



Evaluating Customer Satisfaction of an Indian Public Sector Bank Using Customer Relationship Management

MOHAMMED ARIF SHAIKH

Lecturer

Department of International Trade & Investment Management,
School of Business & Economics,
Adama Science & Technology University,
Adama, Ethiopia

Abstract:

The concept of banking is not simply confined to accepting deposits, lending and money transmissions but also to insurance, advisory service, merchant banking, factoring and the like. To meet the competition in the market, the banks have to plan marketing strategies to achieve customer satisfaction by providing the customer with what he wants, when he wants and where he wants. Customer relationship management (CRM) integrates customers, service processes and technology to maximize relationship with all customers, distributional channel numbers, internal customers and suppliers. CRM results in better margins with enhanced customer satisfaction and reduced administrative costs. Random sampling method is adopted for the collection of data from the respondents. In Thiruchirappalli regional office of State Bank of India, area operations are selected within 10 kilometer radius from the Main branch and 60 questionnaires per branch have been distributed in 10 branches. Out of 600 questionnaires, 109 are found incomplete and 491 are fully complete with 81.83% of response rate. The data collected were analyzed with the help of ANOVA single factor and weighted ANOVA by using SPSS Package. The respondents are satisfied with the attitude of the bank towards them and the information provided by the bank regarding the products and services.

Keywords: CRM, Price staff, Routine, Technical and promotional factors

1. Introduction

The need for banking has arisen out of growth in organizations, technological complexities, diversification and fast expansion of business. This led to an extensive use of computers and information technology which has a remarkable influence on Indian economy, society and business, more specifically, the service sectors like banks, insurance, medical and entertainment make an extensive use of computer technology. Hence, the use of information technology has given rise to an increase in speed, accuracy and efficiency of operations, productivity in the existing situation and also in the preparation of innovative products and services in new industries. The Indian Banking Sector is increasingly realizing the importance of effective customer relationship management. Continuous efforts are being made to improve customer relations and reduce customer turnover. Banking services must be simplified so that more people can avail it easily.

Customer Relationship Management (CRM) occupies an enviable status in the process of the management of banking institutions in the present times. Customers are rightly regarded as the assets of the modern banks and other institutions. No organization can achieve commendable business success in the absence of meaningful CRM practices. The present society is also known as 'customer oriented society'.

The aim of CRM is to assist businesses to better administer their customers through the introduction

of consistent systems, processes and procedures. It is a blend of business processes, strategies and information technologies, which are used to study the needs and behaviours of the customers and to develop substantial relationships with them in order to get good outcomes. CRM integrates people, processes and technology to maximize relationship with all customers, distributional channel numbers, internal customers and suppliers. CRM results in better margins with enhanced customer satisfaction and reduced administrative costs. Parasuraman, Zeithaml and Berry (1985) say that improper understanding the expectations of the customers is a reason for low quality of service and this due to the gap between perceptions of managers towards customer's expectations and actual customer expectations. Oliver (1980) has developed a cognitive model of previous circumstances and results of satisfaction results. He viewed satisfaction as a transaction-specific evaluation of a service encounter, which eventually transforms into the customer's overall attitude towards the firm. Berry (1983) has suggested customizing the relationship to the individual customer to practice relationship marketing in service organizations.

2. Need and Objectives of the Study

Banks cannot exist without customers. The banks' operations are invested to serve customers and not vice versa. A customer looks for certain values like product, quality, reliability, superior service, and state of the art technology, low cost and a premium image while purchasing any product or service. So, total customer satisfaction should be the focal point that serves the banks' objective of maximization of profit. It is obvious that a bank cannot think of making profit without customers. In the present day, the concept of banking is not simply confined to accepting deposits, lending and money transmissions but also to insurance, advisory service, merchant banking, factoring and the like. To meet the competition in the market, the banks have to plan marketing strategies to achieve customer satisfaction by providing the customer with what he wants, when he wants and where he wants. Keeping these factors in mind, an attempt has been made in the present study to analyze the level of customer satisfaction in state bank of India by evaluating its CRM practices.

3. Scope of the Study

SBI Group ranks as 13th out of 174 banks in the list top Asian banks by total assets and market capitalization as on 2009. As per the Forbes Fortune 500 list, State Bank of India ranks 292th rank with 32,450 \$ millions as revenue as on July 2011. The SBI is the biggest of the big four banks of India, together with its main competitors namely, ICICI Bank, Punjab National Bank and HDFC Bank. The SBI has 13,661 branches and 5220 ATMs (1548- On site ATM and 3672- Off site ATM) as on 31st December 2011. SBI ranks as 49th in the list of largest banks in the world based on market capitalization as of January, 2012. It has a market capitalization of US\$20.10 billion as on January 2012 with the symbol as NSE: SBIN. An excellent customer service enhances productivity; develops employee morale, financial performance and profitability and leads to increased market shares. The customer relationship extended by the officials of SBI has resulted in customer satisfaction and continued relationship with the bank.

3. Sampling Design and Statistical Tools Used

Random sampling method is adopted for the collection of data from the respondents. In Thiruchirappalli regional office of State Bank of India, area operations are selected within 10 kilometer radius from the Main branch and 60 questionnaires per branch have been distributed in 10 branches. Out of 600 questionnaires, 109 are found incomplete and 491 are fully complete with 81.83% of response rate. The data collected were analysed with the help of ANOVA single factor and weighted ANOVA by using SPSS Package. The Cronbach alpha, a measure of internal consistency obtained is 0.925 which is considered to be excellent.

4. Review of Literature

Meeting of customer's needs and the way in which the service is delivered to match customer expectations determines the degree of service quality. Good customer service is a prerequisite for

maintaining customer relationships. Customer service covers all sequences of service provision, i.e., service actions that take place before, during and after the purchase of a product. Turban (2002) describes customer service as an emotion that a product or service has met the expectation of the customer. In addition, the channels through which a service is provided play a vital role in reaching high service standards. In a banking context such channels include the personal service in the branch office, but also online banking, telephone banking and ATM service. Bose (2002) has stated that the customer relationship management is essential to collect the related information about customers in order to offer efficient services. Furness P (2001) stated that decision analytics should be applied to know and foresee customer behavior and this forms the basis for customer relationship management process. Payne (1999) observes the customers expect the companies to more than connect with them, more than satisfy them, and even more than delight them. Bill Schmarzo (1999) says that in the competitive marketing environment, the modern customers are deciding their buying decisions not only on the basis of comparison of products but also on the basis of the relationship they maintain with the suppliers.

Gilbert et al. (2003) say that the banks cannot implement successfully CRM strategy just by installing and incorporating software packages. The banks should develop and continue to have a long-term relationship with the customers to attain sustainable competitive advantage. Moriarty et al. (1983) have suggested that banks should understand and practice the customer relationship concept as they can augment their earnings by increasing the profitability of entire customer relationship in future, instead of getting more profit from any one transaction. Ramachandran, smitha(2008) has also pointed out that banks should give due importance of technology that would be the critical success factor in customer management. Dyche.J (2001) has stated that the applications of data can assist the bank to deal with its customer relationship to prolong its growth and develop on sound footing of management and customer relations. According to Stone, Merlin and Foss, Bryan (2001) most divisions of the financial services sector were eager to utilise CRM practice to acquire many fruitful outcome. Durkin M (2004) states that clearing banks and the retail banking market are exposed to increased competition and are required to come out of traditional product markets. Bajaj (2000) analyzed electronic payment system are emerging and getting acceptance in market place as it help to cut cost by producing check ways of delivering products to customers and to see it that whether technology create new opportunities for banks or they become extinct. Parvatiyar.A and Sheth J.N.(2001) observed that CRM is a complete approach and practice of procuring, holding and affiliating with selective customers to generate higher value for the company with the customers. Day,G.S. (2003) pointed out that a relationship orientation should impart the mindset, values and norms of the organization.

5. Analysis and Discussion

Banks have improved their services according to the expectations of the customers. But the expectations of customers are never ending and ever pending. At the time of introducing a new service to customers, they feel delighted, but later on it becomes their expectation. But still, customer is the monarch of the market. So, bankers need to make new strategies for attracting fresh customers and maintaining the present customers. It is very important to categorize the respondents' demographic profile because it gives a broad picture and helps bankers to analyze the demographic factors which influence and are associated with the satisfaction levels.

Table 1: Socio- economic profile of the respondents

Particulars		No. of respondents	Percentage to total
Age (Years)	18 to 27	88	17.9
	28 to 37	135	27.5
	38 to 47	110	22.4

	48 & above	158	32.2
Gender	Male	294	59.9
	Female	197	40.1
Educational Qualification	Professional	110	22.4
	Post Graduate	179	36.5
	Under graduate	188	38.2
	School Level	14	2.9
Occupation	Professional	107	21.8
	Government Employee	185	37.7
	Private sector Employee	154	31.4
	Self employed	45	9.1
Monthly Income (Rs)	Less than 20,000	103	21.0
	21,000-30,000	106	21.6
	31,000-40,000	174	35.4
	Above 41,000	108	22.0
Marital status	Married	295	60.1
	Un married	196	39.9

Source: Primary data

The above table represents that most of the account holders were male and between the age group of 48 and above. Age is an important influencing factor in operating bank transactions, similarly the factors viz., education and occupation decides the usage of bank's services. Occupation is a predominant factor that reveals the consumers social class, life style and willingness to buy and ability to buy because occupation provides the income which influences the purchases and services more that 37.7% of the customers were working in the Government organization and 38.3% were undergraduates. Most of the customers were married and belongs to the income group of around Rs.30,000 per month.

Personal relations of the bank employees with customers will improve customer satisfaction; service with smile should be the motto of every bank employee. Managers must use the available benchmark information to recognize possible enhancement areas and then use excellent practices to develop those areas. The factors is linked to several minor ingredients of the satisfaction experienced by the customers such as Routine operational factors, Price factors, Staff factors, Technical and promotional factors. The variety of the product and services sold by the bank is a dominant factor for the success of any bank. The prime aim of every bank is to provide excellent service to their customers.

Routine factors have attached the highest importance to customer satisfaction for the success of an organization, that is, branch operating hours, waiting period in the line, accuracy in transactions, quickly rectifying transaction errors, time taken in opening an account, speed of depositing money and withdrawal. Price factor includes attributes such as adequate elucidation of service charges, satisfactory fees, and competitive fees, clear statements on service charges and interest on loans/savings. Banks offer a wide range of services that consumers use to different extents, in effect

creating a product that is customized to the individual consumer.

Customer’s satisfaction with bank staff refers to the readiness of the bank staff to assist customers and offer timely services to its customers. Staff factor is linked to several minor ingredients of the satisfaction experienced by the customers such as availability of the staff at the respective counters, knowledge of bank employees regarding services, attitude of staff towards the customers, helpfulness of staff in resolving customer problems and educating about the products/services. Technical factors include computerization in the bank, Bank’s innovativeness in introducing new services and efficiency of the staff in handling. Promotional factors consists of customer awareness about changes in bank’s services, bank’s publication regarding services and performance, bank’s advertising regarding services, accessibility of facility, reputation of the bank, banker-customer meet and personalized attention. The primary data collected has been analysed based on the occupational pattern and annual income of the respondents which are major factors influencing the customer relationship with the bank. The following hypothesis has been set to study the impact of occupational pattern and monthly income of the respondents towards the factors influencing customer relationship in State Bank of India.

Hypotheses H₀: Occupational pattern and monthly incomes of the respondents do not have significant difference over the factors influencing customer relationship in State Bank of India.

From the following table No.2, it is clear that the occupational pattern and monthly income of the respondents have an influence towards the customer relationship provided by the bank in the form of routine factors, price factors, staff factors, technical factors and promotional factors. This is clear from the fact that the calculated value, namely, 2.497 and 2.092 is more than the table value of 1.3180 for occupational pattern and monthly income of the respondents respectively.

Table 2: Impact of occupational pattern and monthly income of the respondent on the customer relationship management ANOVA single factor

Factors	Occupational pattern wise			Monthly income pattern wise		
	Calculated value	Table value	Result	Calculated value	Table value	Result
Routine	1.91	1.5173	Rejected	2.66	1.318	Rejected
Price	2.54	1.5705	Rejected	4.67	1.571	Rejected
Staff	2.48	1.5705	Rejected	4.03	1.571	Rejected
Technical	1.88	1.7522	Rejected	4.24	1.752	Rejected
Promotional	1.58	1.5705	Rejected	2.60	1.571	Rejected
overall	2.50	1.3180	Rejected	2.10	1.318	Rejected

Source : Primary data

The following table no.3 shows the status of customer relationship of the respondents about the superiority of service provided by State Bank of India.

Table 3: Factors influencing customer relationship - Weighted ANOVA

Particulars	Weighted ANOVA	Rank
Waiting period in the line	54.85185	1
Attitude of banks towards customers	52.18519	2
Educating about the products/services	50.74074	3
Quickly rectifying transaction errors (if any)	49.74074	4
Adequate elucidation of service charges	48.85185	5
Interest on loans / savings	48.33333	6
Availability of the staff at the respective counters	48.33333	6
Helpfulness of staff in resolving customer problems	47.2963	8
Knowledge of bank employees regarding services	47.25926	9
Competitive fees	46.59259	10
Attitude of staff towards the customers	46.33333	11
Computerization in the bank	45.37037	12
Time taken in opening an account	45.14815	13
Reputation of the bank	44.55556	14
Satisfactory fees	44.33333	15
Bank's advertising regarding services	43.88889	16
Speed of withdrawal	43.77778	17
Speed of depositing money	43.33333	18
Bank's publication regarding services and performance	42.37037	19
Clear statements on service charges	42.14815	20
Customer awareness about changes in bank's services	42.00000	21
Accessibility of facility	40.96296	22
Banker – Customer meet	39.7037	23
Bank's innovativeness in introducing new services	39.22222	24
Efficiency of the staff in handling	38.66667	25
Accuracy in transactions	37.44444	26
Personalised attention	36.14815	27
Branch operating hours	36.14815	27

Source: Primary data

The respondents were satisfied that the waiting period for getting the service is reasonable and they are satisfied by giving the first rank. They are also satisfied with the attitude of the bank towards them and the information provided by the bank regarding the products and services. They are also of the opinion that the transaction errors are quickly rectified by the bank. They are contented with the rate of interest on loans and savings as it is determined by the Government with the view of social responsibility. They also feel that staff is available in the respective counters and they knowledgeable and helpful. They are also satisfied with the attitude of the staff towards them and the reputation of the bank. The respondents are less satisfied with the bank's innovativeness, accuracy in transactions, personalised attention to customers by the staff and the branch operating hours as they are ranked last.

6. Suggestions

The banks that make personal contacts with demo at the counter and any other information to make more and more customers aware about e-banking services as they think these methods are most effective to cover this path. They should start to introduce mobile ATMs as these are time saving and became more popular in these days.

- a. The branch hours of banks may be extended depending upon the need. Further on a rotational basis of employees, a seven days week may be experimented. Every branch of a bank should provide sufficient and proper vehicle parking, sitting arrangement, water and sanitary facilities etc.
- b. CRM requires adoption of new skills, technology and culture together with reorganization of the marketing department. Customer awareness campaign is necessary for successful implementation of CRM in banks.
- c. There is a need to develop both products and pricing systems that are readily intelligible to the bank customers and can therefore be compared with the products and prices of competing banks and other financial institutions. Product development and pricing system are vitally important in the marketing services of banking institutions.
- d. SBI has been giving advertisements and publicity to its products and services whenever there is a need for it. Particularly, when a new product is launched, the bank goes for it in large scale. The various ways in which the bank does it are advertisements through press, pamphlets, posters, road shows, souvenir, press conferences, radio, T.V etc. of existing schemes should also be displayed in the appropriate places.
- e. Team work is a need of the hour. So create collaborative culture for work by motivating the employees to work together. For this purpose, organize the people in different task groups with specified targets and time period, it will definitely result in collaborative work culture and help in timely achievement of the desired goals.

7. Conclusion

The development of financial services in a highly competitive and multifaceted market has resulted in a constant modification of services. Customer relationship is the best way to manage the business and interactions with the customers. Occupational pattern and monthly income of the respondents have an influence towards the customer relationship provided by the bank in the form of routine factors, price factors, staff factors, technical factors and promotional factors. So, the bank should concentrate on these factors to maintain a satisfied customer relationship with the bank and to attain a sustainable competitive advantage.

References

1. Bajaj, (2000). E-commerce issues in the emerging Hi-Tech. Banking Environment, The Journal of the Indian institute of bankers, (Jan-March).
2. Berry L. L. (1983). Relationship marketing of services: Growing interest, emerging perspectives, Journal of academy of marketing research, 17: 460-469.
3. Bill Schmarzo. (1999). Making every customer relationship count, exploring the business drivers ANS technology enablers of customer relationship management, IBM. NUMA-Q Copyright:

- International Business Machines Corporation.
4. Bose, R. (2002). Customer Relationship Management: key components for IT success, *Industrial Management & Data System*, 2002; 102(2): 89-97.
 5. Day, G. S. Creating a superior customer-relating capability, *MIT Sloan Management Review*, 44(3): 77-82.
 6. Durkin. M. (2004). In search of the Internet-Banking customer, *The International Journal of Bank Marketing*, 7: 484-503.
 7. Dyche. J. (2001). *The CRM Handbook: A Business guide to customer relationship management*”, Reading, MA: Addison-Wesley, 2001.
 8. Furness, P. (2001). Techniques for customer modeling in CRM”, *Journal of Financial services marketing*, 5(4): 293-307.
 9. Gilbert et al. (2003). Relationship marketing practice in relation to different bank ownership: A study of banks in Hong Kong, *International Journal of Bank Marketing*, 3: 137 – 146.
 10. http://en.wikipedia.org/wiki/Customer_service, 2009-04-17.
 11. http://money.cnn.com/magazines/fortune/global500/2011/full_list/201_300.html
 12. <http://www.fundoodata.com/industry-companies/IT-- ERPCRM/12.html>
 13. <http://www.quantisoft.com/Articles/Quotes.htm#s2>
 14. <http://www.relbanks.com/asia/india/state-bank-of-india>
 15. <http://www.relbanks.com/rankings/top-banks-in-asia>
 16. <http://www.relbanks.com/worlds-top-banks/market-capitalization-2012>
 17. Kotler Philip and Kevin lance Keller (2007). *Marketing management*, Dorling Kindersley (India) Pvt. Ltd.
 18. Kotler, P., Wong, V., (2005).Saunders, J, Armstrong, G. *Principles of Marketing*, fourth European edition, Pearson Prentice Hall.
 19. Moriarty et al. (1983).The commitment-Trust Theory of Relationship Marketing, *Journal of Marketing*, 58(3): 20-38.
 20. Oliver, R.L. (1980). A cognitive model of the antecedents and consequences of satisfaction decisions”, *Journal of marketing research*, 17: 460-469.
 21. Pan, S.L and Lee, J.N. (2003). “Using e-CRM for a Unified View of the Customer”, *Communications of ACM*, 46 (4): 95-99.
 22. Parasuraman, A., Zeithaml, V. A., and Berry, L. A. (1985). Conceptual Model of Service Quality and its Implications for Future Research, *Journal of Marketing*, 41-50.
 23. Parasuraman, A., Zeithaml. V.A. and Berry, L.L. (1985). A Conceptual Perspectives, *Journal of the Academy of Marketing Science*, 1985; 23(4): 236-245.
 24. Parvatiyar.A and Sheth J.N. (2001).*Conceptual framework of customer relationship management*, New Delhi, India: Tata/McGraw-hill.
 25. Payne, Adrian (1999). *Customer Relationship Management; choosing the appropriate strategy and data warehousing technology to win and retain customer*, Cranfield University for Oracle.
 26. Ramachandran, Smitha (2008). *Customer management in retail banking: An Overview*, ICFAI University press, Agartala.
 27. Stone, Merlin and Foss, Bryan. (2001).*CRM in Financial services*, KOGAN PAGE, First published.
 28. Turban, E. (2002). *Electronic Commerce: A Managerial Perspective*, Prentice Hall.