

**Customer Relationship Management Practices in Banking: A Comparative Study of
SBI and ICICI Bank**

Dr. Vishal Agrawal

Firozabad (U.P.)

Abstract

CRM is one of the emerging business strategies in present scenario that directly effects the growth and profitability of banking sector. It is a customer centric strategy that deals and goes around with the customers. It enables the banking sector to identify their most profitable customers and targeting them to achieve a long term profitable and mutual beneficial relationship with the customers. In Indian banking sector, Customer Relationship Management is still under developing stage. The CRM practices have been implemented in many banks but on a limited scale. In this paper an attempt has been made to figure out the CRM practices in SBI and ICICI bank in Western UP area by concluding some questionnaires from the customers of the respective banks.

Key Words: CRM, SBI, ICICI, Information technology service sectors

Introduction

Nowadays, many business or public dealing organisations such as insurance companies, banks and other service providers focused on the satisfaction and requirements of their customers so as to maintain a trustworthy long term relation with them. Customer Relationship Management can be defined as the integration of technology and relationship marketing. In banking system, a close relationship with the customer needs a strong coordination between IT and marketing departments. CRM practices have the potential to retain the existing customers while getting the new one and maintaining the lifetime relation. A good CRM practices can be achieved by providing the needs and wants of the customers. CRM is a strategy to deal with the customers by focussing on individual one and providing the best solutions as per their demands. CRM purpose is to establish a long term relationship with the

customers by delivering best services to them.

This paper deals with the role of Customer Relationship Management in banking sector and a study was analysed to compare the CRM practices in SBI and ICICI banking system.

CRM in Banking Sectors

CRM stands for Customer Relationship Management and it plays an important role in banking sectors. CRM strategy worked on the understanding of customer, about their requirements, reason of their satisfaction or dissatisfaction and lastly worked upon them by providing services accordingly. The banking sectors should adopt the CRM strategy to increase their profitability. It helps to identify the profitable customers and then fulfilling their requirements through customized services.

Types of CRM

There are three types of CRM that are adopted by banks:

Operation CRM, it deals with the management of the marketing, sales and customer service operations. A software packages are used to keep record of inbound and outbound interactions with customers and managed them accordingly. The history of the valuable customer and their relationship with the bank has been recorded that may be used by the staff in future. The major benefits of operational CRM to banks are Sales Force Automation, Customer Service and Support and Enterprise Marketing Automation.

Analytical CRM –This process deals with the analysing of customer information for the sake of betterment of customer services provided to them. Its main objective is to deliver the relevant information to the desired customers. It extracts knowledge for optimising the customer relationship by doing data analysis. Some of the major benefits of Analytical CRM to banks are Customer Retention, fraud Detection and Credit Risk Analysis.

Collaborative CRM – It involves the various departments of the organisation like sales, marketing, finance and others and shares the customer information to focus on the better understanding of customers. The data and information was channelled among bank staff with the purpose of enhancing the customer service and supports.

Research problem

In banking sector Customer relationship management increases the level of customer satisfaction and it can be achieved by CRM practices. CRM is a

strategy that focused on customer needs and satisfied them as per their demands. Its main objective is not only providing the short term facility to its customer but also retaining the profitable customers and maintain a life time relationship with them.

In this paper, a study has been done to analyse the implementation of CRM practices with special on the reference to SBI and ICICI bank in Western UP area.

Objective of the study

- To study the literature and importance of CRM in banking sectors.
- To study the comparison of CRM practices in SBI and ICICI bank.

Methodology

The study has been done to compare the CRM practices in two banks that are SBI and ICICI of Western UP area. A set of 15 questionnaires was prepared to serve the purpose of the study. Three point liker scales has been used to measure the perception of customers on CRM adopted by 100 customers of each bank, total of 200 customers. The data collected were processed by using statistical tools to conclude the result.

Review of literature

Brown (2000) stated that CRM is a process that understand and managed the needs of existing customers to maintain a long term relationship and at the same time it also focused on acquiring the new customers.

Anjana Grewal (2001) published a case study of relationship management practices developed in early nineties in a leading foreign bank in India and developed a model paper on same.

Dyche (2002) stated that the information technology plays an important role in

tracing the customers and supports the firm to analyze the needs of the customer.

Injazz, et.al (2003) opines that a balanced and integrated approach to people, process and technology was required to implement a successful CRM practice.

Wang, et. al (2004) formed a frame works for CRM performance and customer value on the basis of important dimension of customer value, for example perceived sacrifices, emotional, social and functional value.

Dr. B.C. Saraswathy (2006) defines the main objective of CRM process. According to him, CRM should focus on building long term relation with their customer by delivering their needs and demands on time.

Ray (2007) suggested that to retain the existing customer, bank should efforts on their expectation. The quality and punctuality of services will decide the satisfaction level of customers. So, to maintain their relation with the organisation efforts should be made on their requirements.

Girdhar (2009) opined that the relationship with the existing customers reflects the bank's image and would definitely help to attract the new customer accordingly.

Total value: 1.534

(degree of freedom 42, 42 at 5% level of significance)

Variable	ICICI bank		SBI bank	
	AM	SD	AM	SD
Promotes customer loyalty	2.71	8.78	2.39	10.25
Retention of present customers	3.72	9.32	3.61	12.16
Retention of present customers is major challenge	2.61	8.31	3.31	11.19
Bank willingly adopt CRM	3.72	9.44	3.42	8.11
CRM practices at all the level	2.82	10.41	2.72	8.92
CRM raises the confidence level Customer	3.90	10.70	3.51	9.71

Analysis and finding of the study

CRM is an emerging marketing strategy that identifies and targets the worthy customer and its main focus is to retain its existing customers and to make efforts to attract the new ones. The banking sectors are adopting CRM practices as it provides better customer supports to their system. If the banking customer support system is efficient then the data related to the customer is synchronized from each and every departments of the bank to make it into a single view of the customers. This data is used for customer retaining, maintaining and to provide solution with respect to their individual profile.

From the data analysis we find that customers choose their banks on basis of various factors and facility provided by the bank to them. They may select their banks on basis of distance of the bank from their office or home. Banks are providing many technology based services to their customers so they can choose the better one according to their need.

The following data shows the opinion of customers on various aspects on CRM practices:

F- Test value: 1.65

CRM strengthen the bonding between bank & customer	3.43	8.61	2.63	8.99
CRM makes the atmosphere of the bank friendly	3.93	10.72	3.61	9.90
CRM helps to get new customer	2.82	10.69	2.36	9.71
CRM promotes among customer about the offerings of bank	2.51	9.19	2.43	8.11
CRM improves performance and productive of the bank	2.72	9.60	2.51	8.36
CRM helps in providing basic	2.61	8.38	3.31	13.79
Employee of the bank adopts CRM to attract customers	4.45	8.31	4.22	9.39
ATM of the bank provides bill payment money transfer facility with ease	4.58	11.44	4.21	10.28
I am treated with respect by the bank staff	3.83	11.69	3.42	10.51
I would like to buy more financial products from the same bank in future	4.60	12.19	4.01	11.31

From the data analysed, it was clear that customer retention is not a major problem to SBI bank. ICICI bank utilizes the CRM practices for retaining their customers as compared to SBI bank. It was clear from the study that most of the customers are unaware about the CRM practices in the bank while employees are taking CRM as a burden and their attitude towards this process as not positive. SBI customers are being introduced to the innovative techniques of the banking as compared to ICICI banks. Banks considers that the CRM practice plays a major role in retention of customers. The present study shows that the customers are not aware about the scope of the CRM practices in bank. They are not sure that CRM practices are adopted by all the departments in the bank or as the centre of any particular department.

The perception of customers of both ICICI and SBI about CRM is compared and tested using 'F' - ratio. First, it was assumed that there is no significant

difference between the customer perception of ICICI bank and SBI bank regarding CRM. But after calculation of data collected the hypothesis is rejected at 5% significant level. As after calculation we get (1.65) of 'F' which is higher than the standard value i.e. of 1.54. It is clear from the above calculation, that there is difference between the perception of ICICI and SBI bank customers in respect of CRM practices.

Conclusion

CRM practice plays an important role in any organisation as it ensures customer retention.

The findings and survey of this study concludes the same. Customers retain with their present bank if the bank provides them proper information about products, services, offers to them.

The present study analysed the data to compare the performance of both the banks in respect of different parameters to conclude the CRM practices. The present analysis shows that mostly performance of

both the banks is similar. The ICICI bank is more concerned in implementation of CRM practices as compared to SBI. ICIC manages their customers systematically and handles their customers queries in better way within mean time. ICIC bank meets its customer expectations by providing the desired services and product timely.

It also promotes e-marketing using latest information technology facilities. The study shows the difference in working performance of the both ICICI and SBI banks to some extent. ICICI is performing better in the areas of customer loyalties

and retaining customers whereas SBI is working well in rendering services on time and customer's satisfaction.

On basis of our study it was analysed that both the banks are making efforts to improve their CRM practices while their approach is different that's why both the banks different perspective to reach their customers' requirements. Both are providing CRM is an important approach to create a customer oriented strategy. It will help to improve and retain the customer relationship with the banks in a long run.

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