
An Analytical study of Consumer Relationship Management in Banking Sector: An Empirical Study on SBI

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Introduction

Gone are the days when the Business transactions were a key to success in any business project/venture, where as the hitherto traditional system of marketing has failed to deliver the expected results in the recent time. Modern business world widely recognizes the satisfaction of the customer which is called by Green Leaf and Winner (2002). CRM as a significant business policy which is a highly important factor to achieve great returns in business transactions/projects. It would not be an exaggeration to say that "Customer is the King". These days according to the banks and financial institutions productivity is measured in terms of established concept of CRM. This concept is based on the integrated business activities to discover, create and satisfy 'customer's need. This term CRM is further related to three-pronged integrated business activity; Operational, Collaborative and the last one is Strategy. Whereas the operational aim is to deal with sales, marketing and services, the collaborative policy is to interact with the customer's mind set and the last one, strategy, comprises of software packages to adopt the CRM practices in the bank and other categories of financial institutions & corporations.

Under this concept, the banking sectors tend to adopt an aggressive growth strategy in order to achieve the desired level of revenue growth. In this connection, the state of Delhi contributes more for the development of economy in comparison with other adjoining states. The banking industry in general, to compete in the global market, strives to stimulate the domestic demand so as to invest the capital in other newly emerging areas. While sticking to the principles of customer's satisfaction and cost reduction. The state Bank of India out of the entire body of the nationalized banks provides several facilities to its customers by way of prompt services, effective strategy and technology. With a wide area of network at its disposal, its findings and achievements in the annual turnover during the last few financial years have been considered quite significant for this study.

METHODOLOGY:

In this Context a total number of 125 sample customers were selected for this study and factor analysis was used as an indicator for measuring of each responding factor of each respondent to evaluate the CRM practices adopted by the bank. These factors were selected strategically from the responses of the respondents collected

which were mostly related with banking services, physical facilities, the employees attitude and behavior, ability, technology and professionalism adopted by the bank for utmost care of the customers and encourage them for a promising attitude and environment to retain them. It enhances the customer satisfaction about the product marketed by the State bank of India and has an impact directly and indirectly.

EMPIRICAL ANALYSIS:

In measuring the age and occupation the customers of State Bank of India, their age was divided into six sub-groups and occupational groups as Student, Businessman, Housewife, Govt. employee, Professional and Employees of private sector. Similarly for an in depth study, the age group of the customer have been divided into six categories as: below 22, 22-32, 32-42, and 42-52, 52-62 years, and above 62 years. As age is the most influential factor in taking a product decision, it has been taken here as a dependent variable for all the analysis.

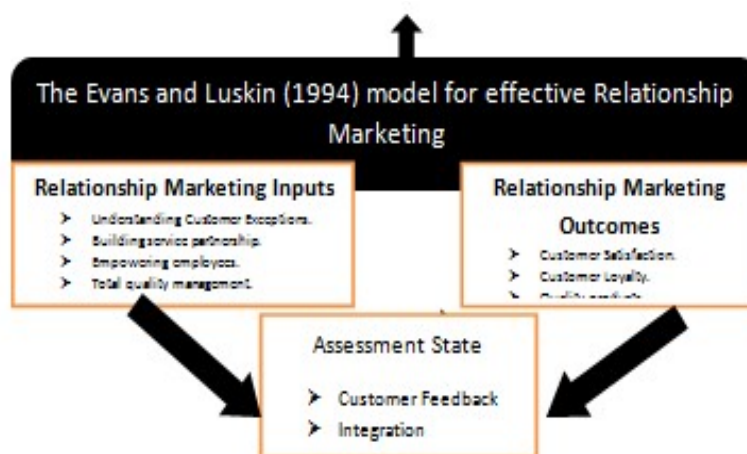
In this paper an attempt has been made to analyze the customer satisfaction on the basis of the performance of banks by interpreting the result of 125 samples customers chosen from the State Bank of India covering the SBI Banks from the State of Delhi.

While judging the quantum of satisfaction of the customers, it has been correlated with different factors related to age, sex, occupation, income, profession and the categories of their respective accounts, tenure of their transaction, account with other banks, visit to bank etc. considering the individual statement of the sample respondents.

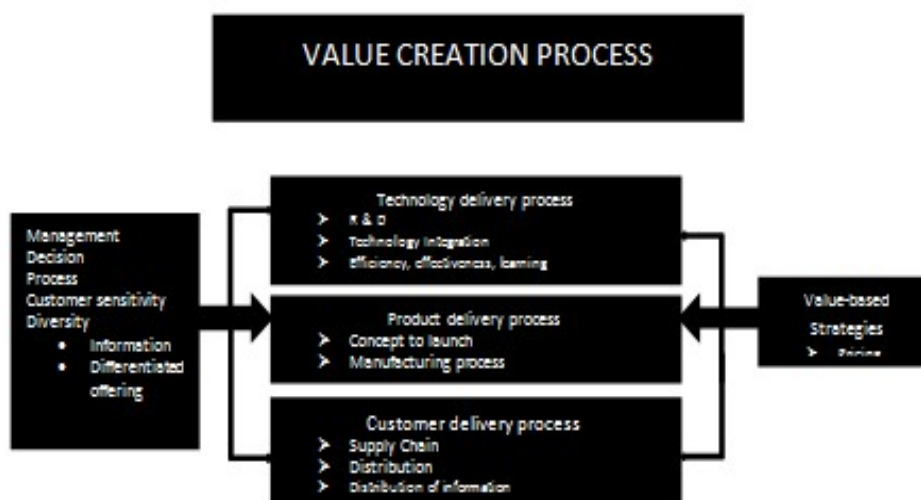
In our proposed study, sample customers were selected from all the account holders from different major branches as well as the customer of loan account and other personal finances categories. We have also included account holders from current accounts, saving bank accounts, term deposits. Further, advances given to customer under different schemes have also been included as home loans, short term housing loan, personal loan, car loan, education loan, travel loan, property loan, loan to pensioners etc.

ASSESSMENT OF PRODUCT PERFORMANCE OF STATE BANK OF INDIA BASED ON CUSTOMER'S SATISFACTION

To study the effectiveness of banking industry in both directly and indirectly, we have taken into consideration its major components, which have the impact on customer satisfaction. Similarly, technology has an impact on customer satisfaction and here an in-depth study has been carried on to measure the factor wise test, at different significant level.



CRM is a new business philosophy based on trust and value. The core function of CRM is the value creation process.



ESTABLISHING RELATION OF CUSTOMER'S AGE & THEIR RESPECTIVE OCCUPATION

Table-1 reveals the relationship between the age groups of the customers of State Bank of India and their occupational status. Here each factor is divided into sex groups and the occupational groups have been classified into Students, Businessmen, Govt. employees, Housewives professionals and employees of private sector undertakings. Similarly for an in depth study, the age groups of the customers have been divided into six categories as: below 22 years, 22 to 32 years, 32 to 42 years, 42 to 52 years, 52 to 62 years and above 62 years. As age is the most influential factor in taking a product decision, it has been taken here as dependent variable for all the analysis. The demographic feature such as sex, occupation also influence that decision on choosing the right bank and right product according to the customers need. Here, in this study, the occupational relation with age groups has been cross tabulated to find out the group wide relation.

Table-1

Age No	House wives	Students	Professionals	Private sector Employees	Govt. Employees	Business Men	Total
	5	11	16	19	31	43	125
Above62	1	-	-	-	-	-	1
Below22	-	-	-	-	-	-	1
52-62	-	-	-	1	-	-	1
42-52	-	-	1	-	-	-	1
22-32	-	-	-	-	1	-	1
32-42	-	-	-	-	-	1	1
Total	1	1	1	1	1	1	6

The study indicates that (table-1), out of total responses of 125, 6 customers are above 62 years old and 5 among them represent housewives. Similarly, 11 respondents are students and all are belong to the age group of below 22 years. Further, among 22 sample customers, 16 represents professional belonging to the age group of 42-52 years, whereas 19 respondents belong to employees of private Sector and 18 among them are in the age group of 52-62 years. Similarly, 31 sample customers represent Government employees and 28 among them are in the age group of 22-32 years. Lastly, among 43 respondents (businessman), 40 are in the age group of 32-42 years. So, it is concluded that the maximum customers of State bank of India represents to businessman category next to Government employee. As most of the samples belong to the business category, it represents a high demand on current account and loan in the bank than any savings bank account.

ESTABLISHING RELATION OF CUSTOMER'S AGE & THEIR MONTHLY INCOME

The income is most important for banking affairs as bank is meant for money. So, income and age are most significantly related to each other. Here, to measure the relationship, age has been cross tabulated with income per month shown in table-2.

Table -2

Age and Income per month of customers (Cross Tabulation)

Income per Month (in Rs.)

Age No	Below Rs. 10,000	Rs. 10,000 to 20,000	Rs. 20,000 to 30,000	Rs. 30,000 to 35,000	Rs. 35,000 to 40,000	Rs. 40,000 and Above	Total
	8	16	21	22	27	31	125
Above 62	1	-	-	-	-	-	1
Below 22	-	1	-	-	-	-	1
52-62	-	-	-	1	-	-	1
42-52	-	-	1	-	-	-	1
22-32	-	-	-	-	1	-	1
32-42	-	-	-	-	-	1	1
Total 125	1	1	1	1	1	1	6

In the above table, total number of both the factors have been classified into six main groups and no missing cases arise in the measurement of cross tabulation. From the suitability point of view, the income per month of the customers have been categorized into six groups as less than Rs. 10,000, Rs. 10000 to 20000, Rs. 20000 to 30000, Rs. 30000 to 35000, Rs. 35000 to 40000 and above Rs. 40000 and categorization of age as previously discussed.

The study shows that 11 respondents are in the age group of below 22 years and 8 among them earn below Rs. 10000 per month. Similarly, 28 customers are in the age group of 22-32 years and 16 among them earn Rs. 10000 to 20000 per month. Whereas 21 respondents earn Rs. 20000 to Rs. 30000 per month and 6 among them are in the age group of Rs. 30000 to Rs. 35000 per month and are in the age group of 42-52 years. Similarly, 27 customers earn Rs. 35000 to 40000 per month and 18 among them are in the age group of 52-602 years. Lastly, 40 are in the age group of 32-42 years and 31 among them earn above Rs. 40000 per month. So it can be concluded that the maximum customers of State Bank of India, are having an income of above Rs. 40000 per month next to the customers having income of Rs. 35000 to 40000 per month. So if it is correlated with the previous table (table-1) it will signify that the business man and private sector employees mostly prefer to open account in State Bank of India.

ANALYSING RELATION OF AGE TO DIFFERENT KINDS OF ACCOUNT OPERATED

Table-3 reveals the relationship between the age group of the customer of State Bank of India and the kinds of account they are operating. The age groups of 125 respondents have been categorized in six heads as previously discussed. According to the need and interest of the customers, the preference in opening of account arise and it of having the account as fixed deposits, loan, recurring deposit, SB, Current Account and any other short term deposits.

Table-3

Age and kind of Account Operated (Cross Tabulation)

Age No	Loan	Any Other	RD	SB	Current	Fixed Deposits	Total
	3	8	18	23	31	42	125
Above 62	1	-	-	-	-	-	1
Below 22	-	-	1	-	-	-	1
52-62	-	-	-	1	-	-	1
42-52	-	1	-	-	-	-	1
22-32	-	-	-	-	-	1	1
32-42	-	-	-	-	1	-	1
Total 125	1	1	1	1	1	1	6

Table -3 indicates that, out of 6 respondents of the age group 62 years, 3 among them have taken loan from the bank. Whereas 22 customers from the age group of 42 52 years, 8 customers are having other types account like (NRI Account, DEMAT Account, Short Term Deposit Account etc.) in the bank. Further, 18 respondents have recurring deposits (RD) at different branches of State Bank of India and 11 among them are in the age group of below 22 years. Further 23 customers are operating Savings Bank Account in State Bank of India and 18 among them are in the age group of 52-62 years. Further, out of 40 customers of the age group 32-42 years, 31 respondents are having current account in the state bank of India. Similarly, out of 42 customers, those are operating fixed deposit in State Bank of India, 28 numbers of customers have fixed deposits in State Bank of India next to the current account deposits. From here, it is observed that most of the customers prefer State Bank of India for its lower interest rate in loan and higher interest rate in deposit accounts than other banks.

4. AGE AS A MOTIVATING FACTOR FOR OPENING OF DIFFERENT KIND OF ACCOUNTS

Table-4 reveals the relationship between the age group and motivating factors. Out of that, it has been observed that the customers are motivated for opening of their account in four ways as by their relatives, self motivated, by manager or employees of the banks and by their friends.

Table -4

Age as a motivating factor (Cross tabulation)

Age No	Relative	Self	Manager/ Employee	Friend	Total
	17	28	37	43	125
52-62	1	-	-	-	1
42-52	-	1	-	-	1
22-32	-	-	-	1	1
32-42	-	-	1	-	1

Total 125	1	1	1	1	1
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The above table indicates that, the respondents of the age group of 52-62 years, 17 have been expressed that they are motivated by their relatives to open the account in State Bank of India where as in the age group of 42-52 years, 28 respondents were motivated by self., sometimes even in some areas, there is no second option for customers. So they are forcefully influenced to open accounts in the available bank in their locality. Further, age groups of 32-42 are marked motivated by the employees of the branch. Similarly, in the age group of 22-32 years, their friends i.e. 43 out of 28 respondents motivated maximum. Now it is concluded that, maximum Bank of India by their friends and employees of the bank.

5. THE RELATION OF AGE TO PERIOD OF TRANSACTION IN THE BANK

The period of transaction shows the customers satisfaction towards the bank as well as the retaining capacity of the bank. So here, it has been measured with six categorization of the period as below 3 years, 3-6 years, 6-9 years, 12-15 years and above 15 years.

Table-5
Age to period of transactions (Cross tabulation)

Age No	(Below-3)	(3-6) years	(6-9) years	(9-12) years	(12-15) years	(Above-15) years	Total
Above62		1					1
6							
Below 22	1						1
11							
52-62				1			1
18							
42-52			1				1
22							
22-32					1		1
28							
32-42						1	1
40							
Total 125	1	1	1	1	1	1	6

The analysis in the table-5 indicates that, out of 9 customers, 6 are in the age group of above 62 years, those are having transactions 3-6 years with the bank. Further, out of 11 customers from the age group of below 22 years, 4 customers, those are having transactions within 9-12 years, 18 customers from the age group of 42-52 years. But maximum of 41 customers are having account more than 15 years in the bank and 40 out of them are from the age group of 32-42 years. So, maximum customers are old customers for State Bank of India and it implies the retaining capability and worthiness of the bank, which indicates a good CRM practices applied by the bank.

CRM PRACTICES BY STATE BANK OF INDIA

The services provided by State Bank of India and customer satisfaction have been measured by factor analysis. Here, the 15 service factors are included for measurement as: Behavior of front executives (counter). Friendliness of employees, Customer Friendliness attitude, Ambience of Bank, Physical environment of Bank, Facilities provided by bank, location of bank, location of ATM, Consumer friendly schemes, promptness in services, Ability to help the customers, contact program of customers, knowledge of customer redress, ability of employee for serving the clients and the familiarity of the Website. Factor wise test would signify the importance towards customer's satisfaction. These factors have been taken from the overall study. Different respondents have opined differently on the under mentioned factors related to the branches of State Bank of India. So by taking all the 125 sample customers, the results have been derived.

Table-6 indicates the commonalities of the analysis by using Principal Component. Commonality indicates the proportion of variance in response to factors, which have been explained in the table 10. Here the initial value of each factor is 1.000, but the extraction values shows highest i.e. 0.994 which represents the customer friendliness attitude and ability of help the customers, next to the value 0.993 which represents the contact program of the customers have not been given weight age to the location of bank along with the friendliness of the websites.

Table-6

CRM Practices by SBI	Initial	Extraction
Behaviour of front executives (counter)	1.000	.992
Friendliness of Employee	1.000	.906
Customer friendliness attitude	1.000	.994
Ambience of Bank	1.000	.975
Physical environment of bank	1.000	.991
Facilities provided by bank	1.000	.993
Location of Bank	1.000	.873
Location of ATM	1.000	.932
Consumer friendly schemes	1.000	.963
Promptness in services	1.000	.963
Ability to help customers	1.000	.994
Contact program of customers	1.000	.993
Knowledge of customer redressal	1.000	.961
Ability of employee for serving	1.000	.981
Familiarity of the Website	1.000	.865

Extraction Method: Principal Component Analysis.

Table-7 indicates total variance with the initial eight values and sum of squared loadings. Here it shows total variance is of 7.450, 5.642, 3.932 and 2.072, those are of above one value. Further in the extraction sums of squared loadings, the value represents are the same also and there is no difference in value arises. As the fifth factor is of below one value, it is not taken for measurement according to the importance given by the sample respondents. This means the customers of State Bank of India have given more importance to four factors out of the total fifteen factors. In order to find the individual importance of factors, it will be portrayed in the component matrix in table-8.

Table-7

Showing the total variance of factors

Component	Initial Eigen Values			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative	Total	% of Variation	Cumulative %
1	7.450	37.250	37.250	7.450	37.250	37.250
2	5.642	28.212	65.461	5.642	28.212	65.461
3	3.932	19.659	85.121	3.932	19.659	85.121
4	2.072	10.358	95.478	2.072	10.358	95.478
5	0.904	4.522	100.000	100.000		

Extraction Method: Principal Component Analysis.

Table-8

Component Matrix of factors (a)

Factors	Component			
	1	2	3	4
Altitudinal Approach of Tope executives (counter)	.365	.526	-.327	.641
Friendliness of employee	.806	.560	.062	.091
Customer friendliness attitude	.453	-.768	.254	-.204
Ambience of bank	-.848	.117	.409	.243
The kind of environment prevalent in the Bank	.806	-.560	.062	.091

Facilities provided by bank	.084	.895	-.277	-.311
Approachability of the Bank	-.272	.089	.874	-.384
Availability of customer's facility.	-.199	.461	.834	.060
Consumer friendly scheme.	.879	.398	.156	.198
Promptness of services	-.664	-.313	-.226	.507
Readiness to help	.365	.526	.327	.641
Contact program of customers	.453	.768	.254	-.204
Knowledge of customer problems & the ability of redressal by the Bank	-.848	.117	.409	.243
Ability of the employee for providing prompt services	.806	-.560	.062	.091
Amiability of Website	.784	.895	.277	.311

Extraction Method: Principal Component Analysis. (A4 components extracted.)

Table-8 indicates that the analysis of the component matrix's of the total 15 factors. But out of these factors only 4 factors have been extracted for analysis. Components matrix emphasizes the aggregate value of the components of the total 15 components. But as 4 components are having the values more than one and these are correlated with the factors as friendliness of employee, consumer friendly schemes, ability to help the customers and the friendliness of web site. Here the customers have expressed their satisfaction as per their expectation on these factors. So, from the above analysis, it is estimated that the CRM practices adopted by the bank is somehow successful and it has been maintained strategically to retain the customers as well as to provide better service to satisfy them in the competitive environment. So it is concluded that as other components are insignificant, these have not been taken here for any further analysis. So, customers of the bank are very much pleased and satisfied with the above four factors only out of the total 15 factors. So bank must maintain this degree of attention on the other factors those which are having insignificant values for better responses and motivation.

CONCLUSION

A total of 125 customers were selected as sample for the study and the factor analyses were used as an indicator for measuring of each responding factors of the respondents for evaluation. These factors were selected from the responses of the respondents and were mostly related to banking services, physical facilities, the employee attitude and behavior, ability

Further, it was revealed from the study that, the maximum customers of state Bank of India represented the businessman category followed by Government employees. Further, from the monthly income and opening of account point of view, business man and private sector employees mostly prefer to open account in State Bank of India and their income per month ranged between as Rs. 35000 to 40000 and above Rs. 40000. Similarly in the regional study of customers, it was divided into six categories as rural, semi urban, urban small town, city and metro areas. Further, it was observed that maximum number of customers have fixed deposits in State Bank of India, next to current account deposits. It was also observed that, maximum number of customers have been motivated for opening of account in State Bank of India by their friends next to the motivation of employees and managers of the bank. It was also found in the study that, maximum customers are having more than 15 years of accounts in State Bank of India followed by the another group whose accounts are operational from 12-15 years. So, maximum customers are older customers for State bank of India and it is the credit worthiness of the bank, which clearly indicates the capacity to retain the customers and CRM practices applied by the Bank.

In the factor wise analysis for CRM practices, the Components matrix showed the aggregate value of the 15 components. Out of that, only 4 components were having the values more than one and these were correlated with the factors as friendliness of employee, consumer friendly schemes, Ability to help the customers and the familiarity of the website. Here the customers have expressed their satisfaction as per their expectation on these factors than other factors. So, from that data it is estimated that the CRM practices adopted by the bank is somehow successful and it has been maintained strategically to retain the customers as well as to provide better service to satisfy them in the competitive environment so, it can be concluded that the strategy adopted by SBI to maintain a

good CRM practice in the Bank is quite successful and implies a growth in the direction of customer accumulation.

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