

A Study On Impact of Profit Maximization Through Powerful Relationship Management Strategy in Indian Banking System.

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ABSTRACT

An organization, whether a business or an industrial enterprise need customer for its survival and growth. The success and failure of an organization depends on its customers. So it is the utmost duty of any organizational members to look after their customer's needs and wants and make them satisfied with their product or service. It is ideal from any organization's part of view that customer's are the only assets. They are the back born of any organization or business. Any industry, they cannot survive without the loyalty of customers. Nowadays, many businesses such as banks, insurance companies, and other service providers realize the importance of Customer Relationship Management (CRM) and its potential to help them acquire new customers retain existing ones and maximize their lifetime value. CRM in banking industry entirely different from other sectors, because banking industry purely related to financial services, which needs to create the trust among the people. This study deals with the role of Customer Relationship Management in banks and the need for Customer Relationship Management to increase customer value by using the methods in CRM applications. Throughout this paper, there is an underlying focus on CRM, how well it is making the banking industry active in the global competition.

Key Words: Retailing - Consumer preferences-Customers-Marketing-Behaviour, Customer expectation, Success of banks and CRM.

1. INTRODUCTION

Today, "it would be difficult to find a company that doesn't proudly claim to be a customer-oriented, customer-focused, or even-customer driven enterprise. But look closer at how these companies put their assertions into practice, and often you discover an array of notions and assumptions that range from superficial and incomplete to misguide."The Indian banking sector is one of the fastest growing industries in India over the last couple of years. Organized banking sector in India is expected to grow 25-30 per cent yearly and is expected to increase from Rs35, 000 crore in 2004-05 to Rs109, 000 crore (\$24 billion) by 2010.

We all know customer satisfaction is essential to the survival of our businesses you may or may not agree with that statement, but everyone ought to agree that customers, and customer opinion, hold a very important place in our lives. After all, without customers - people who buy our products and services

- our businesses close down and we all pack up to go home. The faster you can adapt to accommodate customer needs, the stronger your company's reputation.

The reason for adopting CRM:

“Quality in a service or product is not what you put into it. It is what the client or customer gets out of it.” Given by PETER DRUCKER.

- Increased sales revenues & Increased responsiveness.
- Increased win rates & Increased margins.
- Reduced cost.

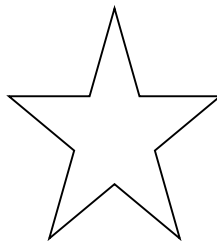
To introduce a new customer it cost Rs 10/- , to retain a customer it cost Rs 1/- but to bring back an old customer it cost Rs100/- . So building rapport with the customers and creating a friendly service oriented environment leads to a good customer relationship management.

2. RATER ANALYSIS FOR INDIAN OVERSEAS BANK

There are many reasons why a customer should be given Quality services

RELIABILITY

RESPONSIVENESS



ASSURANCE

EMPATHY

TANGIBILITY

Fig 1: RATER Analysis for Indian Overseas Bank

Most of the customers do not complain as they just opt out and do get satisfied with better services elsewhere. When it comes to services, there are 10 quality dimensions. Each of the dimensions is of utmost importance since human element is involved and it relates to services.

3. NEED FOR THE STUDY

Customers’ expectation changes in this changing environment. Customers’ expectation should be satisfied to gain the market share. When focusing the Banking industry customers’ expectations are based on the following attributes.

- Quality of Services
- Variety of schemes
- Updated technology
- Recognizing and Valuating the customer (CRM)

The **major advantages** lead by this study:

- Building good customer relationship
- Knowing customer’s expectation.
- Removing customers Dissatisfaction.
- Retain current customer and gaining new one through studying customer’s expectation.
- To increase the Market Share.

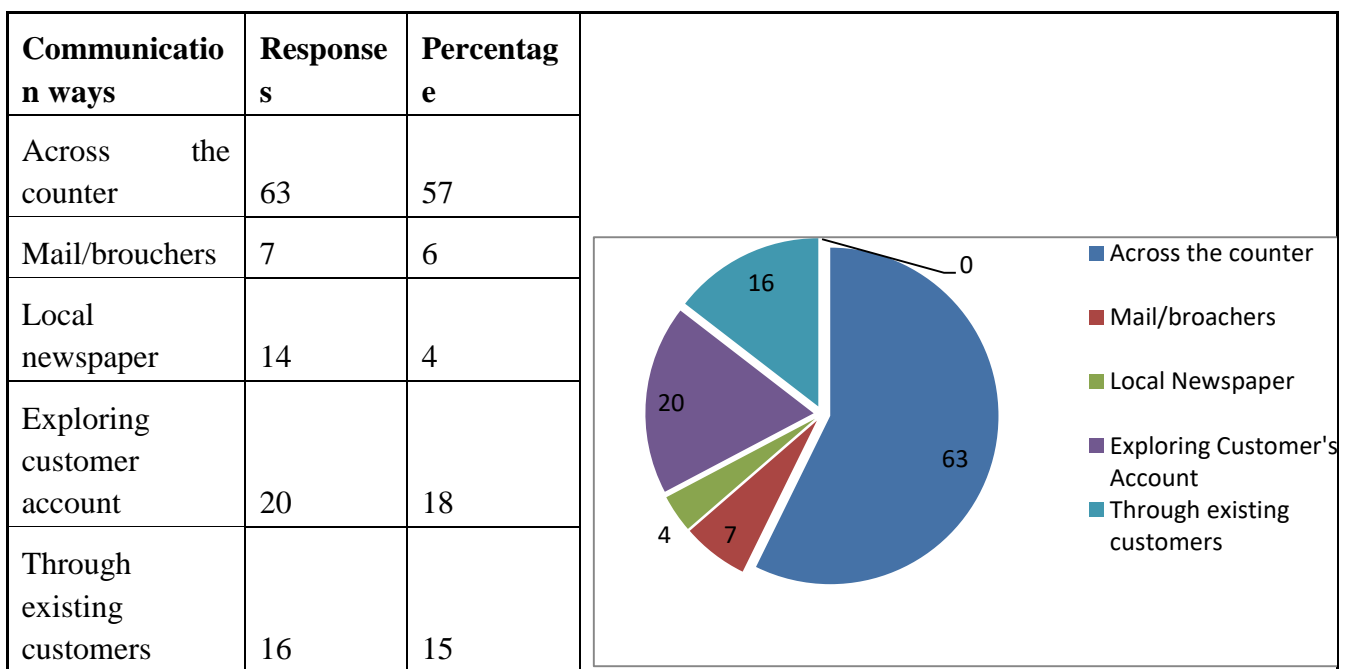
4. OBJECTIVES OF THE STUDY

Primary Objective is to study overall effectiveness of the customer relationship management related retail customers in Indian Overseas Bank. And **Secondary Objective** is

- To study the effect of service delivery procession CRM.
- To provide employees with the information that they need to know the customer wants and needs to built a relationship between the company & the customer.
- To reduce the customer attrition and maintain a long term relationship with them.

Way of communication by IOB’s employees to their customer

Almost 57.27% of the employees have responded that they market their products across the counter. 14.54% of the respondents replied that they communicate about their products through the existing customers. 18.18% of the respondents said that they explore customer’s accounts and suggest suitable products. 2.7% of the respondents informed that they communicate through bills in local newspapers.



Total	120	100	
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Table & Picture 1: Communication method of Indian Overseas Bank

Education Background of Respondent

It is noted from the above table that 8.3% of the respondents are having only HSC education, 12.5% of the respondents are having Diploma education, 40.8% of the respondents are having a graduation and 38.4% of the respondents are having post graduation .

S.No.	Education	No. of Respondent	Percentage
1	HSC	10	8.3
2	Diploma	15	12.5
3	UG	49	40.8
4	PG	46	38.4
	Total	120	100

Table 2: Education Background of Respondent

Satisfaction Level of Customers on service Module

It is known from the above table that 10.8% of the respondents are highly satisfied with the service module of IOB, 71.7% of the respondents are satisfied with the course module of IOB and 14.2% of the respondents are neither satisfied nor dissatisfied with service module of IOB and 3.3% of the respondents are dissatisfied with the service module of IOB.

S.No.	Opinion	No. of Respondent	Percentage
1	Highly satisfied	13	10.8
2	Satisfied	86	71.7
3	Neither satisfied nor dissatisfied	17	14.2
4	Dissatisfied	4	3.3
5	Strongly Dissatisfied	-	-

	Total	120	100
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Table 3: Satisfaction Level of Customers on service Module

Satisfaction level on the Present CRM Practices followed In IOB.

S.No.	Opinion	No. of Respondent	Percentage
1	Highly satisfied	11	9.2
2	Satisfied	45	37.5
3	Neither satisfied nor dissatisfied	39	32.5
4	Dissatisfied	25	20.8
5	Strongly Dissatisfied	-	-
	Total	120	100

Table 4: Satisfaction level on the present CRM Practices followed in IOB.

It is identified from the above table that 9.2% of the respondents are highly satisfied with present CRM practices followed in IOB, 37.5% of the respondents are satisfied with present CRM practices followed in IOB, 32.5% of the respondents are neither satisfied nor dissatisfied with present CRM practices followed in IOB and 20.8% of the respondents are dissatisfied with present CRM practices followed in IOB.

Ranking Method (Weighted Average Method)

FACTOR THAT STRENGTHENS THE RELATIONSHIP WITH IOB

S. No	Factors	Weightage score	Rank
1	Friendly Approach	66	1
2	Training (Awareness)	45.33	5
3	Loyalty	60	2
4	Quality of service	52	4
5	Recognition	44	6
6	Co-ordination	54	3

Table 5: Factors that strengthens the relationship with IOB

As per the ranking method friendly approach got toppest position in the factors that will motivate the relationship with our banks, followed by this remaining all factors like Training, Loyalty, Quality of services, Co-ordination and Recognition etc.

CHI - SQUARE ANALYSIS

EDUCATION BACKGROUND AND LEVEL OF SATISFACTION TOWARDS THE APPROACH OF IOB IN PROVIDING THE SERVICES.

Null Hypothesis (**H0**) - There is no significant relationship between Education level and level of satisfaction towards the Approach of IOB in Providing the Services.

Alternative Hypothesis (**H1**) - There is close relationship between and level Education level of satisfaction towards the Approach of IOB in Providing the Services.

S.NO	Education	LEVEL OF SATISFACTION					TOTAL
		Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied	
1	HSC	10	20	5	2	-	37
2	Diploma	6	25	6	1	-	38
3	UG	4	15	4	-	-	23
4	PG	1	19	2	-	-	22
	TOTAL	21	79	17	3	-	120

Calculated χ^2 value = 7.1941
 Degree of freedom = 12
 Table value = 12.592
 Significant result = Significant at 5% level

INFERENCE

From the above analysis, we find that the calculated value of χ^2 is less than the table value and hence, the null hypothesis is not rejected. So, there is a no close relationship between education level and the approach of IOB conducting in providing the Services towards Customer satisfaction

FINDINGS

- It is obvious from the analysis that maximum of the respondents are satisfied on level services and the application s of CRM in IOB
- It is evident from the analysis that maximum of the respondents are satisfied on the present CRM practices followed in IOB.
- It is obvious from the analysis that maximum of the respondents opinion about the telephone mode of contact is good.

- It is inferred from the analysis that maximum of the respondents satisfied in knowledge of IOB people.
- It is inferred from the analysis that maximum of the respondents are opinion that the factor 'Friendly approach' gives maximum strengthen the relationship with IOB.

CONCLUSION

The satisfaction level of customers relating to turn around Time, Service, Co-ordination, Reliability, Quality, Quantity and Responsiveness were quite good. All the success and their bride have come due to the effective application of CRM practices in right time. They have taken it as a tool of development by keeping the customers with full satisfaction. To be in turn with the changing ties and the rapidly changing technologies IOB needs the right talent with rich ideas and creativity to maintain their leadership position in today's fast paced global market. Implementation of these concepts would help IOB to retain its presidential status in the industry. Through this study we suggest that the banks or companies those who want to sustain in the global competition and crises, those want to win back the lost customers, those who want to keep the better brand image in the society for the bright future, and CRM is best technique to fulfill those things.

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