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The significant role and impact of customer relationship management practices in the banks: A customers' satisfaction survey

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Abstract

This paper was designed to explore the background of banking and retail consumer relations. It also aims at evaluating the impact on customer loyalty of customer relationship management. Five consumer interaction dimensions have been identified: Loyalty, Capacity, Special Consideration, Conflict Management and Ease. The customer's satisfaction with bank is influenced only by faith, special treatment and ease. This research will assist bank officials in implementing a proper client relationship management strategy.

Keywords: customer relationship, loyalty, capacity, special consideration, conflict management, satisfaction survey

1. Introduction

Customer Relationship Management (CRM) is the term for handling the conations between consumers, employees and all business and financial activity challenges of the enterprise. The systems used to control and promote the corporate operations and events of the company. CRM is then used instead of as a technological challenge as a practical enterprise and operation. In addition, the long-term objective of CRM is to increase consistency and to enhance the user experience that can contribute to consumer loyalty. In order to implement CRM effectively, the top management framework dedication and vision are strongly recommended and needed. The strategic structure's policies should be flexible and particularly the pricing policies should be clear. These problems are essential to improving customer loyalty and market advantages. There is a time of unprecedented transition in the banking sector in the world. Owing to the turbulence, several banks follow many marketing partnership tactics to obtain a competitive edge. Marketing partnerships seek to build, retain and enhance client relationships and other stakeholders in order to preserve and boost the customer base and profitability of a company. Marketing partnership literature is ample, particularly in the sector of banking. Several reports also stated the successful application of CRM benefits for organizations. Consumers who have a positive friendship with and offer a greater sense of loyalty and desire to remain mutually beneficial. In addition, consumer satisfaction was increased and the promotion costs decreased, since loyal consumers became less costly to service. In general, anything that happens in the global economy has been to a certain extent influenced by all companies and especially financial institutions. Today, the companies are not only seeking to please their clients, but they are attempting to do so more successfully than their opponents on the global market to accomplish their targets. In their corporate and communications strategy, an organization's primary priority is to keep clients happy and concentrate on customer focus. An organization's most critical task is to maximize customer loyalty and emphasis on in their operational and communication methods, consumer oriented strategy. While pleased consumers are like free publicity for financial institutions, the meaning cannot be discounted. In line with their plans, activities and procedures, you can place your customer at the core of your business. Indeed, marketing to current clients is faster and more lucrative than attracting new ones.

2. Review of Literature

Various researches on the advantages of customer relations management have been

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published. Marketing principles for connections ^[1], marketing, customer care and satisfaction ^[2], reciprocal confidence growth ^[3, 6] and partnership management principles ^[7] for the purposes of translating potential buyers into daily consumer. The happiness of the consumer was also proposed as leading loyalty determinant ^[8, 10]. Client satisfaction will lower prices and improve revenue by five times as much as the cost of purchasing a new customer ^[11, 13]. Vella and Caruana (2012) explains, by reviewing consumer experience details, it would include the management of a corporate interaction with the clients in order to maximize customer satisfaction rates. In addition, the management of a company deals with the consumers. Peltier *et al.* (2013) also states that CRM compiles consumer data from multiple contact networks in order to find out about the needs and how to address the needs of consumers, including social media and customer input. CRM includes infrastructure, techniques and procedures commonly utilized by Organizations analyze and monitor their consumer engagement over the life cycle. Khodakarami and Chan (2014) emphasize that CRM systems are built to improve procedures in a range of fields such as handling and evaluating, serving clients, marketing and sales.

In addition, the basic CRM dimensions of Baran and Galka (2013) are defined as creating and sustaining customer-to-business loyalty, creating customer relationships, using direct marketing strategies and personalizing customer ties. These guidelines are fundamentally designed to increase productivity and minimize costs involved with consumer experiences and to boost job performance and the pace at which decisions are made.

3. Objectives

1. Indicating major factors in the handling of customer relations.
2. To assess the effect on customer loyalty of the aspects of customer experience management.
3. To determine the key CRM elements introduced in the banking industry.
4. To determine the interaction of banks with customer.
5. To provide the banking industry with invaluable proposals and advice that creates positive relationships and satisfaction with customers.

4. Problems with analysis and concerns

It is really important to be in close touch with consumers in order to develop strong relationships in order to gain loyalty and our strength affects the business climate in the banking industry. This appreciation is important for financial institutions and particularly for the strong rivalry between them as regards knowledge. The biggest issue here is the following questions: The following questions are based on these questions:

1. How much is the CRM definition being used by banks?
2. What are the core CRM components capable of serving customers in the banking sector?
3. How does CRM connect with banking industry customer satisfaction?

5. Importance of the Research

1. The scholarly aspect; since this research is an effort to incorporate essential subjects for further studies in foreign libraries, i.e. CRM.
2. The realistic factor since the subject of CRM is considered one of many financial institutions and others in general to have achieved popularity. The core fundamentals of CRM that can contribute to client loyalty with the vital competitive circumstance in this field are very important to the financial institution.

6. Methodology of Analysis

In this analysis, the architecture of the research is descriptive. The data was gathered for the present analysis using both prime and followed data sources. The data collection tool was built to fit the system employed and represent the building to be assessed to accomplish the goals of the current study. The questionnaire has been configured to be autonomous. The questionnaire approach was implemented to gather the data for the study. The research is limited to customers of commercial banks only. In order to gather data from respondents, the researchers employed a hierarchical sampling strategy. Pilot checks are conducted to ensure the suitability of the questionnaire before data collection. A pilot analysis has been carried out before performing a survey.

There were two key aspects to the questionnaire produced by the researcher. The first component concerns the demographic variables of those referring to their years of business with their bank, their gender, their age, their wages, their level of schooling, their status and their bank. The second section of the analysis deals with customer experience management components and their effect on Likert's Consumer Satisfaction – scales to assess all research variables. The majority of consumers were male 61% and 40% had a salary of between Rs. 40,000 and Rs. 70,000 per annum. With respect to schooling, 32% of consumers had undergraduate qualifications, 19% of those surveyed had opened accounts in multiple banks and 21% were working by the respondents. 250 questionnaires have been administered by the study. Out of which 174 completely filled questionnaires were received, 24 unfinished questionnaires were discarded and remaining 150 were used for further study. The websites of 25 banks have given a list of all banks operating in the city. Both consumers in the city make up the study community. The representative of the current study was a randomly chosen customer from numerous banks operating in the region.

7. Hypothesis

The following Hypothesis is used for this analysis.

- H₀₁: The loyalty has no measurable effect on customer satisfaction.
H₀₂: Capacity does not change the loyalty of customer satisfaction.
H₀₃: No customer satisfaction would be impaired by special consideration.
H₀₄: Conflict management does not impair customer satisfaction.
H₀₅: Ease does not impair customer satisfaction.

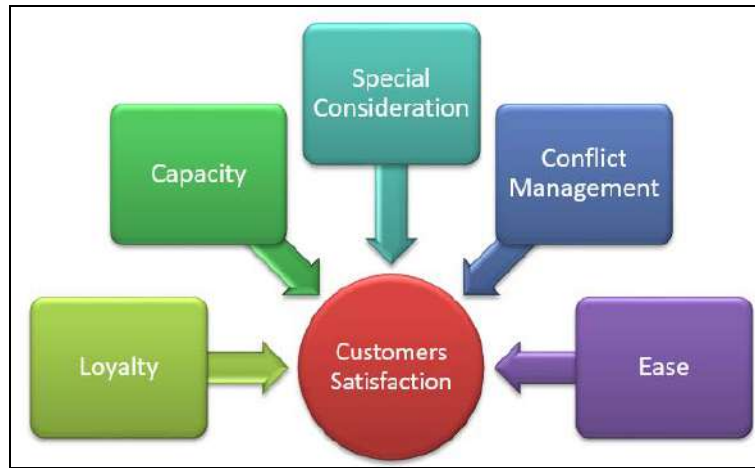


Fig 1: Proposed Research Model

8. Analysis of Results

Correlations and regression analysis were carried out to figure out the level of efficacy among the dependent variable (Customer Satisfaction) and the independent variable (Loyalty, Capacity, Special Consideration, Conflict Management and Ease). The SPSS software is used for that purpose.

In order to test internal accuracy before the factor analysis was conducted, the reliability of the CRM measurements was monitored using Cronbach alpha. The widely accepted lower limit for Alpha Cronbach is 0.70 but in studies it may fall into 0.60 [15]. The Cronbach Alpha for Loyalty (0.712), Capacity (0.715), Special Consideration (0.799), Conflict Management (0.718) and Ease (0.748).

Table 1: Reliability of Data

Sr. #	Dimensions of CRM	Original Statements	Statement Retained	Cronbach Alpha
1	Loyalty	5	5	0.712
2	Capacity	6	5	0.715
3	Special Consideration	5	5	0.799
4	Conflict Management	5	5	0.718
5	Ease	6	6	0.748

Techniques in customer relationship management research have been administered in order to define relevant parameters. More than one element has been extracted from its own values. The varimax protocol rotated these aspects of customer relationship management. A value of 0.673 above the suggested value of 0.5 of the Kaiser–Meyer–Olkin (KMO). There are five essential aspects of the factor analysis. The first dimensions underlying the factor are

'loyalty' containing five components with an Eigen value of 14.622. The second element consists of 'capacity' objects that are made up of four factors. The third dimension encompasses objects requiring 'special consideration,' which incorporates five factors with a value on 7.563 of their own. The fourth factor is the topic of 'conflict management.' The final and fifth measurements contain 'Ease' objects.

Table 2: Relevant aspects of banking customer relations

Sr. #	Dimensions of CRM	Included Variables	Eigen Value	Explained % Variance	Explained Cumulative Percentage of Variance
1	Loyalty	6	14.622	16.211	17.024
2	Capacity	5	11.080	7.206	24.231
3	Special Consideration	4	7.563	7.035	31.268
4	Conflict Management	5	6.809	6.667	30.046
5	Ease	6	3.682	6.100	44.151
KMO measures of sampling adequacy		0.673	Bartlett's test sphericity chi square value		769.006

Multiple regression analyses were carried out with the contingent variable consumer loyalty and the five customer relation dimensions of management as independent variables to define the dimensions of customer relations that make the bigger contribution to customer satisfaction. Table 2 displays the results of the regression study as an independent variable for customer satisfaction; the modified R-square indicates 43% of the disparity in customer loyalty

in the five dimensions. Fourth aspects of the five dimensions of client interactions were greatly affected by the significance of the following:

- Loyalty ($\beta=0.233$)
- Ease ($\beta=0.233$)
- Capacity ($\beta=0.197$)
- Special Consideration ($\beta=0.342$)

Table 3: Multiple Regression Analysis as dependent variable of satisfaction

Sr. No.	Independent Variable	Unstandardized Coefficient	Standard Error	β	t	Significance
1	Loyalty	0.139	0.049	0.342	3.01	0.002
2	Capacity	0.141	0.054	0.197	2.64	0.008
3	Special Consideration	0.161	0.050	0.342	3.21	0.002
4	Conflict Management	0.088	0.040	0.160	2.29	0.068
5	Ease	0.147	0.045	0.233	3.32	0.001

Notes: F Statistic= 20.919

Significance= 0.00

Adjusted R- square: 0.430

Table 4: Hypothesis Outcome

Sr. No.	Hypotheses	B	Result
1	Ho ₁ : The loyalty has no measurable effect on customer satisfaction.	0.342	Rejected
2	Ho ₂ : Capacity does not change the loyalty of customer satisfaction.	0.197	Rejected
3	Ho ₃ : No customer satisfaction would be impaired by special consideration.	0.342	Rejected
4	Ho ₄ : Conflict management does not impair customer satisfaction.	0.160	Accepted
5	Ho ₅ : Ease does not impair customer satisfaction.	0.233	Rejected

9. Conclusion and Recommendation

The first goal of the analysis is the recognition of significant aspects of banking consumer relations. This research identified five essential aspects of banking customer relations. The following are: Loyalty, Capacity, Special Care, Conflict Management and Ease. This study also showed that loyalty, ability, special treatment and ease have a huge effect on customer satisfaction. The researchers propose the following recommendations on the basis of the aforementioned conclusion:

1. In order to communicate favorably with clients, banks must undertake unique training programs to all of the front stage officers by defining essential CRM methods for the banking industry.
2. Banking administration has to develop methods and practices by explicitly supporting CRM and customer loyalty to address customer concerns and issues.
3. Banks should concentrate on the physical environment and technical resources which are directly linked to the happiness of customers.

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