



## ROLE OF E-CRM PRACTICES IN BANKING SECTOR

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### Abstract

E-CRM plays a very important role and helps to retain existing customers and also attract potential customers. For experiencing retention of customers, banks need to observe customer's behaviour. The employees who are employed in frontline could have better understanding, predict the customer's preferences and also their future behaviour. The applications and database would help bank in maintaining better relation with the customers so as to continue their growth and evolve in market. Improvement in the customer service would lead to better satisfaction level which would enable cross selling of different other products and services. Profitability of the bank would increase when the banks acquire and retain more customers. Integration of process, technology and people could be achieved through a central database. Customized product and services could be provided, according to need and requirement of different segments. This study focused to understand the awareness among customers towards different banking products and services, to examine the customer's perception towards the CRM and E-CRM practices followed by banks and to evaluate the impact of awareness about banking products and services on customer's perception towards CRM and E-CRM practices of Banks. A sample of 140 customers from Public and private sector banks have been considered in this study. Regression has been applied using SPSS 21. Regression is applied when the impact of awareness of banking products and services on customers perception towards CRM and E-CRM practices followed by banks. As a result of hypothesis testing through regression, it has been indicated that there is a significant impact of awareness about banking products and services on customer's perception towards CRM and E-CRM practices of Banks.

**Keywords:** awareness, banking, CRM, E-CRM

### 1. Introduction

For banking sector or any other sector, providing products and services to the existing customers is quite easy but acquiring new customers is quite difficult and it also involves a lot of cost. Banks make an attempt to overcome from the requirements of the customers through a change in technology. Banks were following traditional methods before the introduction of E-banking. Technology has been upgraded in the banks and they are attracting new customers also as the banking facilities have become quite easy and the customers are able to perform banking transactions from their homes through different channels like mobile, internet, ATM etc. The Banks whether Public or Private sector, they have made an attempt to improve their products and services and have become quite competitive as compared to the other banks. The customers have accounts in different type of banks and they also compare between the services of banks and continue with the banks that facilitate ease of transactions. Besides easiness while executing the transactions, customer also prefer the transactions to be safe and secure. The concept of CRM has evolved to support the customers and it is associated with strategy that helps in maintaining relation for long term with customers. A business can be successful when they understand customer's requirements and provide them with customized product and services. The customers are happy when they are aware about banking products and services and this makes it easy for them to access the services easily like funds transfer, balance enquiry, cheque book issue, etc. The customers once they are satisfied recommend the name of banks to their friends and relatives and continue with the same bank and also buy some other products or services.

#### 1.1 CRM and E-CRM

CRM can be defined as follows:

- Understand customer's needs.



- Creation of additional value for products as well as services for potential customers.
- Stimulating sales with the help of different channels.
- Provide better After Sales Service for maintaining relation for a long term with customers.

Customer Relationship Management (CRM) is a comprehensive process and strategy to acquire, retain and partner with customers which could create a superior value for customer and company. It would involve integration of sales, supply chain, marketing and customer service functions of organization for achieving greater efficiency while delivering value to the customers. Robust technology could affect banking industry during last few years.

E-CRM plays a very important role and helps to retain existing customers and also attract potential customers. For experiencing retention of customers, banks need to observe customer's behaviour. The employees who are employed in frontline could have better understanding, predict the customer's preferences and also their future behaviour. The applications and database would help bank in maintaining better relation with the customers so as to continue their growth and evolve in market.

## 2. Review of literature

Shreedhar & Davy (2015) mentioned in the research paper that banks are making an attempt to retain the existing customer and attract new customers through CRM. This study analyzed opinion about different services offered by the banks and also aimed to study customers' satisfaction about CRM in the banks. Sudalaimuthu & Lilly (2009) mainly focused on effective implementation as well as monitoring of CRM approach by banks. The banks try to provide premium services to the customers, this would gain loyalty for a long term. Once the customers are connected with the bank, they provide more revenue to the banks. Mandic focused on certain important elements of CRM – process, technology and people. CRM could be implemented successfully when the top management of the banks provide these services in the best possible way and also make changes in them whenever needed or based on feedback provided by the customers. Devi & Mohan (2015) mainly focused on need, role and importance of CRM in banking sector in India for surviving competition among other banks. Bhatnagar (2013) focused on transformation in the organization from product centricity towards customer centricity in the banks. The said paper also emphasized on various challenges and issues in implementation of CRM in the banking industry.

## 3. Objectives of the study

- To understand the awareness among customers towards different banking products and services
- To examine the customer's perception towards the CRM and E-CRM practices followed by banks
- To evaluate the impact of awareness about banking products and services on customer's perception towards CRM and E-CRM practices of Banks

## 4. Hypothesis of the study

- H<sub>01</sub> - There is no significant impact of awareness about banking products and services on customer's perception towards CRM practices of Banks
- H<sub>11</sub> - There is a significant impact of awareness about banking products and services on customer's perception towards CRM practices of Banks
- H<sub>02</sub> - There is no significant impact of awareness about banking products and services on customer's perception towards E-CRM practices of Banks
- H<sub>12</sub> - There is a significant impact of awareness about banking products and services on customer's perception towards E-CRM practices of Banks

## 5. Research Methodology

Research design in this study is descriptive in nature since it aims to understand the awareness among customers towards different banking products and services, examine the customer's perception



towards the CRM and E-CRM practices followed by banks and evaluate the impact of awareness about banking products and services on customer’s perception towards CRM and E-CRM practices of Banks. Since this study is focused on a particular segment i.e. customers of Public and Private sector banks, hence it indicates that this study is descriptive in nature. A sample of 140 customers has been considered in this study. The area of study is Jhansi (U.P.). Customers from both the type of banks have been considered in the study to understand the awareness level among the customers towards different banking products and services. Majority customers have their account in Private sector banks. The opinion about banking products and services is different among the customers of Public and Private sector banks as the employees provide them in a different way.

**6. Data Analysis**

**6.1 Reliability analysis**

**Cronbach’s Alpha**

**Reliability Statistics**

Cronbach's Alpha	N of Items
.960	35

Cronbach’s Alpha has been applied on the constructs which are based on 5 point likert scale. There are in all 35 such constructs. The value of Cronbach’s Alpha is 0.960 which is above 0.80 and hence it indicates that there is high consistency in the data collected.

**6.2 Demographic profile of the customers**

**1. Name of the Bank:**

**Table 6.1 Bank type of the customers**

	Bank_type			
	Frequency	Percent	Valid Percent	Cumulative Percent
Public Sector Bank	54	38.6	38.6	38.6
Valid Private Sector Bank	86	61.4	61.4	100.0
Total	140	100.0	100.0	

Customers from both the type of banks have been considered in the study to understand the awareness level among the customers towards different banking products and services. Majority customers have their account in Private sector banks. The opinion about banking products and services is different among the customers of Public and Private sector banks as the employees provide them in a different way.

**2. Gender:**

**Table 6.2 Gender of the customers**

	Gender			
	Frequency	Percent	Valid Percent	Cumulative Percent
Female	51	36.4	36.4	36.4
Valid Male	89	63.6	63.6	100.0
Total	140	100.0	100.0	

The opinion of the male and female customers plays an important role. Majority customers in this study are males i.e. 63.6%. The customers who are males handle banking transactions in a different way. They use banking services for account transfer, fixed deposit, credit card etc. The females use lesser banking services as compared to the females. The customers of the Public sector banks

sometimes do not get their queries solved immediately as compared to the Private sector banks. The females many a times are not aware about the banking services being provided and hence they are unable to execute many transactions themselves are dependent on the others for the same.

### 6.3 Awareness about Banking products and services

**Table 6.3 Awareness about banking products**

Descriptive Statistics – Banking products					
	N	Minimum	Maximum	Mean	Std. Deviation
Savings Account	140	1	4	1.69	.767
Current Account	140	1	4	2.24	.847
Term Deposits	140	1	5	2.21	1.058
Recurring Deposit	140	1	4	2.35	1.031
Housing Loan	140	1	5	2.66	1.149
Vehicle Loan	140	1	5	2.49	1.128
Educational Loan	140	1	5	2.87	1.156
Personal Loan	140	1	5	2.76	1.105
Consumer Durable Loan	140	1	5	2.89	1.044
Credit Cards	140	1	5	2.21	1.220
Debit Cards	140	1	5	1.99	1.116
Lockers	140	1	4	2.35	1.003
Valid N (listwise)	140				

The respondents indicated the awareness about different banking products and services like savings account, current account, term deposits etc. The awareness level was indicated on 5 point likert scale. Based on the representation on the likert, 5 has been given to Very high and 1 to Very low. The lowest mean score is of savings account i.e. 1.69 and the highest is of consumer durable loans i.e. 2.89. More respondents are aware about savings account as everyone of them is having one or more savings account and they have been using additional services which are linked to them. Lesser number of respondents are aware about consumer durable loans. The lowest standard deviation is of savings account i.e. 0.767 and the highest is of credit cards i.e. 1.220. Standard deviation indicates the variation in response of the customers. The respondents have given similar response towards savings account and varied responses for credit card.

**Table 6.4 Awareness about banking services**

Descriptive Statistics – Banking services					
	N	Minimum	Maximum	Mean	Std. Deviation
Payment and Remittance Services	140	1	4	2.39	.878
Overdraft	140	1	4	2.56	1.054
Currency Exchange:	140	1	5	2.73	.880
Consultancy	140	1	5	2.59	.959
Online Banking	140	1	4	1.99	.978
Mobile Banking	140	1	4	1.80	.961
Home Banking	140	1	4	2.66	.979
Internet banking	140	1	4	1.99	.960
Telephone Banking	140	1	5	2.45	1.048
Money Transfer	140	1	4	1.99	.971
Valid N (listwise)	140				

The respondents indicated the awareness about different banking products and services like payment services, remittance, overdraft, currency exchange etc. The awareness level was indicated on 5 point likert scale. Based on the representation on the likert, 5 has been given to Very high and 1 to Very low. The lowest mean score is of mobile banking i.e. 1.80 and the highest is of currency exchange i.e. 2.73. More respondents are aware about mobile banking as they might be using mobile banking since long time now and they might be various services which are linked to them. Lesser number of respondents are aware about currency exchange. The lowest standard deviation is of payment and remittance services i.e. 0.878 and the highest is of overdraft i.e. 1.054. Standard deviation indicates the variation in response of the customers. The respondents have given similar response towards payment and remittance services and varied responses for overdraft.

#### 6.4 Role of CRM practices in retention of customers

**Table 6.5 Role of CRM practices in retention of customers**

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Employee's skill while delivering Services	140	1	4	2.04	.767
Employees' Behaviour	140	1	4	2.17	.786
Hours of operations	140	1	4	2.14	.770
Infrastructure facilities	140	1	3	2.17	.699
Individual care towards customers	140	1	4	2.06	.812
Secured and Safe transactions	140	1	3	1.77	.743
Valid N (listwise)	140				

The customers have indicated their agreement towards CRM practices and the agreement is based on 5 point likert scale. The lowest mean is of 1.77 for “secured and safe transactions”, which indicates that more respondents strongly agree or agree that the transactions in banks are safe and secure and this makes the bank easy to retain the customers. The highest mean is of employee’s behaviour and infrastructure facilities i.e. 2.17. Highest mean explains that more respondents indicate that employees’ behaviour and infrastructure facilities are not such that they could retain the customers. This may not be a situation in every bank, rather in a few banks. Many a times, the customers do not get a good response from the bankers while they enquire about certain issues. The highest standard deviation is of “individual care towards customers” i.e. 0.812 and the lowest is of “secured and safe transactions” i.e. 0.743. Standard deviation indicates the variation in response of the customers. The lower standard deviation indicates lesser variation i.e. for “secured and safe transactions” and highest standard deviation indicates more variation i.e. for “individual care towards customers”.

#### 6.5 Role of E-CRM in Banking sector

**Table 6.6 Role of E-CRM practices in retention of customers**

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Banking services as per need are available easily on Bank's site	140	1	4	1.96	.835
Bank provides best services to the customers	140	1	3	1.98	.694
Bank's policies are well managed ensuring secured transactions	140	1	3	1.93	.746

Bank provides customers the services as were promised	140	1	3	2.10	.649
Information provided on the website of banks is organized in a better way	140	1	4	1.96	.757
Bank honors its commitment towards the customers	140	1	4	2.07	.783
Multiple services of my banks enhance customers' dependence and confidence	140	1	3	2.11	.756
Valid N (listwise)	140				

The customers have indicated their agreement towards E-CRM practices and the agreement is based on 5 point likert scale. The lowest mean is of 1.93 for “Bank’s policies are well managed ensuring secured transactions”, which indicates that more respondents strongly agree or agree that the bank policies are such that they promote secured transactions. The highest mean is of “Bank provides customers the services as were promised” i.e. 2.10. Highest mean explains that more respondents indicate that “Bank provides customers the services as were promised, but sometimes there is a deviation in the services”. This may not be a situation in every bank, rather in a few banks. The highest standard deviation is of “Banking services as per need are available easily on Bank’s site” i.e. 0.835 and the lowest is of “Bank provides customers the services as were promised” i.e. 0.649. Standard deviation indicates the variation in response of the customers. The lower standard deviation indicates lesser variation i.e. for “Bank provides customers the services as were promised” and highest standard deviation indicates more variation i.e. for “Banking services as per need are available easily on Bank’s site”.

### 6.6 Hypothesis testing

- **H<sub>01</sub> - There is no significant impact of awareness about banking products and services on customer’s perception towards CRM practices of Banks**
- H<sub>11</sub> - There is a significant impact of awareness about banking products and services on customer’s perception towards CRM practices of Banks**

The above hypothesis has been tested through Regression which is applied using SPSS 21. Regression is applied when the impact of independent variable needs to be studied on dependent variable. The impact may be low or high.

**Table 6.7 ANOVA - Impact of awareness about banking products and services on customer’s perception towards CRM practices of Banks**

ANOVA<sup>a</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	5.430	1	5.430	5.090	.026 <sup>b</sup>
Residual	147.220	138	1.067		
Total	152.650	139			

a. Dependent Variable: CRM

b. Predictors: (Constant), Awareness\_Banking\_products\_services

The above table is generated on application of regression through SPSS 21. The significant value is 0.026 and this is below 0.05 (based on 5% level of significance) and this indicates that the null hypothesis has been rejected i.e. H<sub>01</sub> - There is no significant impact of awareness about banking products and services on customer’s perception towards CRM practices of Banks and the alternate hypothesis has been accepted i.e. H<sub>11</sub> - There is a significant impact of awareness about banking products and services on customer’s perception towards CRM practices of Banks. When customers



are aware about banking products and services, they are more satisfied with the CRM practices as they are even aware about the rules and regulations being followed by banks and this makes them feel more satisfied with different kind of products and services are being provided by the banks. The customers feel that the employees are having good skills while they deliver services, the behaviour of employees is good, the number of hours of operations of the banks are satisfactory and they also feel that the transactions are safe and secure. It is important that the awareness level of the customers remains high, so that they will have more knowledge about banking products and services and they remain satisfied with the way the employees are helping the customers.

- **H<sub>02</sub> - There is no significant impact of awareness about banking products and services on customer's perception towards E-CRM practices of Banks**

**H<sub>12</sub> - There is a significant impact of awareness about banking products and services on customer's perception towards E-CRM practices of Banks**

The above hypothesis has been tested through Regression which is applied using SPSS 21. Regression is applied when the impact of independent variable needs to be studied on dependent variable. The impact may be low or high.

**Table 6.8 ANOVA - Impact of awareness about banking products and services on customer's perception towards E-CRM practices of Banks**

ANOVA<sup>a</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	9.654	1	9.654	9.640	.002 <sup>b</sup>
Residual	138.196	138	1.001		
Total	147.850	139			

a. Dependent Variable: E\_CRM

b. Predictors: (Constant), Awareness\_Banking\_products\_services

The above table is generated on application of regression through SPSS 21. The significant value is 0.002 and this is below 0.05 (based on 5% level of significance) and this indicates that the null hypothesis has been rejected i.e. H<sub>02</sub> - There is no significant impact of awareness about banking products and services on customer's perception towards E-CRM practices of Banks and the alternate hypothesis has been accepted i.e. H<sub>12</sub> - There is a significant impact of awareness about banking products and services on customer's perception towards E-CRM practices of Banks. When customers are aware about banking products and services, they are more satisfied with the E-CRM practices as they are even aware about the rules and regulations being followed by banks and this makes them feel more satisfied with different kind of products and services are being provided by the banks. The CRM practices being followed by the banks are now in the online mode and it is referred to as E-CRM. There are many customers who are currently using banking products and services online and hence CRM practices are being followed online by the banks so as to reach more number of customers.

## 7. Findings

- Majority customers have their account in Private sector banks. The opinion about banking products and services is different among the customers of Public and Private sector banks as the employees provide them in a different way.
- The customers of the Public sector banks sometimes do not get their queries solved immediately as compared to the Private sector banks.



- The females many a times are not aware about the banking services being provided and hence they are unable to execute many transactions themselves are dependent on the others for the same.
- The respondents in the age group of 21 – 35 years and 36 – 50 years have a better awareness level about banking products and services.
- There are certain topics covered during college also wherein information about banking products and services is provided to people.
- The respondents could improve their practical knowledge when they would actually invest through a bank in certain products.
- Lesser number of respondents are aware about consumer durable loans.
- The respondents have given similar response towards savings account and varied responses for credit card.
- More respondents are aware about mobile banking as they might be using mobile banking since long time now and they might be various services which are linked to them.
- Lesser number of respondents are aware about currency exchange.
- The respondents have given similar response towards payment and remittance services and varied responses for overdraft.
- More respondents indicate that employees' behaviour and infrastructure facilities are not such that they could retain the customers.
- The lower standard deviation indicates lesser variation i.e. for “secured and safe transactions” and highest standard deviation indicates more variation i.e. for “individual care towards customers”.
- More respondents indicate that “Bank provides customers the services as were promised, but sometimes there is a deviation in the services”.
- The lower standard deviation indicates lesser variation i.e. for “Bank provides customers the services as were promised”.
- Highest standard deviation indicates more variation i.e. for “Banking services as per need are available easily on Bank's site”.
- There is a significant impact of awareness about banking products and services on customer's perception towards CRM practices of Banks
- There is a significant impact of awareness about banking products and services on customer's perception towards E-CRM practices of Banks

## 8. Conclusion

Technology has been upgraded in the banks and they are attracting new customers also as the banking facilities have become quite easy and the customers are able to perform banking transactions from their homes through different channels like mobile, internet, ATM etc. The Banks whether Public or Private sector, they have made an attempt to improve their products and services and have become quite competitive as compared to the other banks. The customers have accounts in different type of banks and they also compare between the services of banks and continue with the banks that facilitate ease of transactions. The customers are happy when they are aware about banking products and services and this makes it easy for them to access the services easily like funds transfer, balance enquiry, cheque book issue, etc. The customers once they are satisfied recommend the name of banks to their friends and relatives and continue with the same bank and also buy some other products or services. E-CRM plays a very important role and helps to retain existing customers and also attract potential customers. For experiencing retention of customers, banks need to observe customer's behaviour. The employees who are employed in frontline could have better understanding, predict the customer's preferences and also their future behaviour. The applications and database would help bank in maintaining better relation with the customers so as to continue their growth and evolve in market. There is a significant impact of awareness about banking products and services on customer's





perception towards CRM practices of Banks. There is a significant impact of awareness about banking products and services on customer's perception towards E-CRM practices of Banks.

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