

A Comparative Analysis of E- Customer Relationship Management Practices in Public and Private Sector Banks: A Study in Erode District.

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Abstract

The socio-economic development of the country depends on commercial banks. To improve people's quality of life, banks offer a variety of services. Rapid information technology improvements enable the banking industry to get the full benefits. The primary goal of marketing and business in general is to establish relationships with customers. Recurring clients are more important in service industries like banking since they are believed to cost only a small percentage of what is needed to serve a new customer in a service transaction. Only when banks address their customers' basic requirements do relationships develop. Improving bank performance requires effective customer relationship management. Almost all Indian banks are implementing CRM after realising that it is more expensive to acquire new customers than to retain current ones.

Keywords: Customer, Relationship, Bank, economic

1. Introduction

The beginning of the banking sector reforms in the 1990s was one of the economic liberalisation initiatives that India carried out to encourage foreign banks to enter the banking sector. There is now intense rivalry for Indian banks as a result of foreign banks entering the Indian market. To become more active, banks need to recover from their downturn. The banks must next take a number of actions to raise their standards since addressing customer requirements and putting relationship marketing into practice will increase the Indian banking industry's competitiveness on a global scale. A bank's survival and growth depend on its ability to maintain high-quality services for its customers as well as on its capacity to establish long- lasting, mutually beneficial, and reliable relationships with them. The rising competition between banks and non-banking financial organisations has made delivering exceptional customer service even more crucial. The banking sector has a large number of participants.

Banks play a major role in the economic development of every nation. They control a sizable amount of the money supply in circulation. By regulating the quantity of bank money, they can influence the type and character of output in any country. Economic development is a continuous and dynamic process. A country's financial system is the cornerstone of its economic growth. because economic development is greatly influenced by the degree of investment, resource mobilisation, and the operational efficiency of the various economicsectors. Since banking reforms were put into place, India's banking situation has dramatically transformed. Banks are facing more and more competition in their financial services activities, whether they are asking for deposits, extending credit lines, or providing auxiliary services.

A bank's ability to sustain its growth rate in such a competitive environment will depend on how effectively it

comprehends customer needs and creates effective marketing strategies. This means developing new and improved products and services, providing better facilities and amenities, looking into new distribution channels, and putting effective marketing strategies into action in order to continuously meet the changing needs of consumers. After 30 years of nationalisation, the banking industry is now progressively welcoming private sector banks. Furthermore, foreign banks are permitted to open more branches in order to grow their business.

All of these factors have increased competition in the banking sector. Developing products and services in a competitive market to improve customer relations, forming strategic alliances, leveraging the geographical dispersion of their branch networks, and upgrading technology to meet the marketing environment and satisfy customers' perceived needs are just a few of the challenges that Indian banks face in the face of intense competition. Because of the competitive customer service and spirit, consumer needs have changed, including access for deposits and banking anywhere, at any time. timely credit proposal evaluation, timely bill collections and payments, and timely money transfers.

2. Review Of Literature

Ranjan Sen Sarma, D. M. C., and Chourasiya, N. (2022)53 mentioned that CRM is a trend in the banking business that aims to build and keep long-lasting connections with clients for the benefit of both clients and banks. Using this idea, a bank can find out who each customer is, put them into groups, talk to them, and build long-lasting ties with them. The banking industry is hard to work in and has a lot of fierce Competition. This is because banks are focused on growing their profits and keeping up

with changing customer demand. So, banks are putting more effort into finding, collecting, and keeping what customers want. Customer relationship management helps banks get to know their customers and keep in touch with them over time. Electronic customer relationship management, or E-CRM, is when CRM goals are met by using Internet-based tools like emails, websites, chat rooms, and forums. This paper looks at how well E-CRM works in India's banking industry.

Vasudeva, S. (2020) emphasises how crucial value systems are to e-administration environments in order to attract clients. It takes into account the strong correlation between customer loyalty and the calibre of e-administration. An example of portable banking administration served as the impetus for the presentation of value strategies for client retention. The study's sample size consisted of 524 varied banking clients from the Indian province of Punjab. The overview tool used the fidelity, E-S-QUAL, and E-RecS-QUAL scales recommended in the previous investigations. The quantitative frequent relapse approach was also used to analyse the collected data. The outcomes of this section have a significant effect on how e-administration for flexible banking is delivered. It could help speciality cooperatives better understand the challenges of communicating with clients virtually.

Mokha, A. K., & Kumar, P. (2022) 47 used electronic customer relationship management (E-CRM) to study how customer loyalty is affected by customer happiness and experience in the financial sector. People think that satisfied customers and a pleasant customer experience are necessary for building and strengthening long-term customer relationships. The links are examined in this study using the stimulus, organisation, and reaction (S-O-R) model. To achieve the goals, information was gathered from 836 Indian bank customers. AMOS and structural equation modelling (SEM) were then used to analyse the data. All of the strong and positive relationships between E-CRM and client loyalty were mediated by client satisfaction and experience. Thus, these empirical findings will have implications for theory and management. They will also give bank management vital information on how to improve their long-lasting relationships with customers.

Riedl, J., and Lederer, M. (2020) Because investigators must extract or generate meaningful information from a variety of sources, the operations of a speculation bank are thought to be particularly information dense. Modern information science and business knowledge techniques are available to assist or partially computerise these exercises due to the growing digitisation. This study offers good examples of how information management techniques might be used to a speculating bank's front office operations. For example, the essay illustrates how fluffy rationale frameworks aid in determining whether to buy or sell insurance, or how master frameworks can be used in the due diligence audit. As an application description of information science processes in the model

subject matter escalated banking forms, the article assists analysts and experts alike and is based on 1079 papers (such as reported cases and articles).

L. Lizbetinovz and associates (2020) A few factors determine whether small and medium-sized businesses (SMEs) can be sustained in a globalised economy. According to readily available research, one of the elements positively impacting SMEs' aggression is effective customer relationship management, or CRM. Creating client databases and applying the CRM process in Slovakian SMEs are the main topics of this research. The purpose of the article is to group Slovakian SMEs based on their use of CRM and customer databases and to identify differences among the groups according to the selected attributes. The report offers the findings of the investigation that focused on establishing the CRM approach in Slovak businesses and on fostering correspondence. Towards the end of 2017 and the beginning of 2018, a quantitative nonexperimental study was conducted using the questionnaires. The responses of 1009 Slovak SMEs determine the study's findings. The information was processed using the Tukey HSD test, Analysis of Change (ANOVA), K-implies bunch research, and Essential Clear Insights. The following groups demonstrate three typical approaches taken by Slovak SMEs while creating databases, using CRMs, and assessing their suitability. Additionally, the organisations exhibit a willingness to use moral principles and comprehensive, integrated, and socially reliable presentation. After the results, it is possible to indicate how SMEs can be divided into the three subsequent groups of equal size: Customer databases are used to promote correspondence in the first group (92.2%), which consists of small-scale and poorly estimated projects;

The second group consists of the most advanced medium-sized business ventures and endeavors 12

with remote value investment using CRM and customer databases; the third group is made up of smaller business ventures with household property that are not focused on using CRM and promoting correspondence. The findings of the study provide the basis for further investigation and assistance for small and medium-sized projects.

Reinhold, O., and Alt, R. (2020) There are several CRM use cases for web-based social networking, and social CRM setups vary greatly in scope and unpredictability. Four fundamental perspectives for using Social CRM are covered in this section. Organisations must first describe their unique approach to social CRM based on four non-exclusive options. Second, the innovative and hierarchical level of joining demonstrates how a chosen Social CRM technique has been refined. Third, scientific developments provide varying levels of mechanisation with semantic web techniques that necessitate growing interest in Social CRM. Fourth, rules pertaining to copyright, security, and competing interests should be taken into account.

Vignesh, C., Anbumalar, S., AND Hassan, J. A. (2020) Customers of a bank or other financial institution can conduct a variety of money-related transactions via the website of the financial institution thanks to advanced banking, an electronic installment system. In contrast to branch banking, which was the traditional method by which clients accessed banking services, online banking typically interfaces with or is a component of a bank's central banking system. Examining the degree of use of various digital banking offices and decomposing the fulfilment towards specific digital banking offices are the main goals. For this, a sample of 300 was collected from the rate study and responses. The material was analysed using descriptive measures, Anova, and relapse as tools. The conclusion is that bankers must abandon established and well-known procedures and establish new ones.

Asekome, E. (2020) was to determine whether Zenith Bank's existing procedures for customer fulfilment, loyalty, and retention were adequate and how to improve them. Data were collected from key sources using a survey composed of clarifying decisions in a group that used a 5-scale Likert scale. In order to evaluate the mean dispersion, standard deviation, Pearson's association coefficient, examination of difference (ANOVA), and various relapse studies to test the set theories, the data were subjected to an exact research using the SPSS software. The study's findings revealed that while each element of the showcasing blend systems influences the effectiveness of Zenith Bank's marketing, the product,

process, and workforce were increasingly important in enhancing customer satisfaction, loyalty, and retention. According to the investigation, the Bank must continue to improve these notable methods as well as various

systems that could attract, satisfy, and exceed customer needs. For instance, the Bank should continuously train its employees, improve the exchange process stream, and provide the newest mechanical advancements to ensure error-free exchanges.

In order to reduce consumer complaints, the report also recommended that the bank strengthen its corporate social responsibility by sponsoring events that may increase its advertising visibility and keeping a strategic distance from instances of cash shortage at ATMs.

E-Customer Relationship Management

One of the tactics that is now causing a stir in the banking sector is customer relationship management. India is home to one of the largest banking industries in the world today. CRM plays a key role in the banking sector. Customer relationship management (CRM) is a strategy that can help them build long-lasting relationships with their clients and increase their profits if the right management system is in place and customer-focused methods are put into practice. CRM plays a key role in the banking sector. It is the development, expansion, maintenance, and optimisation of long-lasting, mutually beneficial relationships between businesses and their clients. The primary objective of effective customer relationship management is to comprehend the needs and desires of the clients, which is achieved by integrating these needs with the organization's strategy, personnel, technology, and business procedures. CRM evaluates which markets to service, identifies both existing and potential markets, and monitors the evolution of both new and existing services. CRM is a comprehensive method that can help banks become more customer-oriented and implement customer-focused initiatives, which will help them build long-lasting connections with their customers and increase their profits. CRM is a thorough strategy for attracting, keeping, and expanding clients. CRM is the process of creating and maintaining relationships with customers or companies. Therefore, if banks want to succeed in this era of intense competition, they must create enduring relationships with their customers by offering top-notch services. Three key components are necessary for each industry to establish lasting relationships with its clients: relationship quality, service quality, and product quality. The banking industry is likewise affected by this issue.

3. E-CRM'S BENEFITS FOR THE BANKING INDUSTRY

In the competitive post-liberalization period, when financial sector reforms have significantly deregulated the markets, it has become essential to use the finest customer-oriented practices and awareness and internalise them to deliver added value to clients through workers. The most crucial element in banking is the calibre of customer service, particularly when it comes to long-term business success. Banks manufacture and provide services promptly at the service delivery sites, which sets them apart from other companies that generate tangible things. Because of this powerful influence on their conduct, customers become particularly sensitive to the quality of the services they receive. CRM processes are predicated on the customer's actual experience with the service, which is evaluated in relation to the customer's needs, whether they are aware or just perceptible, explicit or implicit, subjective or optional. Since clients would consider the CRM to be excellent if they believe it to be faultless, it is imperative that service providers meet or exceed their estimates of service quality.

The competitive landscape of the Indian financial market has changed significantly in recent years. Financial services are now being offered by businesses. Public sector banks have created mutual fund trusts and other financial service subsidiaries. New products that are more competitive than the banks' offerings have been introduced to the market by these subsidiaries. International banks have also implemented innovative operations in the private sector. The expectations of consumers have also changed in recent years. Many consumers expect banks to provide a variety of services. These days, many household consumers would choose to take out consumer durable loans or make purchases on fast credit rather than investing for a few years. Because of the growing level of competition, service quality is increasingly becoming a critical aspect of banking operations. In order to succeed commercially, Indian banks must use service quality strategies to stay ahead of their rivals.

4. State Ment Of The Problem

The banking sector must continue to offer excellent customer service because it is a service- oriented industry. The

ability of a bank to continuously provide its customers with high-quality services is crucial to its survival and growth. It also aids in building long-lasting, profitable, and reliable relationships with its customers. The operational and service aspects of bankers have changed significantly as a result of scientific and technology breakthroughs as well as the computer revolution. Public sector banks make up the majority of the Indian banking system. 2. Private sector financial institutions 3. Foreign and cooperative banks are usually local or regional participants in India. The Erode district does not have access to foreign banks. Thus, this study on bank CRM practices focusses on banks in the public and private sectors.

Given the growing competition between banks and non-banking financial organisations, the quality of customer service has become more and more crucial. The banking sector has a large number of participants. Alongside the scene's change, customers' expectations for the use of technology, new goods, new services, and customer friendliness have increased. Therefore, in order to provide their customers with high-quality services and surpass customer relationship management, commercial banks need to employ a range of marketing strategies. Given these patterns, it would seem reasonable to focus the study on public and private banks' CRM strategies, as this is deemed to be an urgent requirement. The following questions are raised during this process:

1. How have customer relationship management tactics changed and advanced in the banking industry in India?
2. To what extent do customers understand the CRM policies of commercial banks?
3. How happy are customers with the commercial banks' marketing strategies?
4. How do commercial banks respond to customer relationship management strategies?

6. Importance Of The Study

There is fierce competition among private, public, international, and cooperative sector firms in India's banking industry. In such a fiercely competitive environment, banks have found it very difficult to market their services to end users. Since the banking sector is a service- oriented one, there is room for improvement in the quality of its offerings. The most crucial aspect of banking operations is providing excellent customer service; smiling, timely, and efficient service will boost the company's reputation, lower complaints, and increase revenue. These days, banks compete with one another to boost their earnings. Development is therefore impossible without services. The banking sector depends on providing proper services, which can only be achieved through the efficient application of CRM techniques.

a. SCOPE OF THE STUDY

The latest edge Indian commercial banks, such as ICICI, CUB, HDFC, and others, are expanding more quickly than their public sector rivals, such as CANARA, IOB, and SBI. "CRM Practices in Commercial Banks: A Comparative Study between Public and Private Sector Banks in Erode District" is the topic of the study. The influence of CRM practices in the research region, customer awareness, and satisfaction levels are the main topics of the study. Of the 38 commercial banks in the Erode area, 22 are public sector banks, with the rest banks being other banks. Six major banks were chosen for the study: three from the private sector (ICICI, CUB, HDFC) and three from the public sector (Canara Bank, IOB, and State Bank of India).

b. OBJECTIVES OF THE STUDY

The objectives of the study are as follows:

- i) To research the advancements and changes in the banking sector with respect to commercial banks' CRM practices.
- ii) To gauge how well-informed clients are regarding commercial banks' CRM procedures.
- iii) To gauge how satisfied a chosen group of commercial bank clients are with CRM procedures.

iv)To examine the effects of commercial banks' CRM procedures.

v)To make insightful recommendations to enhance commercial banks' CRM procedures.

c. HYPOTHESES

The following theories have been developed by taking into account the study's goals, the researcher's theoretical background, discussions and considerations with experts, and findings from other research projects. To provide light on the study's second and third goals, these hypotheses are put through the proper statistical testing.

CRM practices and their effects on customers' awareness

The respondents' personal characteristics, including age, gender, marital status, level of education, occupation, yearly income, account type, annual accounting summary, and frequency of visits, do not significantly correlate with their CRM practices on customer awareness in commercial banks.

The sample customers' average awareness score is the same for each category, including age, gender, marital status, occupation, annual income, type of account, annual accounting summary, and frequency of visit.

Theories concerning customer satisfaction

- i) Respondents' satisfaction with CRM procedures is not significantly correlated with their personal characteristics, including age, gender, marital status, occupation, annual income, type of account, annual accounting summary, and frequency of visits.
- ii) The average satisfaction score of different groups of sample customers (such as age, gender, marital status, educational qualification, occupation, annual income, type of account, annual accounting summary and frequency of visit) is the same.

1. PERIOD OF THE STUDY

From July 2024 to December 2024, the primary data for this investigation were gathered. The study's secondary data were examined through January 2025.

2. PILOT STUDY AND PRE-TESTING

In 2025, a pilot research was carried out. Before being utilised for the final survey, questionnaires were shown in the pilot study and any necessary adjustments were made. Sixty clients participated in a pilot study (20 from private sector banks and 40 from public

sector banks). The necessary elements to determine consumer satisfaction were determined based on the study's findings and firsthand observations.

3. DATA COLLECTION

The methodical approach to data gathering and analysis is the foundation of any research's legitimacy. Both primary and secondary data form the basis of the study. Well-structured questionnaires were used to gather primary data from the respondents. 600 sample respondents provided the necessary primary data.

4. SAMPLING SCHEME

As of March 2014, there were 38 commercial banks operating in Erode District, with 16 being private sector banks and 22 being public sector banks. The Multi Stage Sampling Technique has been used to gather primary data for the research. The top six banks have been chosen based on the list that the RBI prepared in 2014. From the large categories of banks, a sample of six banks—three in the public sector and three in the private sector—were chosen at random. There are 176 bank branches in the public sector and 33 in the private sector. As a result, for this survey, 5% of the respondents were chosen at random from all branches. Fifteen clients have been chosen from each branch. Thus, 120 consumers of private sector banks and 525 customers of public sector banks have been chosen. A total of 645 responders from banks in the public and private sectors. Table shows

the clear picture about the number of sample selected for the study branch wise in Erode District.

Table 1.1 Branch-wise Samples Selected for the Erode District Study

S.No	Name of the Bank (Public & Private)	Number of branches available	No of branches selected for the study	No of sample selected bank wise	Total no of samples selected bank wise	Total no of Samples selected sector wise
Public Sector						
1	CANARA	68	13	15	195	525
2	IOB	60	12	15	180	
3	SBI	48	10	15	150	
Private Sector						
	ICICI	14	3	15	45	120
5	CUB	14	3	15	45	
6	HDFC	5	2	15	30	
				Total	645	645

The total size of the sample customers is 645. Owing to the illegible handwriting, incomplete entries and inconsistency in the questionnaires from the respondents, 45 questionnaires have been identified as not suitable for the further analysis. Finally 600 sample customers were considered for final analysis.

5. DATA PROCESSING AND ANALYSIS

The completed surveys were carefully examined to guarantee completeness, correctness, and consistency. The gathered information was examined, revised, and totalled. Statistical tools such as the Chi-square test, F-test (Anova), "Z" test, Factor Analysis, Multiple Regression, and Cronbach's Alpha Reliability Analysis have been used in relation to the data analysis. SPSS 11.0, a popular statistical program, was used.

6. OPERATIONAL DEFINITIONS

Relationship Management for Customers

Customer relationship management, or CRM, is the term used to describe the techniques and resources that assist companies in effectively managing their connections with customers. CRM procedures that assist in locating and focussing on their top clients, producing high-quality leads for sales, and organising and carrying out marketing campaigns with precise aims and objectives.

Commercial banks

Financial institutions facilitate money market transactions and offer a range of financial services, including factoring and lending to the general public. They also accept deposits for savings, current, recurring, and fixed durations. Public sector financial institutions The government may issue the remaining interest to the general public in banks when it

owns at least 51% of the equity share capital. CANARA, IOB, and others are a few instances.

Banks in the private sector

The RBI regulates the operations of the banks in which the government has no equity share capital. ICICI, HDFC, CUB, and others are a few of the instances. Client The phrase describes people who interact with banks either by opening a deposit account, applying for a loan, or doing both.

Client contentment

The degree of a person's state that arises from evaluating a product's perceived performance against their expectations is known as satisfaction. The gap between expectations and perceived performance determines the degree of satisfaction. The customer is not happy if the performance does not meet their expectations. The customer is happy if the performance lives up to expectations. The customer may be extremely happy or delighted if the performance surpasses their expectations.

CONCLUSION:

According to this study, clients of private sector banks are happy with the services they receive. Technology, customer relationship management between bankers and consumers, and service quality are some of the elements that affect customer satisfaction with banks. Customer satisfaction is significantly influenced by their demographic characteristics. This study suggests that if the bank makes an effort to continuously evaluate and enhance the customer care it provides, customers may be kept. If bankers want to satisfy their customers and build a foundation of trust in all areas, they must keep the lines of communication open and nurture strong, positive client relationships. The retail sale of gold bars and coins can be promoted in the media, and banks could employ more self-service technologies to make banking easier and faster for their clients.

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