisational performance. Three groups of banks namely, the Associates of SBI, Nationalised Banks and private sector banks were included in the study. The emotional 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, Tangible 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 is created by the customer’s satisfaction on the service quality factors, namely, Empathy, Assurance and Tangibles. The study concludes that the suitable strategy to increase the profit among the banks is creating. Maintaining and enhancing appropriate service quality to the customers.

**Gholamraza Torkzadeh** et al., (2006) reported in their study the result 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 term of mangers supervisors and customer service

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representative then consolidated this list. A 54 items survey was derived from the list and 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 model was used with the second data set to further examine and confirm the initial list of factors. The study results suggest a seven-factor 21 items model describing barriers to the success of customer relationship management in terms of standard operating procedure compliance, accountability and ownership, call back information content, customer contact process, billing issues, dispensing and replacement process and queuing procedure. These factors explained the majority of customer relationship management problems in the company. These measures can 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 are discussed.

Richardo Chalmeta (2006) in his study stated that CRM is a customer focused 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 leads to a strong demand for CRM solutions by companies. However, despite companies' interest in this new management model, many CRM implementations fail. One of the main reasons for this lack of success is 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 describes 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. Reengineering

customer-oriented business process, human resources management, the computer system, management of change and continuous improvement

Dutta and Dutta\textsuperscript{68} (2009) found that the customer response dimension was the most important dimension when compared to other dimensions of customer relationship management as this dimension was related to communication with customers, customers’ problems and complaints, and the way services were provided to customers.

Hussain\textsuperscript{69} et al., (2009) stress the implementation of customer relationship management, the benefits and problems as well as success and failures in order to develop a better understanding of customer relationship management practices. They used customer management assessment tools to identify the elements of practical customer relationship management.

2.3 RESEARCH GAP

The review of literature relating to customer relationship management helped the researcher to identify research gap. The banks are taking a lot of steps to attract the customers through different strategies. One of the present strategies followed by the bankers to face the competition is customer relationship management. Regarding the customer relationship management though number of research studies is available in depth study is not available in the service sector especially in the banks. Among the different types of banks the public sector banks are playing a major role in providing better service to the customers. In this study an attempt is taken by the researcher to study the perception of the customers towards the customer relationship management.


The study will throw light about the perception of the customers towards customer relationship management and the problems faced by the customers regarding the customer relationship management.

2.4 SUMMARY

In this chapter the researcher reviewed the earlier literature available regarding the customer relationship management. The practices followed by the business establishments as regards the customer relationship management were reviewed and presented in this chapter. The review of the earlier literature helped the researcher to identify the research gap.