



INFLUENCE OF CUSTOMER RELATIONSHIP MANAGEMENT ON CO-OPERATIVE BANKS IN SOLAPUR CITY

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ABSTRACT

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. At this point, close relationship with customers will require a strong coordination between IT and marketing departments to provide a long-term retention of selected customers. This paper deals with the role of Customer Relationship Management in Co-operative banking sector and the need for Customer Relationship Management to increase customer value by using some analytical methods in CRM applications. It is a sound business strategy to identify the bank's most profitable customers and prospects, and devotes time and attention to expanding account relationships with those customers through individualized marketing, pricing, discretionary decision making. The Paper focuses on identifying the variables (attitude, knowledgeability, two way communication and efficiency of banking services etc.) influencing CRM and service quality of Co-operative banks in Solapur city. It is find out that there is significant relationship between attitude, knowledgeability, two way communication and CRM. Banks Managers an bank employees should be aware of the fact that a bank's interaction with clients influences the banks CRM and level of service quality. Banks need to focus on relationship banking rather than traditional transaction banking and realize the importance of share of wallet.



KEYWORDS: Customer Relationship Management (CRM) , IT and marketing departments.

INTRODUCTION

Customer relationship management (CRM) is not just the application of technology, but is a strategy to learn more about customers' needs and behaviors in order to develop stronger relationships with them. As such, it is more of a business philosophy than a technical solution to assist in dealing with customers effectively and efficiently. Customer relationship management (CRM) helps busines to gain an insight into the behavior of their customers and modify their business operations to ensure that customers are served in the best possible way. In essence, CRM helps a business to recognize the value of its customers and to capitalize on improved customer relations. The better you understand your customers, the more responsive you can be to their needs.

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. Establishing customer care support during on and off official hours, making timely information about interest payments, maturity of time deposit, issuing credit and debit cum ATM card, creating awareness regarding online and e-banking, adopting mobile request etc. are required to keep regular relationship with customers.

In India, there is a plethora of banks providing almost all services that an individual requires. But most of the banks that people use are either private (which makes up a major chunk of the numbers) or nationalized banks. However, there is another sector of banks that is used by a large number of the middle class sections of the society --co-operative banks.

Co-operative banks are small-sized units organized in the co-operative sector which operate both in urban and non-urban centers. These banks are traditionally centered around communities, localities and work place groups and they essentially lend to small borrowers and businesses. While the co-operative banks in rural areas mainly finance agricultural based activities including farming, cattle, milk, hatchery, personal finance, along with some small scale industries and self-employment driven activities, the co-operative banks in urban areas mainly finance various categories of people for self-employment, industries, small scale units and home finance.

Marketing of Banking Service is very difficult task Indian banking today is experiencing intense competition as banks like ICICI, State Bank of India (SBI) and Bank of Baroda (BOB) are increasingly accepting customer relationship marketing (CRM) as a way to increase customer satisfaction, bank loyalty and their own profitability. The five determinants of service quality evaluated from the customer perspective are reliability, assurance, tangibles, empathy and responsiveness.

Customer relationship Management (CRM) is comprehensive business strategies that can help banks convert their near customers into 'dear' ones. Collecting in-depth information about customers helps the bank to develop customer insight and increase customer interaction.

In this ever-increasing competitive, complex and challenging business environment, banks need to be determined to attract and retain customers, which will be attained by if high levels of service quality are delivered. Support and loyalty from clients are ensured through acceptable customer service that is delivered.

This paper addresses the need for a further understanding of the CRM and service quality required by co-operative banks in Solapur city.

RESEARCH OBJECTIVES :

The Primary objective of this research paper is to investigate the influence of the selected independent variables (two-way communication; attitudes; knowledgeable and efficiency of banking services) on the customer relationship management (CRM)

PROBLEM STATEMENT :

Given the Pivotal role of CRM and service quality in the positioning of co-operative banks, the problem statement is as follows.

To investigate the variable that may have an impact on CRM in the co-operative banking environment and the influence of CRM on co-operative banks' service quality.

The purpose of this study is to identify the independent variables that influence the degree of CRM in co-operative banks. The independent variables are two-way communication; attitude; knowledgeable; and efficiency of banking services.

RESEARCH METHODOLOGY :

Considering the nature of research, the problem statement and all related issues, and because of cause-and-effect relationship will be empirically tested, this study may be classified as analytical. Analytical research shows why or how phenomena are happening.

RESERCH HYPOTHESIS :

To give effect to the problem statement, the following hypotheses are formulated :

1. There exists relationship between the two-way communication and CRM in co-operative banks.
2. There exists relationship between attitude of co-operative bank employee and CRM in co-operative banks.
3. There exists relationship between knowledgeability of co-operative bank employee and CRM in co-operative banks.
4. There exists relationship between efficiency of co-operative banking services and CRM in co-operative banks.

DATA COLLECTION :

Secondary and Primary data is collected for this research. Secondary data source includes books, journals, newspapers and information for Internet websites. Primary data is collected from clients of four groups of co-operative banks in Solapur city. The questionnaire is deigned relevant to the problem statement and related to research ojectives. Random and stratified sampling method is used. Sample consist of 200 clients of co-operative banks in Solapur city.

SCOPE OF RESEARCH :-

This research paper focuses on identifying the variables influencing the CRM and the service quality of co-operative banks in the Solapur city namely, The Solapur District Co-operative Bank, Solapur Social Urban Bank, Janata Sahkari Bank and Brahamdev Mane Sahakari Bank Solapur.

Let us discus the independent variables which influence the CRM in co-operative banks.

1. Two-way communication :

Two-way communication in banking sector is very important Bank employees have found that their role has shifted to financial counseling, which involves the process of listening, aligning and matching. These process require bank employee to possess communication, listening and persuasion skills. Bank can communicate with client thorough variety of media. Clients can receive information through the mail, which can constitute letters, statements or brochures, e-mail, telephone, SMS, radio, television, the press and through interaction within the physical banking branch.

It has been found that co-operative banks' communication can affect consumers' expectations. Discrepancies between service delivery and external communication, including exaggerated promises and lack of service delivery information, may influence consumers' perceptions of the service quality of a bank. Therefore two-way communication may influence the degree of service quality of co-operative banks.

It is found due to effective two -way communication machinery set up by banks increased the number of clients and profitability.

In this research, two-way communication is specified as an independent variable with a possible direct influence on CRM.

2. Attitude :

Attitude can be described as a tendency to respond in a specific way, based on positive or negative judgments regarding objects, people and/or situations. Attitudes are relatively stable feelings, beliefs and formed behaviors; once attitude is formed, it tends to persist. However it is psychological variable, it is subject to change. This paper considers how the attitude of bank employees, as perceived by bank clients, influences the CRM of co-operative banks. As the employees' attitude influences his/her behavior, the manner in which he/she interacts with customers will obviously be influenced. This, in turn, might influence the degree of CRM or the successful maintenance of client-firm relationship, of a bank.

The attitude of employee towards client, including their desire or willingness to deliver good client service, can positively or negatively influence the banks service strategy. It is found that 65 per cent of the

clients lost by the co-operative banks due poor attitude displayed by the bank employees. Thus attitude may influence banks level of perceived service quality.

3. Knowledgeability :

Knowledgeability refers to the level of insight an employee has regarding specific aspects, products and/or services of a firm. Employees require academic and tacit knowledge. Academic knowledge is the ability to remember formulas and information, whereas tacit knowledge is the ability to be practical and action oriented with regards to a firm's products and services. In the banking sector assistance from bank employees and their level of knowledge are considered to be very important by clients. A bank employee needs to possess the knowledge and expertise required to advise and assist clients in their financial matters. If relevant advice and assistance are provided, clients will feel valued by the bank and possibly have a better relationship with bank.

It is found that the most of employees of co-operative banks do not possess the expertise knowledge hence number of clients of these banks are shifting to nationalized and private banks.

4. Efficiency of banking services :

Efficiency is defined as the degree to which the tasks or activities are performed correctly and as desired. Bank needs to ensure that its employees conduct their tasks and responsibilities in an efficient manner. This would result in resources being utilized efficiently and tasks being performed successfully.

Various aspects in the banking environment may influence the overall efficiency of the banking services provided to clients. For this purpose six dimensions of banking services that influence banks' efficiency were identified, namely confidentiality, security, ethical behavior, variety of services, bank charges and technology.

Banking clients patently desire more variety in banking products and services and lower bank charges, and these aspects may influence client's relationships with their bank. Client-bank relationships may be damaged due to excessively high bank charges, as unreasonable pricing can influence a client to move to another competing bank.

It is found in this research that co-operative banks in Solapur city are losing clients day by day due excessive bank charges and lack of technology in services provided by the co-operative banks.

The probable relationship between the selected independent variables, namely, two-way communication, attitude, knowledgeability and efficiency of banking services and CRM is well described in secondary sources.

The relationship imply that more extensive knowledgeability of co-operative bank employees and co-operative bank employees with more positive attitudes lead to improved, maintained relationship between and its clients.

1. FINDINGS :

It may be concluded that there exist no significant relationship exists between two-way communication and CRM, and between efficiency of co-operative banking services and CRM, these are not rejected. The two-way communication between a bank and its clients by means of monthly account statements, advertising and appointments are not specifically deemed important and contributing to a bank's CRM. Additionally, the degree of efficiency of a bank's services is not specifically viewed as an important aspect contributing to a bank's CRM.

2. The empirical findings revealed a positive relationship between perceived attitude and CRM (at the 99 per cent significance level). Therefore there exists relationship between attitude of bank employee and CRM in co-operative banks.

3. The empirical investigation indicated a positive relationship between knowledgeability and CRM (at the 95 per cent) significance level.

As the knowledgeability and attitude of co-operative bank employees are considered to be the main aspects in a bank-client relationship, the research indicates that the most important aspects for bank clients

are the face-to-face personal contact and interaction that they have with their bank. In other words, if attitude improves, CRM would increase, and if knowledgeable increases, CRM would also increase.

SUGGESTIONS :

1. Co-operative banks can design specific training programme for employees to improve their knowledgeable and a positive change in their attitudes. The training session should be made compulsory for new employees to attend it.
2. In order to develop employees' knowledgeable, a bank should inform them all the banking policies and procedures. Bank employees should be immediately informed when banking policies, procedures ,rules and regulations change.
3. Co-operative bank manager should maintain friendliness attitude to their subordinates and bank's clients.
4. A co-operative bank can apply the principle of job rotation, in other words employees can be stationed in one position in a bank for a specified time period and then be moved to another position in the bank. This strategy may increase the knowledgeable of the employees.
5. Co-operative bank manager should ensure good relation between bank employees, which will contribute to positive attitude.
6. Co-operative bank should provide special benefits to loyal clients, for example, lower bank charges.
7. Co-operative bank should ensure high levels of commitment from employees through implementing incentives schemes that motivate employees to deliver their best and ensure job satisfaction.
8. Co-operative banks should provide pleasant atmosphere in a bank to ensure that clients feel relaxed and they can trust the bank.
9. Co-operative bank top management should ask to branch managers to resolve various customer grievances within a pre-determined time period.
10. Co-operative banks should use technology to improve their customer service standards. Banks might be asked to adopt greater use of internet in providing services and attending the grievances.
11. RBI should be asked to consider putting more responsibility on the banks' key executives in terms of adopting better customer service standards and putting in place necessary checks against any lapses.

CONCLUSION :

Co-operative Bank managers and bank employees should be aware the fact that a bank's interaction with clients influences the bank's CRM level of service quality. Specifically ,the knowledgeable of bank employees with regard to bank products, services, policies and procedures and attitude of bank employees in each banking branch should be adopted positively in order to ensure high levels of CRM and service quality.

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