

Customer Satisfaction towards CRM in KVB at Dindigul

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Abstract

Most banks offer e-banking as a value-added service. E-Banking has also led to the emergence of new banks, which operate only through the Internet and do not exist physically. The concept of Customer Relationship Management has its roots in relationship marketing. CRM is a business strategy that goes beyond increasing transaction volume. Its objectives are to increase profitability, revenue, and customer satisfaction. Majority of the double income group households prefer and use net banking and they expect CRM. The study is to examine the customer satisfaction behavior and the extent of satisfaction derived by the customer on the various features of banking services regard to CRM in KVB. The influence of twelve factors has been tested with the help of the Correlation Co-efficient.

Keywords: KVB, CRM, customer satisfaction.

Introduction

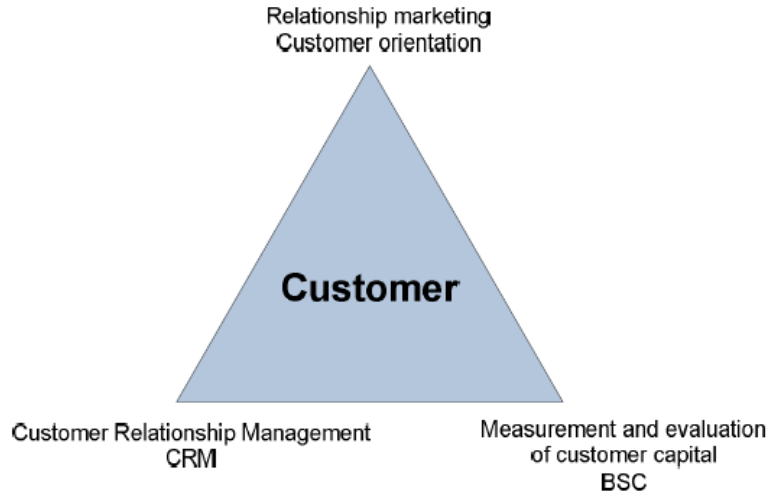
The Karur Vysya Bank Limited popularly known as KVB was such one to be set up in 1916 by two great visionaries and illustrious sons of Karur, the Late Shri M A Venkatarama Chettiar and the Late Shri Athi Krishna Chettiar to inculcate savings habit and to provide financial assistance to traders and small agriculturists in and around Karur, a textile town in Tamil Nadu.

CRM is a business strategy that goes beyond increasing transaction volume. Its objectives are to increase profitability, revenue, and customer satisfaction. To achieve CRM, a company wide set of tools, technologies, and procedures promote the relationship with the customer to increase turnover.

The range of products and services offered by each bank on the internet differs widely in their content. Most banks offer e-banking as a value-added service. E-Banking has also led to the emergence of new banks, which operate only through the Internet and do not exist physically. Such banks are called 'Virtual' banks or 'Internet only' banks.

Customer relationship management is a broad approach for creating, maintaining and expanding customer relationships. CRM is the business strategy that aims to understand, anticipate, manage and personalize the needs of an organization's current and potential customers.

The concept of Customer Relationship Management has its roots in relationship marketing. The following figure presents the triangle showing differences between those terms. The following figure explains the Customer Relationship Management.



Customer satisfaction related to CRM in KVB refers to the acts of Customers in obtaining and using services, and the decision process that determines these acts through CRM. Customer satisfaction encompasses a wide area including patterns, preferences and motivation. An understanding of the various factors influencing Customer satisfaction in CRM is important for the survival and development of a business enterprise and the services of KVB in bank services.

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.

Statement of the Problem

Majority of the double income group households prefer and use net banking and they expect CRM for the better prospects. Hence the CRM is going to be solely need based.

One can distinguish eight main fields of bank customers' expectations viz., Reliability, Responsiveness, Appearance, Accessibility, e) Competence, Courtesy, Features, and Clarity

The success of any CRM in banking depends on service. The banking companies score advantage at this point. However the banks, which have invested in CRM in banks, are trying aggressive campaigning. Therefore, the study of customer satisfaction on CRM with different dimensions, such as usage, preference and motivation process. Accordingly, the present study is an attempt to analyses the different dimensions of customer satisfaction of customer of KVB with regard to CRM.

Review of Literature

Aslam Chaudhry in his article entitled 'CRM: Making it Simple for the Banking Industry', concludes that "CRM technology vendors have oversold the banking and financial industries with solutions. Unfortunately, these industries have quickly learned that effective CRM requires more than just a software application; it requires a business strategy. That business strategy should focus on customer equity assets and

incorporate a technology infrastructure that optimizes customer relationships. This same customer information can be used to further develop customer-centered programs and align business channels and human resources to support such programs.

'Customer Relationship Management in Banking Sector and A Model Design for Banking Performance Enhancement' an article by Semih Onut Ibrahim Erdem and Bora Hosver the study was undertaken for Garanti Bank Customer Relationship & Marketing Dept. and the results are extensive usage of customer data to develop and apply Relational Marketing have convinced the Garanti Bank to proceed along the line undertaken. Moreover the analytical and strategic CRM cycle is being completed by developing an application analyzing customers' attrition and deploying strategies to reduce it.

Dr. Madhu Jasola, and Shivani Kapoor, in their article entitled CRM: A Competitive Tool for Indian Banking Sector discussed and conclude that customers in the CRM bank rate its services far more favorably than those in the non-CRM which is an indicator of the superior level of services in the former. This could be further attributed to CRM- a closer understanding (of) and individualized service to the customer. Employing CRM may only strengthen the relationship between perceptions and up-buying and cross-buying which is all in support of introducing CRM in service sector.

Customer Relationship Management (CRM) solution enables financial services companies to improve their customers' experience with every interaction – delivering real business benefits, while consistently building improved customer loyalty, increased revenues and enhanced profitability.

Scope of the Study

The scope of the study is CRM in KVB only taken into the study and geographical area also restricted into Dindigul only. In future study can widen to all customers of banking services of KVB.

Objectives of the Study

The overall objective of the study is to examine the customer satisfaction behaviour and the extent of satisfaction derived by the customer on the various features of banking services regard to CRM in KVB. The specific objectives of the study are:

1. To study the satisfaction level of KVB customers with regard to CRM.
2. To identify the level of awareness toward CRM facility among the customers.
3. To offer suggestion for the improvement of CRM services based on findings of the study.

Sources of Data

The present study is based on both primary and secondary data. The main source of primary data has been customers of Karur Vysya Bank. To elicit information from the customers a schedule was designed and administered.

Sampling Design

The convenient sampling method is used for collecting the data from the customers of KVB. It was decided to collect information from 270 customers of KVB in Dindigul branch.

Framework of Analysis

For the purpose of testing various hypotheses regarding customers' satisfaction with regard to CRM, 'F' test has been used.

The factor-wise analysis was made. The dependent variable satisfaction was related to independent factors influencing the same. The respondents were grouped according to these factors and accordingly their mean and range of satisfaction scores for each factor group were calculated. In order to find out the significance of the differences between the averages, one way anova tests have been applied.

Factors Influencing Satisfaction

Satisfaction of the customers relating to the various factors influencing the satisfaction on CRM in KVB is abstract and qualitative. A scale by name 'customer's satisfaction scale' has been constructed to measure the level of satisfaction of each customer-respondent. This scale contains 20 items relating to various factors.

The respondents have been grouped into three categories namely (i) Low satisfaction (ii) Medium satisfaction and (iii) High satisfaction. This classification is done according to Mean \pm SD criterion. Customer's scoring up to 65 are treated as low satisfaction, customers with total scores between 56 and 83 come under the medium level satisfaction category and customers scoring above 83 are considered as highly satisfied.

Analysis of Dats

The sample customers are divided into three categories based on their respective scores. The distribution of respondents according to their levels of satisfaction is shown in table 1.

Table.1

Distribution of sample of customers on the basis of their level of satisfaction

Sl.No.	Level satisfaction of	No. of customers	Percentage
1	Low	52	19.26
2	Medium	151	55.93
3	High	67	24.81
	Total	270	100.00

It is observed from the table that 52 customers have low satisfaction. It works out to 19.26 per cent. There are 151 medium level satisfied customers (55.93%). Highly satisfied customers are 67 (24.81%). It is found from the table that a majority of the respondents have medium level of satisfaction. The average satisfaction score is 73.98.

The variables and satisfaction are inter-related, whether the difference in the average score between the variables are significant, Analysis of Variance was applied and the results are presented in table 2.

Table -2
Analysis of Variance

	Source	DF	SS	MS	F
Age and satisfaction	Between Groups	2	2230.43	1115.22	14.021
	Within Groups	267	21236.48	79.54	
	Total	269	23466.907		
	Source	DF	SS	MS	F
Gender and satisfaction	Between Groups	1	2420.909	2420.909	30.828
	Within Groups	268	21045.998	78.53	
	Total	269	23466.907		
	Source	DF	SS	MS	F
Marital status and satisfaction	Between Groups	1	553.591	553.591	6.475
	Within Groups	268	22913.316	85.497	
	Total	269	23466.907		
	Source	DF	SS	MS	F
Community and satisfaction	Between Groups	2	299.329	149.664	1.725
	Within Groups	267	23167.579	86.770	
	Total	269	23466.907		

	Source	DF	SS	MS	F
Education and satisfaction	Between Groups	2	945.878	472.939	5.607
	Within Groups	267	22521.030	84.348	
	Total	269	23466.907		
	Source	DF	SS	MS	F
Occupation and satisfaction	Between Groups	2	737.202	368.601	4.330
	Within Groups	267	22729.705	85.130	
	Total	269	23466.907		
	Source	DF	SS	MS	F
ACCOMMODATION AND SATISFACTION	Between Groups	2	5.831	2.916	0.033
	Within Groups	267	23461.076	87.869	
	Total	269	23466.907		

	Source	DF	SS	MS	F
Monthly Income and satisfaction	Between Groups	2	7.252	3.626	0.041
	Within Groups	267	23459.655	87.864	
	Total	269	23466.907		
	Source	DF	SS	MS	F
Size of the Family and satisfaction	Between Groups	2	61.454	30.727	0.351
	Within Groups	267	23405.453	87.661	
	Total	269	23466.907		

	Source	DF	SS	MS	F
Length of the Period and Satisfaction –	Between Groups	2	1832.479	916.239	11.308
	Within Groups	267	21634.429	81.028	
	Total	269	23466.907		
	Source	DF	SS	MS	F
Loan availed and satisfaction	Between Groups	1	1813.557	1813.557	22.446
	Within Groups	268	21653.35	80.796	
	Total	269	23466.907		
	Source	DF	SS	MS	F
Credit card availed and satisfaction	Between Groups	1	133.058	133.058	1.528
	Within Groups	268	23333.85	87.067	
	Total	269	23466.907		

Inter Correlation:

Table 3 shows the inter-Correlation among the twelve selected factors. The relationship of satisfaction (Y) with the factors community (X4), level of education(X5), accommodation(X7), income(X8), size of the family(X9) and utilization of credit card (X12) are not significant.

Table 3

Correlation matrix

	Y	X1	X2	X3	X4	X5	X6	X7	X8	X9	X10	X11	X12
Y	1.00 0	.306	-.321	-.154	.028	.011	-.146	.002	-.005	.050	.224	-.278	-.075
X1	.306	1.00 0	-.055	-.291	.156	.099	.034	-.151	.141	.103	.323	-.090	.034
X2	-.321	-.055	1.00 0	.269	.092	.067	-.007	.296	.0+0 3	-.073	-.155	.085	-.161
X3	-.154	-.291	.269	1.00 0	.176	.006	.049	.171	-.070	.050	-.301	.155	-.166
X4	.028	.156	.092	.176	1.00 0	.029	-.259	-.045	-.038	-.026	-.011	-.010	-.007
X5	.011	.099	.067	.006	.029	1.00 0	.028	-.014	.472	.195	.212	-.329	-.087
X6	-.146	.034	-.007	.049	-.259	.028	1.00 0	-.178	.192	.106	.029	.089	.069
X7	.002	-.151	.296	.171	-.045	-.014	-.178	1.00 0	-.046	.020	-.081	.010	-.097
X8	-.005	.141	.003	-.070	-.038	.472	.192	-.046	1.00 0	.135	.401	-.273	-.223
X9	.050	.103	-.073	.050	-.026	.195	.106	.020	.135	1.00 0	.097	-.161	.148
X10	.224	.323	-.155	-.301	-.011	.212	.029	-.081	.401	.097	1.00 0	-.329	-.224
X11	-.278	.090	.085	.155	-.010	.329	.089	.010	.273	.161	.329	1.00 0	.234
X12	-.075	.034	-.161	-.166	-.007	.087	.069	-.097	-.223	.148	-.224	.234	1.00 0

Table value of “r”= 0.124

Findings of the Study

Twelve factors are identified and their influence on satisfaction has been analyzed. The influence of each factor has been tested with the help of the Correlation Co-efficient. The result of this analysis shows that the following six factors have significant relationship with the level of satisfaction

- a) Age
- b) Gender
- c) Marital status

- d) Occupation
- e) Length of period
- f) Loan availed

On the observation of correlation matrix as presented above, the relationship of Age (X1) with Gender(X2), Education(X5), Occupation(X6), Size of the Family(X9), Loan availed(X11) and Credit card facility (X12) are not significant.

The relationship of Gender(X2) with marital status(X3), Accommodation(X7), Length of period(X10), and Credit card facility (X12) are significant.

The relationship of marital status(X3) with Education(X5), Occupation(X6), Monthly Income (X8) and Size of the Family(X9) are not significant.

The relationship of Community(X4) with Occupation(X6) is significant.

The relationship of Education(X5) with Occupation(X6), Accommodation(X7), and Credit card facility (X12) are not significant.

The relationship of Occupation(X6) with Accommodation(X7), Monthly Income (X8) is significant.

The relationship of Accommodation(X7) with all factors is significant.

The relationship of Monthly Income (X8) with all factors is significant.

The relationship of Size of the Family(X9) with Length of period(X10) is not significant.

The relationship of Length of period(X10) with all factors is significant.

The relationship of Loan availed(X11) with Credit card facility (X12) is significant.

Conclusion

KVB is a premier Indian bank and it offers a number of loans. The last several years saw the rise of Customer Relationship Management (abbreviated CRM) as an important business approach. This approach is made possible by advances in information technology. 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. There is a direct relationship between perception and satisfaction, commitment and loyalty which underlines the significance of CRM in service industry.

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