

**CUSTOMER RELATIONSHIP MANAGEMENT PRACTICES IN  
BRANCHES OF STATE COOPERATIVE BANK IN LUCKNOW  
CITY.**

Dissertation report submitted to Vaikunth Mehta National Institute of  
Cooperative Management for the Award of the Degree of

**POST GRADUATE DIPLOMA IN COOPERATIVE BUSINESS  
MANAGEMENT**

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## **CERTIFICATE**

This is to certify that the desk research project entitled “**Customer Relationship Management Practices in Branches of State Cooperative Bank in Lucknow City.**”, is a record of research work done by MANISH KUMAR MISHRA (**Roll No. 5504**) **55<sup>th</sup> PGDCBM** during the period 2021-22, under my supervision and guidance, submitted to the Vaikunth Mehta National Institute of Cooperative Management, Pune in partial fulfilment of the requirements for the award of the Degree of **Post Graduate Diploma In Cooperative Business Management** of his study. The thesis has not previously been formed the basis for the award of any Degree/ Diploma/ Associate ship / Fellowship or other similar title to any university or institution. The thesis represents entirely an independent work on the part of the candidate.

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### **STATEMENT BY THE CANDIDATE**

I hereby declare that the thesis entitled “**Customer Relationship Management Practices in Branches of State Cooperative Bank in Lucknow City**”, for the award of Degree of **Post Graduate Diploma In Cooperative Business Management** is my original work done under the supervision of **Dr.NEERAJ.K.DUBEY**, Associate Professor, Vaikunth Mehta National Institute of Cooperative Management, Pune and that it has not previously formed the basis for the award of any Degree/Diploma/Associate ship/Fellowship or other similar title of any University or Institution.

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# **CUSTOMER RELATIONSHIP MANAGEMENT PRACTICES IN BRANCHES OF STATE COOPERATIVE BANK IN LUCKNOW CITY.**

## **1. INTRODUCTION AND BACKGROUND OF THE STUDY:**

In this competitive environment, financial institutions are forced to examine their performance because their survival in the dynamic economies of the coming years will be dependent upon their overall efficiencies. In response, banking concerns have been trying to adopt various techniques and adjust themselves to improve their efficiencies in the changing social and economic environment. The efficiency of a banking sector depends upon how best it can deliver services to its target customers or how far the expectations of customers are met. Any service to be provided to the customers can be differentiated by the service provider from the rest of the service providers if it poses some unique selling proposition. The customers compare the perceived service with the provided service. The customer perceives the service quality to be high and to be perfect on his expectation. This perception leads to customer satisfaction with the related service. In the present time, customer satisfaction is an interesting and dynamic concept. It is a concept, which varies from time to time. What is considered as “good” customer services today may be termed “Not-so” tomorrow? The strategies therefore, need to be in proper consonance with bank’s marketing strategies. Customers are now demanding an individualistic and are no longer willing to accept delay in transactions. A customer centric view has replaced the earlier product centric view. Customer Relationship Management (CRM) is one of such contemporary marketing strategies employed in both developed and developing economies. Customer Relationship Management includes all the marketing activities, which are designed to establish, develop, maintain, and sustain a



successful relationship with the targeted customers. CRM identifies the present and future markets, selection of the markets to serve and identifies the progress of existing and new services. Customer Relationship Management (CRM) in the banking sector involves reading the consumers' changing minds and needs creating services to satisfy these needs because building and maintaining a relationship with customers in the banking industry are important for the survival.

Customer relationship management is one of the strategies to manage customer as it focuses on understanding customers as individuals instead of as part of a group. Nurturing customer relationships is important and valuable to the business. The effective relationship between customers and banks depends on the understanding of the different needs of customers at different stages. The ability of banks to respond towards the customers' needs make the customers feel like a valuable individual rather than just part of a large number of customers.

## **2. NEED AND SIGNIFIGANCE OF THE STUDY**

The efficiency of a banking sector depends upon how best it can deliver services to its targeted customers. To survive in this competitive environment and provide continual customer satisfaction, the providers of banking services are now required to continually improve the quality of services. In order to provide quality of service and continual relationship with customer, CRM is essential and vital (Bose,2002). Nowadays, Banks have realized that customer relationships are a very important factor for their success. Customer relationship management (CRM) is a strategy that can help them to build long-lasting relationships with their customers and increase their revenues and profits. Therefore the study is undertaken to explore and analyze the strategic implementation of CRM and its practices in State Cooperative Bank branches in Lucknow city.

### **3. OBJECTIVES OF THE STUDY**

- Examine the opinion of respondents towards staff involvement in banking services.
- Analyse the CRM practices with different constituent factors.
- Examine the Pattern relationship among the dimension of CRM practices.
- Analyse the CRM practices influence on Customer satisfaction with staff intervention satisfaction.

### **RESEARCH DESIGN**

The present study is based on both primary as well as secondary data. The primary data are those data, which are collected from the customers of state cooperative banks in lucknow city. For that, a separate pre tested schedule was constructed and collected to bring out opinion of the customers about the banking services and their relationship with banks. The secondary data are those data, which are already collected by someone else. The researcher has collected the secondary data from the records of commercial banks, journals such as Indian Journal of Marketing, Indian Banks Associations Bulletin (IBAB), banking studies and so on.

#### **a. SAMPLING DESIGN**

The banking customers are large in number and it is not feasible to collect the data from all the banking customers from the study area. Therefore, it is decided to apply sampling technique to study the current problem. In Lucknow city , there are 12 branches of state cooperative bank is doing banking business. The

researcher has selected 15 respondents from each branch and the sample respondents are identified through convenient sampling method.

## **STATISTICAL TOOLS**

For analyzing the data collected during the investigation, the following statistical tools were used based upon the nature of data and relevance of the information required.

- **Analysis of Variance (ANOVA)**
- **Multiple Regression**
- **Exploratory Factor Analysis (EFA)**
- **Confirmatory Factor Analysis (CFA)**
- **Discriminant Analysis**

## **PERIOD OF THE STUDY**

The researcher has collected the data relating to Customer Relationship Management practices in branches of state cooperative bank in Lucknow city during **November 2021 to January 2022**.

## **SCOPE OF THE STUDY**

The innovative and successful CRM systems also integrate and capture customer data at the point of entry into the banking system—the branch. To build all customers information and history are accessible— allowing the branch to foster the corporate identity of the organization. It provides quality information on each customer interaction that can be accessed by senior management in timely reports which allow more refined analysis than previously available. Thus enable bank marketing to easily identify customer contacts by market segment and target correspondence to those customers most likely to acquiesce to the product or service offering and finally ensure that the customers experience within the system is consistent across all channels and its practices.

Hence, there is a need to analyse the CRM practices in State Cooperative Bank branches in Lucknow City.

## CHAPTER SCHEME

Chapter I deals with Introduction and Design of the study

Chapter II deals with Review of Literature

Chapter III deals with CRM practices with different constituent factors

Chapter IV deals with customer relationship management practices in branches of state cooperative bank in lucknow city.

Chapter V deals with Suggestions and Conclusions.

## CHAPTER II

### LITERATURE REVIEW

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#### REVIEW OF LITERATURE

To know the research gap, the present work reviews the following studies.

Gupta and Sonal Shukla<sup>1</sup> (2002), in their article "Learnings from Customers Relationship Management (CRM) Implementation in a Bank", attempted to highlight the learnings from the Customer Relationship Management (CRM) implementation in the banking sector. The essential issues examined include organisational information, the CRM strategy, strategic changes resulting from the CRM implementation, implementation priorities for the banks and the factors indicating the performance after the CRM implementation. The study was supported by a case study of the CRM systems in a major Japanese bank, the Bank of Tokyo, Mitsubishi, and a field survey of scenarios in the Indian banking sector. The study revealed that CRM is gradually picking up and is considered a viable proposition by the banks to improve services to their customers. Since there is a resistance to change while implementing the CRM, high commitment is required in those implementing it?

Hennig – Thuraue<sup>2</sup> (2002), analysed that customer's satisfaction, commitment and trust are three dimensions for the relationship quality with the customer, which directly or indirectly affect the customer's loyalty.

Sugandhi,<sup>3</sup> (2002) pointed out that loss of a customer is loss of business along with the opportunity for business growth and profitability. Feedback

collection from the customer is essential for the supplier to ascertain customer satisfaction and scope for improvisation.

Parvatiyar & Sheth<sup>4</sup> (2002) mentioned that CRM is a comprehensive strategy that includes acquiring specific customers, keeping them and cooperating with them to create an outstanding value for both the company and the customer. This strategy requires integrating marketing, sales, customer service and exposition chain to achieve the highest competence and efficiency in delivering value to the customer. As it shows, this definition regards CRM as a strategy with a primary goal of providing an outstanding value to the customer through improving marketing productivity.

Alok Mittal,<sup>5</sup> (2003) presented an article on "An Exploratory Study of CRM Orientation among Bank Employees". The paper aimed to explore CRM orientation among the bank employees of both the public and the private sector banks. The research findings highlighted that there is a need for improvement on some of the components of the CRM, such as customer communication, customer orientation, customer care and handling of complaints in both the public and the private sector banks. The aged employees in public and private banking institutions need to improve their CRM skills to compete with their younger counterparts.

Epan and Ganesh<sup>6</sup> (2003), in their study titled, "Customer Service in Banks: An Empirical Study", mainly focused on the speed aspect of customer service by assessing customers experience concerning the time taken to transact business with the public sector banks and the old generation private sector banks operating in Tiruvananthapuram district of Kerala. The study revealed no difference between the public and the private sector banks in the customers time consumed for transacting business in the banks.

Gani and Bhat<sup>7</sup> (2003), in their study titled, "Service Quality in Commercial Banks: A Comparative Study", attempted at studying the service

quality in the commercial banks to make overall service quality in the banks more efficient and effective. The study was conducted in selected northern India states, including Jammu and Kashmir, Punjab, Haryana and Delhi. The study is restricted to five banks in north India: the State Bank of India, the Punjab National Bank, the Jammu and Kashmir Bank, the City Bank, and Standard Chartered Grindlays Bank. In this study, the central area of questioning and analysis is related to customer expectations and perceptions of service quality dimensions. The model was used to examine service quality and its dimensions in the banks SERVQUAL. The study results revealed that the service quality of the foreign banks was comparatively much better than that of the Indian banks and suggested heavy investment by the Indian banks in the tangibility dimension to improve the quality of service to customers.

Arvind Singh<sup>8</sup> (2004), in his article "Customer Relationship Management-New Horizons in Banking", argues that the truly most productive and desirable assets are not buildings and fixtures but a good customer base. He states that enhanced customer relationships imply increasing interactive banking and client links and bringing customer service and associated profitability to new heights. He suggests that banks globally must consider themselves innovative solution providers satisfying customers rather than just a product-driven or a profit-driven distributor. He discusses extensively how the advancement in technology has changed the face of banking and has compelled banks in the UK and the USA to reconsider their strategies. He also suggests that banks must reassess their strategies and acquire a mindset in managing customer relationships to succeed in the ever-changing markets.

Gopal,<sup>9</sup> (2004), in his article "Retail Banking going the CRM Way", observes that attracting and retaining the individual, high net-worth and profitable customers are key challenges to the banks today. Customer relationship management can help retail bank managers in facing this challenge.

He has suggested that to derive the maximum benefit from the CRM, the banks must prepare their process compatible with the customer relationship management.

Rajeswari Krishnan<sup>10</sup> (2004), in her article "Banking CRM makes the difference", observes that customer relationship management can be helpful in customer identification, cross-selling of products, customer acquisition and retention. Operational CRM, which provides the required information and Analytical CRM, which traces activities and makes data more sensible, are the two tools of the CRM. The CRM cell, portfolio of products, customer metrics and latest methodology are some of the requirements suggested by the author for efficient implementation of the CRM in the banks.

Senegal,<sup>11</sup> (2005) identified four dimensions of the CRM, namely customer focus, the CRM organisation, technology-based CRM and knowledge management generate the retention of profitable customers and their long term relationships.

Wang and Ma<sup>12</sup> (2005) opined that the CRM system is helpful to optimise the market value chain. It will enable commercial banks to quickly catch up with market demands and attract new customers based on retaining old ones by continuously improving customer satisfaction and loyalty.

Very and Michalis<sup>13</sup> (2006) identified that the common areas to generate future value for the banks are customer segmentation, distance sales/outbound, delays and human capital management.

Brink & et al.<sup>14</sup> (2006) defined CRM as a definite marketing activity by which the institution prepares its customers to use its resources to produce and market a valuable product for them. CRM aims at two goals: supporting the social cause and improving the marketing performance.



Kumar & Reinartz<sup>15</sup> (2006) stated that CRM is merely a strategic process by which the institution's more profitable customers are chosen, and interactions between this institution and these customers are determined to achieve the goal of maximising the present future values for customers.

Levin and Liljander<sup>16</sup> (2006) found that implementing a relationship marketing strategy in a retail bank did not result in increased loyalty concerning the most profitable customer segment.

Payne<sup>17</sup> (2006) research highlights that CRM needs to be infused with a strategic vision to create value to the stockholder through the development of relationships with strategic customers, bringing together the potential of information technology (IT) to the relationship marketing strategies that will result in the establishment of profitable long term relationships.

Ramaseshan<sup>18</sup> (2006) defined CRM from the employment point of view as a process of achieving a continuous dialogue with each customer on their own, using all the available means to know the quantitative expected response of that customer as a result of practising marketing activities to the degree that maximises the general profitability of the organisation. It is clear that this definition only concerns short-term CRM and not long-term CRM.

Dr.T.S.Vembu and Dr Uthara<sup>19</sup> have published an article titled CRM-An essential yardstick for success in insurance, October 2006 and have stated that

- Successful CRM results inability to measure customer value and improve service.
- CRM should be implemented technically and as a part of the culture.

Ndubisi et al.,<sup>20</sup> (2007) published a research article on “Supplier – customer relationship management and customer loyalty: The banking industry perspective”. In this study, he examined the impact of the relationship marketing called commitment, competence, communication and conflict

handling as independent variables and customer loyalty as the dependent variable with the mediating variables, i.e. trust and relationship quality results of their study showed that predicted the relationship dimensions in trust and relationship quality. In addition, trust and relationship quality has significantly influenced customer loyalty.

Graham Roberts-Phelps<sup>21</sup> (2008) pointed out three elements considered for aligning the organisation towards relationship format. These are retention, customer potential and de-selection of the customer.

R.K.Uppal<sup>22</sup> (2008) described customer relationship management as a key element in the banking industry. It allows them to develop a customer base and increase sales capability. It is also fundamental to building a customer-centric organisation regarding the Indian Banking Industry. At the same time, it links the customer data into single and logical repositories. The final goal of customer relationship management is to enhance profitability from each customer for the purpose they have to manage all aspects of customers interaction.

Rootmanetal.<sup>23</sup> (2008) has published an article on "Variables influencing the customer relationship management of banks". He investigated the variables that influence the effectiveness of CRM strategies in banks. These variables were attitude, knowledgeability and two-way communication related to bank employees. This study indicated that philosophy and knowledgeability had influenced the effectiveness of CRM strategies in banks at the 99 per cent significance level. This result showed that bank employees' attitudes affect the relationship between customers and banks, such as how they communicate with their customers, especially for the bank employees at the front enquiry desk and customer service.

In his study, Sudhir Sharma<sup>24</sup> (2008) highlights customer relationships in the banking industry the development of CRM steps taken by the banks to

improve CRM, customer retention, and customer selection. Managing customer relationships will be the future of this industry as customer focusing is not to be viewed just as a business strategy, but it should become a corporate mission. Unless this mission percolates throughout the organisation at all levels, the chances are that the attempts to address customer issues will receive only lip sympathy. Building value for customers and building shareholders value the challenge for the banking industry in India should be treated as two faces of the same coin in the area of people (changing their beliefs and attitudes), technology and quick adaptation in CRM.

Anshari et al.,<sup>25</sup> (2009) analysed the CRM of the banking sector in Saudi Arabia. They showed the bank's success in implementing the CRM because of its clear strategy, which focuses on maintaining customer loyalty and using complaints handling data to solve problems and address issues raised by customers.

Kallol et al.,<sup>26</sup>(2009) identified 29 essential CRM practices implemented at the commercial banks in India. These practices are related to crucial consumer focus, CRM organisation, knowledge management and technology-based CRM. They identified that the public sector banks, especially the State Bank of India and the Bank of Baroda, lag behind their counterparts regarding deployment of the CRM practices.

Nyangosiet al.<sup>27</sup>(2009) collected customers' opinions regarding the importance of e-Banking and the adoption levels of different e-Banking technologies in India and Kenya. The study highlighted the trends of e-banking indicators in both countries. The overall result indicates that customers in both countries have developed a positive attitude, and they give much importance to the emergence of e-banking.

Hui – I Yao and Kok Wei Khong<sup>28</sup> (2011) undertook a study entitled, "Effectiveness of Customer Relationship Management on Customer Satisfaction

in the Commercial Banks of Taiwan". This study provides a comprehensive and systematic outline of the CRM initiatives that take place at each phase. And also, the findings indicate that recovery management in profitable lost customers was underestimated, implying that banks do not implement recovery activities effectively. The result shows that the moderator effects are not as strong as expected. CRM implementation will likely raise customer satisfaction as banks develop technology systems to support communication. Customer representatives play the most crucial role in communicating with customers. Thus, this result indicates that empowerment rather than teamwork is recommended for customer-oriented design.

IzahMohd Tahir<sup>29</sup> (2011), in his article titled, "A Preliminary Analysis of CRM practices among Banks from the Customers' perspectives",. They have reported the CRM practices among banks from the customers' perspectives. This study is significant to banks as they get information on items that are important to customers to maintain the relationship. From the customers' view, they know that banks provide excellent services to maintain and strengthen their relationships. The study is essential to understand the customers' perceptions to adjust and modify necessary or not items.

Sadek et al.,<sup>30</sup> (2011) revealed that the components of the CRM, namely key customer focus, the CRM organisation, technology-based CRM and knowledge management have a significant positive impact on customer satisfaction and customer loyalty in commercial banks.

Sami and Ibrahim<sup>31</sup> (2011) indicate that the CRM concept did not seem to be well incorporated in the business strategy of most Jordanian banks and financial institutions.

Bahasa Namjoyanetal<sup>32</sup> (2013) published a research article on "Studying the effects of Customer Relationship Management on the Marketing Performance (Isfahan Saderat Bank as a case study)". This study was aimed to

examine the effects of customer relationship management on marketing performance. To collect the data, a self-administrated questionnaire was used. The validity of this questionnaire has been examined through the Kendal coefficient. This value is 0.75 for this questionnaire and confirms its fact. This study revealed that customer relationship management implementation influences marketing performance. And also, the results of the Friedman test showed that technology-based customer relationship management has the most effective, and the concentration on the key accounts has the least effect on the customer relationship management implementation in Isfahan Saderat Bank branches.

Manoel Simo and Magdalena Bregasi<sup>33</sup> (2013) undertook a study entitled, "Customer Relationship Management and Challenging Aspects in the Banking Sector: Case of Albania". The empirical work was mainly focused on the perception and knowledge of managerial staff in the Albanian banking sector. This empirical study identifies that CRM has caught managers' attention in improving their tools and strategies developed as part of their marketing. The main factors to be considered are customer satisfaction, customer retention, hardware and software implementation, and transparency in procedures. This study focuses on how the CRM strategy has developed during these years in the banking sector in Albania and how banks and their staff understand, implement or develop effective CRM strategies.

## Research Gap

Though many studies have been conducted on Customer Relationship Management, no specific study has been conducted on the CRM of a State co-operative Bank Branches in Lucknow City. Hence the present study to focus on the Customer Relationship Management Practices In Branches Of State Cooperative Bank In Lucknow City.

## **CHAPTER III**

### **FRAMEWORK MODEL FOR CRM PRACTICES IN COOPERATIVE BANKS**

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#### **INTRODUCTION**

This chapter deals with Customer Relationship Management, steps before implementing CRM, CRM technology and concepts, E-CRM, recent trends in banking technology, CRM in the banking sector. Finally, the researcher develops the framework model for CRM practices in Cooperative Banks.

Banks play an essential role in the modern era. Every person in society must treat as a part of the banking sector. Bank activity maintains customer accounts, accepts deposits from customers, and provides loans and advances to the customers. But also, they will come forward to satisfy their customers on the basis of their wants and needs. It is not an easy task to satisfy the customers. Because their expectations vary from time to time, it is a challenging role of the bank to meet their customer. Customer Relationship Management is one of the ways to satisfy the customers in the banking sector. Then only the bank will understand the customers' expectations, and it is a simple task to fulfil the customers wants and needs without any delay.

#### **CUSTOMER RELATIONSHIP MANAGEMENT**

Relationship building with customers is now accepted as an overriding goal of marketing and the business as a whole. In service industries, the purpose is especially emphasised since a repeat customer is believed to cost merely a fraction of what needs to be spent in servicing a new customer in a service

transaction. It is believed that relationships flourish when marketers play the book, meet customers' core expectations, and exceed other features of their total offering. Service firms have been the pioneers in adopting the practice of Customer Relationship Management practices.

Customer Relationship Management is a broad concept for retaining, creating and expanding customer relationships in the banking sector. CRM enables organisations to manage their customers effectively; it is simply an overall business strategy. CRM enables to anticipate, understand, manage and personalise the customer's requirements. Today, many business organisations such as insurance companies, banks and other service providers realise its importance. They also understand the potential of CRM, which help them to attract new customers and retain existing ones, which maximise their lifetime value. In the current scenario management process of acquiring customers by understanding their needs, keeping customers by fulfilling their requirements more than their expectations and through customer-specific strategic marketing approaches attracting new customers is called customer relationship management. It is also a process that invites total commitment to the entire organisation regarding relationship strategies.

## **TECHNIQUES IN CRM**

Techniques in Customers Relationship Management can be classified as follows.

### **a) Customer Service and Retention**

More competition and increased regulation made it more difficult for the banks to stand out from the crowd. However, the development of CRM gave proactive banks access to technology that helped them improve customer retention by using customer feedback to offer conveniences like ATMs and online banking. Banks can also use CRM tools to enhance customer loyalty by

using data collected through customer sign-ups, transactions and feedback processes.

### **b) Call Centers**

Bank call centres use CRM solutions for various purposes. Cost-driven call centres use CRM to track call transactions and troubleshooting techniques to fine-tune the service resolution process. Metrics like average handle time and customer feedback ratings help bank call centres improve customer support for retention. Profit-driven call centres also leverage CRM customer account records for add-on selling opportunities.

### **c) Sales**

Sales have taken on more importance in banks with the evolution of CRM. Bundling of products and premier customer accounts are examples of techniques used by banks to build single-product customer accounts into complete product suites, including a range of financial services. With CRM software, bankers can easily see what products one currently use, what products one is eligible for and what benefits one gets.

## **COMPLEX FACTORS WHILE MANAGING CRM**

Managing customer relationships is becoming increasingly complex due to various factors. Some of the important complex factors are described below.

### **a) Increase in Product offerings**

Now customers are increasingly able to obtain products that meet their specific requirements, and therefore they do not want to compromise. This makes them more demanding. If an organisation does not take steps to understand and respond to these demands, the competitor will.

### **b) Competition**



With increased awareness, everybody is trying to attract and retain the same profitable customers. So, an organisation must act swiftly to maintain a favourable position.

### **c)Compressed marketing cycle Time**

In this factor, the attention span of a customer gets decreases. An organisation needs to reinforce the value it has provided to its customers continuously. Timespan into one desired customer and the next customer desire is also decreasing. An organisation must perform each time to retain the customer. Therefore, it is becoming increasingly difficult to manage customer relationships and achieve customer loyalty.

## **BENEFITS OF CRM**

### **(i) Benefits for Customers**

- There is a more coordinated and professional approach to customer contact.
- With up-to-date customer information, Banks can offer more personalised services.
- Customers feel empowered if they have greater access to products and services—for example, 24 Hours banking.
- Targeted product and service offerings can be timed to coincide with customer events and requirements, e.g., Education Loans and Tourism Loans.

### **(ii) Benefits for Employees**

- Employees are empowered to deliver high-quality service and meet customer expectations.
- Employees have more time to serve customers.
- Employees have higher satisfaction ratings.

### **(iii) Benefits for Banks**

- Managers are empowered with information that can help them manage customer relationships and make better decisions.
- Optimum use of resources.
- Customer satisfaction and increased loyalty.
- Improved customer acquisition and cross-selling.
- It helps in capitalising on short windows of opportunities in the market.

### 3.13 IMPORTANT CONCEPTS OF CRM

<b>Point of view</b>	<b>Description</b>	<b>Success Requirement</b>	<b>Concept</b>
<b>As a process</b>	Improving the relationships between the seller and the buyer must be solid and enduring.	The institution should have the ability to discover the customer's desires and respond to them.	CRM is creating and enhancing the engagement and relationships with the external parties, especially the agents and end-consumers.
<b>As a strategy</b>	The value of the life period of the customer with the institution determines the amount and kind of resources that the organisation	The institution should assess its relationship with the customer continuously. It should assign priorities in dealing with them	CRM is the investment of the companies in the customers who are expected to be valuable for the institution and the reduction of

	can invest in a relationship.	based on the quantitative profitability during the life period of the customer.	investment in the valueless customers of the company.
<b>As a philosophy</b>	Customer retention can be better achieved by establishing relationships and maintaining them.	The customer should be the focus of the attention of the institution, which should be oriented towards understanding the changeable needs of the customer.	CRM is not a temporary project but a work philosophy that aims to put the customer in the organisation's attention.
<b>As an ability</b>	Profitable and long-term relationships only arise when the companies can customise their behaviour continuously towards every customer.	The company should possess a group of tangible and intangible resources, which the company uses to remodel its behaviour towards the customer continuously flexibly.	CRM means the desire and ability of the institution to custom its behaviour towards every customer, based on the information the customer tells and what the institution knows

			about that customer.
<b>As a technology</b>	Knowledge management and reaction represent the primary resources that the institution needs to establish profitable and long-term relationships with the customer.	The institution should be directed with the functional method and the user's acceptance of the technology applied by the institution to establish the customer's knowledge and reaction management.	CRM is the technology used to integrate sales, marketing, and information systems to establish relationships with customers.

## CRM IN BANKING

Banks have traditionally viewed themselves as exceedingly 'Customer Centric', offering what they believe to be highly personalised services to the High Net Worth Customers. However, changes in the customer behaviour and accumulation of wealth are resulting in the needs of HNW customers becoming more diverse and complex in terms of the sorts of products they want, the channels through which they wish to access them and the associated range of advice. The wealthier the customers, the more demanding they are - and the clients expect more and more from their banks. Competition for the "Supremely elite" is increasing.

## **EVOLUTION OF CRM IN THE COOPERATIVE BANKING SECTOR**

Regulation and technological improvements are responsible for most innovations in banking over the past quarter-century. The introduction of personal computers and the proliferation of ATMs in the 1970s captured bank management's attention. The regulatory changes in the 1980s fueled much of the industry's growth, then downsizing as bankers focused on amassing market presence which resulted in significant merger activity. Recent technological improvements are at the root of bankers' focus and a target for their considerable investment dollars today. In fact, according to current projections, bankers and their financial service company brethren will spend almost \$7 billion this year on CRM and increase that by 14 per cent each year for the next several years. Looking at this CRM phenomenon in light of the drivers of banking innovation since the 1970s, one might wonder if CRM itself is the innovation, the technology, once again. Much is being written about CRM. Bankers at all points of the CRM spectrum are looking for a way to quantify their return on investment — either what it is or, if just starting out, what it should be and over what period should the value be realised. Ironically, the answer to this question may lie in a simple review of a few known quantities generated from historical innovation. Look, for example, at ATMs.

What drove many bankers to invest in ATMs was the promise of reduced branch cost since customers would use them instead of a branch to transact business. But what was discovered is that the financial impact of ATMs is a marginal increase in fee income substantially offset by the cost of significant increases in the number of customer transactions. However, the value proposition was a considerable increase in that intangible called customer satisfaction. The increase in customer satisfaction has translated to loyalty, resulting in higher customer retention and growing franchise value. Internet banking, a product of the 1990s, shows similar characteristics. Again, bankers

invested believing that the Internet was a lower-cost delivery channel and a way to increase sales. However, studies have shown that the primary value of offering Internet banking services lies in the increased retention of highly valued customer segments. Again, the intangible called customer satisfaction drives the value proposition.

Now we explore CRM. CRM is not another ATM or Internet bank. It is not a checking account, a stock or a mortgage. CRM is not anything a customer should even know about! So, one can conclude that CRM is not tangible. Can it be expected to produce a tangible return if it's intangible? Probably not, or at least not with any direct financial value exclusively linked back to CRM investment. The innovation of technology primarily drives CRM, but unlike other technological innovations, CRM has the power to help bankers quickly and directly improve customer satisfaction. CRM is an added dimension to ensure that what the customer expects is consistent with what the bank is prepared to deliver. One expert in bank CRM initiatives recently said that CRM is an approach that is less focused on providing the right services to the customer than attracting customers who are the right fit for what the bank has to offer. Further, the primary value of CRM is its potential as a customer retention tool.

## **NEED OF CRM IN THE BANKING INDUSTRY**

- Over time, retail bank customers tend to increase their holding of the other products across the range of financial products/services available.
- Long-term customers are more likely to become referral sources.
- The longer a relationship continues, the better a bank can understand the customer and their needs & preferences, and so greater the opportunity to tailor products and services and cross-sell the product/service range.

- Customers in long-term relationships are more comfortable with the service, the organisation, methods and procedures. This helps reduce operating costs and costs arising out of customer error.

- **Intense Competition**

There is intense competition among the Private Sector Banks, Public Sector Banks and Foreign Banks, and they are all taking steps to attract and retain customers. New technologies, research facilities, globalisation of services, the flood of new products and the concept of all the facilities under one roof to provide better customer service leading to customer delight.

- **Well Informed Customers**

The Customers in Banking Industry today are well informed. With the introduction of new technology, the world has become like a small village. Thus, if a Bank wants to have more customers, it should develop a good relationship with its present customers and try to maintain the same in the future also.

- **The decline in Brand Loyalty**

In the present scenario, brand loyalty is on the decline. The customers are switching over frequently to avail the of better facilities from other banks. Newer and superior products and services are being introduced continuously in the market. Thus, the banks have to upgrade their products, improve customer service and create bonds of trust through proper care of customer needs and regular communications. With the help of CRM, strong customer loyalty and a good image for the organisation can be developed.

- **Improved Customer Retention**

In the intensely competitive banking industry, retention of existing customers is vital, which can be achieved through CRM. With the increased number of banks, products and services and practically nil switching costs, customers easily switch banks whenever they find better services and

products. Banks find it tough to get new customers, and more importantly, retain existing customers.



## MODEL DEVELOPMENT

The following review section offers a strong discussion and argument for selecting variables for the empirical investigation on CRM. The concept of CRM emerged due to dramatic changes in the global business environment; the paradigm of B2C has been replaced by CRM Hui –I-Yao and KokWeikong (2011). However, CRM has now become a powerful concept to align a firm's interests and its customer. The focus of CRM is now shifted to how firms implement CRM to enhance profits Boulding et al. (2005). The implementation of CRM creates an urge to develop and identify key constructs on CRM practices. Thus insist in need of further theoretical development Gummesson (, 2002) Baser et al. (2011); to measure the perception of CRM practices, different defining constructs are required. Theory building piece of work the dimension extraction is based on the definition of CRM in the initial year. Sin et al. (2005) articulated four dimensions: customer focus, CRM organisation, Technology-based CRM, and knowledge management. These four dimensions are extracted based on the definition of CRM.

Further, Lu and Shang (2007) identify the six-factor dimension of CRM in Freight Forwarder service. The dimension consists of Customer Acquisition, Customer Response, Customer Knowledge, Customer Information System, Customer value Evaluation and Customer Information Process. Among the six factors "Customer Knowledge" dimension has high loading factor than others. The reliable scale development to measure CRM practices not only to end itself with the customer.

Rootman et al. (2007) identify two-dimension attitude and Knowledgeability of employees' about CRM. The selected two dimensions have a positive relationship with CRM. The author highly recommends attitude and Knowledgeability of bank employees leads to a good impact on CRM in the banking sector. Banks have realised the importance of becoming customer-

oriented, and therefore Customer Relationship Management practices (CRM) is seen to be very important. Hui-I Yao and KokWeikong (2011) researched three purposes: conceptualising and operationalising the CRM implementation in commercial banks, determining whether the CRM implementation is positively associated with customer satisfaction, and determining key moderators between CRM implementation and customer satisfaction. Based on their findings, a regression model to evaluate the criteria to measure the level of CRM implementation on customer satisfaction is predicted by three dimensions: Acquisition, Enhancement, and Recovery. IzahMohd Tahir and ZulianaZulkifli (2011) conducted the pilot study under five dimensions: customer acquisition, Customer Response, Customer Knowledge, customer information system, and Customer value evaluation. CRM has attracted a lot of attention among academicians and practitioners, but as far as, in Indian contexts are still lacking. Sanjay Kanti Das (2012) conducted the study with ten dimensions; six dimensions were explored by the research cited by Lu and Shang (2007), namely Customer acquisition, Customer Information System, Customer Value Evaluation and Customer Information Process. The results indicated no positive relationship in the perception of CRM practices and Demographic factors. ZulianaZulkifli and IzahMohd Tahir (2012) developed and validated the Customer Relationship Management Practices construct. The scale instruments were adopted from the work of (Sin et al. 2005, Lu and Shang, 2007 and Rootman,2008). After the panel recommended, 48 scale statements are retained out of 51 scale statements. After applying the EFA for the CRM construct, the result has been reduced to 29 statements under five dimensions. The sixth dimension, Customer Information, was dropped due to the low loading factor. Conceptually developed and validated CRM scale catering to the Indian banking sector, that helps the bank managers to implement the CRM and create the attention of the unfocused area. Arun Kumar Agariya and Deepali Singh (2012) initially developed 50 scale items from the work of Agariya and Singh

(2011). The critical factor identified with the help of multivariate data analysis that identified CRM construct consists of Organisational structure and Customer support, service quality, Trust, Technology, and Personalisation and Market orientation.

Manol Simo and MagdalenaBregasi (2013), in their empirical study, identify the four dimensions that are highly caught the attention of bank employees in the improvement of tools and strategies developed in the banks. The exposed four factors are Customer satisfaction, Customer retention, Implementation of Hardware and Software and transparency regarding products. These four dimensions have been extracted through Factor analysis with Principle Component Analysis. Gisela Demo and Kesia Rozzett (2013) develop the scale for CRM in Business to Consumer market (B2C). The main objective of this study is to develop and validate a reliable and valid CRM scale instrument for the B2C market. The authors bridge the gap version of the CRM scale, especially for the B2C market, to assess the customer perception of relationships. There are 21 scale instruments are developed based on the Rozzet and Demo (2011) works. Data were collected and analysed in three stages in the first stage; 210 sample data is taken for analysis to conduct EFA (Explorative Factor Analysis). CFA was done in the second stage, with a sample size of 425. In the end, the scale generalisation test is applied with 415 samples. Narges Dela Froos et al. (2013) aimed to analyse the outcomes of Electronic Customer Relationship Management system implementation in the banks. The author's proposed model and scale consists of E-CRM initiatives, Intrinsic System success, and E-CRM system goals. The instrument scales were adopted from the works of Sivaraks et.al (2011). The results of Path analysis CRM-carrying out has a positive relationship with all intergradients of the relationship. Thus claim to us good customer relationship leads to customer satisfaction.

Many studies have focused either on the form of customer perception of CRM or its implementation at banks. There are limited studies has conducted on the linkage of theory and scale construct. So support of the existing selected review of literature, the author developed and constructed a five-factor dimension of CRM practices in banks based on the original work of Lu and Shang (2007) followed by Sanjay Kanti Das (2012) Sheik Abdullah et.al (2016). Here the researcher only uses the five-factor dimension to construct and validate the model. Therefore 42 statements are used to validate the model under five dimensions. The following Table 3.1 to 3.5 shows the select list of test scale items used for the study.

**Table 3.1 CRM Practices Dimension: Customer Acquisition**

<b>S.No</b>	<b>Original Dimension from Lu &amp; Shang (2007)</b>	<b>The scale used for the study</b>
1	Our company has flexible	The adaptability of different measures to meet customers' urgent requirements.
2	measures for customers' urgent	
3	requirements.	
4	Our company has a different marketing mix for target customers.	Accept different approaches to attract targeted customers
5	Our company would use customer information to develop a new market.	Dissemination of information to attract new customers.
6	Our company would use customer information to apply marketing planning.	Offers a variety of service items and information.
	Our company provides a	Banks ability to tailor their products and services to meet customers' needs. Bank actively seeks to provide a total financial solution.

	<p>variety of service items and information.</p> <p>Our company provides solitary services to meet customers' requirements</p>	
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**Table 3.2 CRM Practices Dimension: Customer Response**

S.No	Original Dimension from Lu & Shang (2007)	The scale used for the study
1	Our company uses phone calls, e-mails, and personnel visits to communicate with customers.	Bank uses varied communication channels.
2	Our company rapidly responds to customers' problems, suggestions, and complaints.	Understanding of the customer's requirements and expectations by the bank.
3	Our company initiatively provides transportation-related information to shippers.	Bank offers convenient services to customers.
4	Our company would initiatively understand customers' service requirements and expectations.	Bank offers a wide range of credit facilities to meet customers' requirements.
5	Our company has a good reputation; therefore shippers would initiatively enquire about our services.	Bank offers useful online products and services.
		Bank offers products that reflect customers' earnings and wealth.
		Bank provides enough information to customers about different products and services.
		Bank staff are sufficiently empowered to solve difficult banking problems.
		Bank takes action for customer's erroneous transaction.

**Table 3.3 CRM Practices Dimension: Customer Knowledge**

S.No	Original Dimension from Lu & Shang (2007)	The scale used for the study
1	Our company is knowledgeable about how to obtain main customers	Bank's operating hours are convenient to customers.
2	Our company understands main customers service requirements	Bank offers a comprehensive range of investment products.
3	Our company has fruitful capabilities to acquire new customers.	Bank offers innovative loan services.
4	Our customers often insist on using our company's services.	Bank understands individual customer's needs and circumstances
3		Bank often encourages individual customers to introduce other's to purchase their products and services.
4		Bank often insists customers in using bank's services and products.
		Bank has clear objectives and strategies to meet customers' needs and the performance of bank-customer relationships.
		Bank does not misuse its customer's knowledge.
		The terms and conditions of the bank are better than

		another bank.
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**Table 3.4 CRM Practices Dimension: Customer Information System**

S.No	Original Dimension from Lu & Shang (2007)	The scale used for the study
1	The company is capable of using its computer system to categorise targeted markets.	Bank's information system allows performing banking needs.
2	The company's computer system can organise and classify interaction between sales representatives and customers.	Bank implemented modern equipment and technologies. Bank provides telebanking and other internet banking facilities. ATMs are available at convenient places
3	The company has a computer system sufficient to handle customers' information.	Every bank transactions are computerisation. Bank adopted new technologies to improve communication with the customer.
4	Our company has a management system to check transaction and customer relationships.	Ensure simplified business dealing with the bank. Banks are conversant with automated technology in marketing, sales and service functions.
		Banks ensure proper security systems to protect customers' transactions. Bank implemented core banking

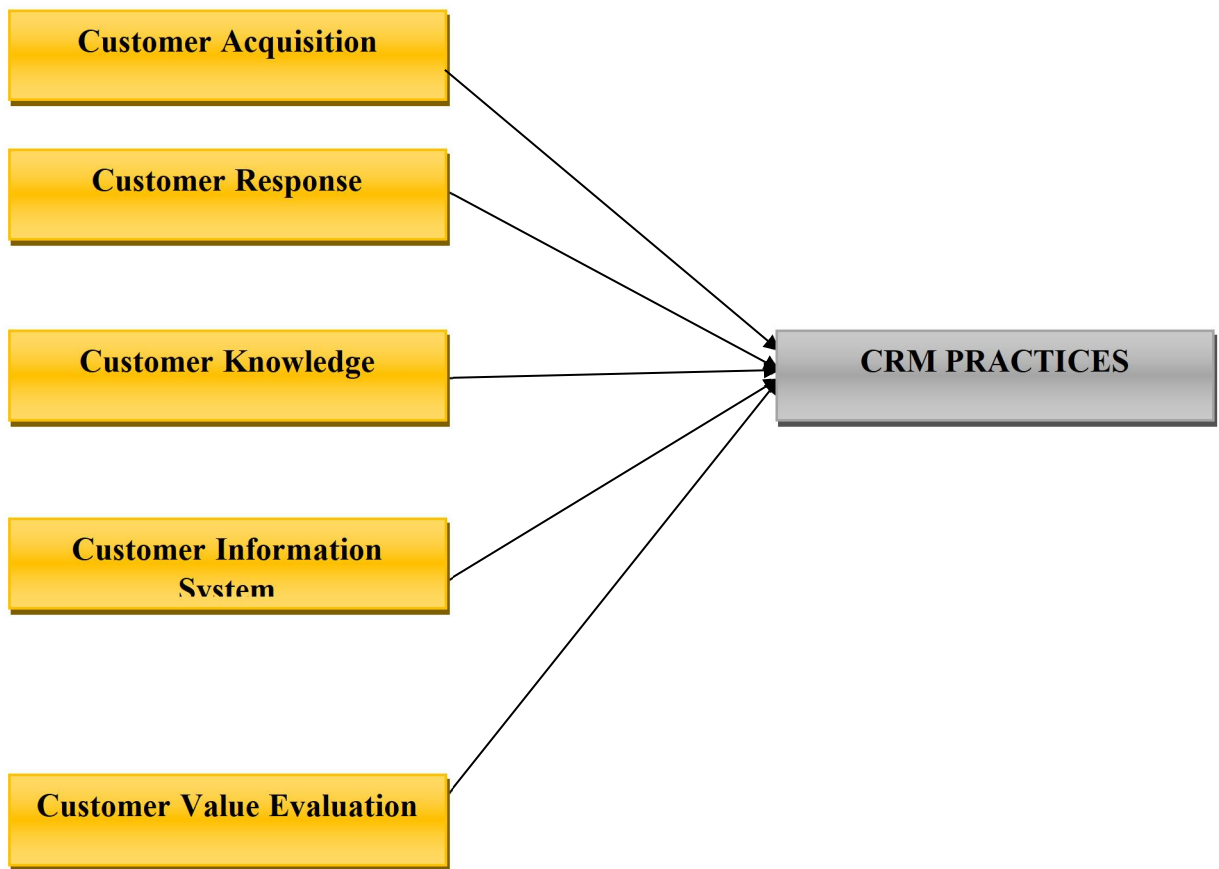
		solutions.
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**Table 3.5 CRM Practices Dimension: Customer Value Evaluation**

S.No	Original Dimension from Lu & Shang (2007)	The scale used for the study
1  2	<p>Our company would analyse individual customers profit contribution.</p> <p>Our company would analyse individual customer types and behaviours to identify customer value.</p>	<p>The bank always delivers superior services.</p> <p>Bank offers high-quality services.</p> <p>Bank offers good infrastructural facilities.</p> <p>The customer enjoys bank services.</p> <p>Services rendered by banks attract customers.</p> <p>Customers feel relaxed using banking services.</p> <p>Services offered by banks develop a good impression.</p> <p>Full confidence with the security level on the bank.</p>

Previous studies have not examined which dimension more accounted for CRM practices. Although the researcher also examines which dimension more accounted for CRM practices construct. Simultaneously form the new model to measure the CRM practices influence on customer satisfaction towards banking services. Based on past empirical research and collected literature, the researcher proposed the structured framework model. It is presented in the following figure 3.1

**Figure 3.1: CRM Practices Framework Model**



## **Customer Acquisition**

In marketing customer acquisition is the term used to describe the process of bringing new customers to a particular brand, product or service. This process is heavy cost-oriented. There are many ways to acquire customers in Banks. But the primary goal of customer acquisition is to do the least amount of work and spend the least amount of money to get as many customers as possible into the fold. The customer acquisition initiatives should provide adequate requirements to the customers.

## **Customer Response**

Customer response is the reaction by the banks to the queries of the customers. Dealing with these queries intelligently is very important as minor misunderstandings could convey the unlike perception of the customer. Success totally depends on understanding and interpreting these queries and then working out strategies to provide the best solution; the bank also offers new types of services schemes and intimates this into the customer desk.

## **Customer Knowledge**

Customer knowledge is essential to adapt their processes, products, and services to their customers' needs to build a healthy and profitable customer relationship. In this respect, the banking companies gather information and the insight they need to build stronger customer relationships. Their customer knowledge may not be sufficient and should set up the necessary processes and systems to collect more information and data on who are the customers are, what they do and how they think from the financial point of view.

## **Customer Information System**

A sound CRM system will help a business attract, and win new customers, retain those the company already has, and reduce the costs of marketing and customer service. An effective CRM System provides complete and consistent customer information to tightly integrate sales and marketing. It allows customer service to manage customer relationships and expectations. Customer information system in banks adopts recent innovative technologies to attract, and the customers should read out systematic, transparent information.

## **Customer Value Evaluation**

Evaluation of customer value is the core unit of customer relationship management. The traditional evaluation index is too complex and challenging to be used when the amount of power customer is excellent. Therefore, it is necessary to construct a power customer value evaluation system to solve the problem. The banks periodically conduct customer audit meets to evaluate their customer service performance through the customer data.

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**CUSTOMER RELATIONSHIP MANAGEMENT PRACTICES IN BRANCHES OF STATE COOPERATIVE BANK IN LUCKNOW CITY.**

**INTRODUCTION**

In this chapter, the researcher makes an attempt to analyse the demographic factors and customer opinion towards staff involvement in banking services of State Cooperative Bank.

This is an era of keen competition among the banks with one another in tapping the savings of the public by means of offering different ways of making services. It is not an exaggeration to say that almost every day a new kind of service is being introduced. It can carry out extensive canalization of the savings of the community. A good banker is one who effectively mobilize the savings of the community as using of such savings by making it available to priority sectors of the economy and there by fostering the growth and development of our nation's economy.

Completion in the business of accepting deposits takes into account the following two forms:

1. Offering higher rate of interest to the depositors.
2. Improvement in the customer services.

Such competition is so essential for growth of any industry; it is undesirable if it becomes unhealthy. Bankers realized the urgency of regulating



competition amongst themselves in the field of deposit mobilization, when the leading banks in the country entered into a voluntary agreement. All the banks are chiefly depending upon the deposit mobilization of resources which forms an integral part of development process in India. In this process of mobilization, banks are at a great advantage, chiefly because of their network of branches in the country. So the researcher has gathered the details in respect of demographic and basic banking operations of the sampled respondents in the study area.

### **GENDER -WISE CLASSIFICATION**

The executions of market segmentation especially demographic method, gender is an important variable. It is often affected by social or cultural factor. In this competitive era, both men and women are employed for peaceful life and they all are having bank accounts. The researcher has made an attempt to analyse the categories of the respondents who are holding accounts on the basis of gender. The Table 4.1 shows the gender wise classification

**TABLE 4.1**  
**Gender -Wise Classification**

<b>S.No.</b>	<b>Gender</b>	<b>Number of Respondents</b>	<b>Percentage</b>
1.	Male	113	62.78
2.	Female	67	37.22
	<b>Total</b>	<b>180</b>	<b>100.0</b>

**Source: Primary Data**

It is clear from the Table 4.1 that, 62.78 per cent of the respondents who hold bank accounts are male and the balance 37.22 per cent of the respondents' are female.

It is found that the majority of the account holders are male.

## **AGE OF THE RESPONDENTS**

Age of the respondents is one of the most important characteristics in understanding their views on particular problem. In this sense saving habits of the older people are having maturity and responsibility. The younger people are too active and spend more. So, the researcher made a study to find out the age group of the account holders and its results are given in the following Table 4.2

**TABLE 4.2**  
**Age of the Respondents**

<b>S.No.</b>	<b>Age of the Respondents</b>	<b>Frequency</b>	<b>Percentage</b>
1.	Less than 25 years	40	22.22
2.	26 to 35 years	60	33.33

3.	36 to 45 years	48	26.67
4.	Above 45 years	32	17.78
	<b>Total</b>	<b>180</b>	<b>100.0</b>

**Source: Primary Data**

It could be seen from Table 4.2 that out of the 180 sample respondents 60 (33.33%) of the respondents come under the age category of 26 – 35 years, 48 (26.67%) of them in the age group of 36 – 45 years, 40 (22.22%) respondents are less than 25 years and the remaining 32 (17.78 %) respondents are in the age group of 45 and above.

It is clear from Table 4.2 most of the respondents are in the age group of 26 to 35 years.

## **LITERACY LEVEL**

The persons attitude and behavior are totally based on their education. In a way, the response of an individual is likely to be determined by their educational status and also very essential to improve the level of living conditions of the people. It could create a better understanding of the work and it increases the efficiency of the respondents through the help of banking

products and facilities. To understand the educational level of the respondents, a study has been made and its output is exhibited in Table 4.3

**TABLE 4.3**  
**Literacy Level**

<b>S.No.</b>	<b>Literacy Level</b>	<b>No of Respondents</b>	<b>Percentage</b>
1	School Level	39	21.67
2	UG Level	68	37.78
3	PG Level	52	28.89
4	Diploma Level	21	11.66
	<b>Total</b>	<b>180</b>	<b>100.0</b>

**Source: Primary Data**

It is evident from Table 4.3 that, 37.78 per cent of the respondents have completed the UG level, 28.89 per cent of the respondents have studied up to Post Graduate level, 22.67 per cent of the respondents studied up to School level and the remaining 11.66 per cent of the respondents have completed the Diploma level education.

It is found that most of the respondents are UG degree holders.

## **OCCUPATION OF THE RESPONDENTS**

The person's personality identified with the help of their occupation. The quality of life is also determined by an individual occupation and the income derives from it. To ascertain the occupation of respondents who are having accounts with bank an enquiry has been made and the respondents are classified into five categories as business people, government employees, private employees, professionals and agriculturalists. Outcome is enumerated in the following Table 4.4.

**TABLE 4.4**  
**Occupation of the Respondents**

<b>S.No</b>	<b>Occupation</b>	<b>No of Respondents</b>	<b>Percentage</b>
1	Businessmen	46	25.56
2	Employees in Government	39	21.67
3	Employees in private	36	20.00
4	Professionals	24	13.33
5	Agriculturalists	35	19.44
	<b>Total</b>	<b>180</b>	<b>100</b>

**Source: Primary Data**

It is apparent from Table 4.4 that, out of 180 respondents, 25.56 per cent of the respondents are businessman, 21.67 per cent of the respondents are government employees, 20.00 per cent of the respondents are working in private concern, 19.44 per cent of the respondents are agriculturalist and the remaining 13.33 per cent of the respondents are professionals.

It is clear that majority of the respondents are businessman.

## MONTHLY INCOME

Income is one of the dominant factors for making transactions with banks. It plays an important role in shaping their economic condition. This survey clearly shows the income group of respondents. The income group classifications is given in Table 4.5

**TABLE 4.5**  
**Monthly Income of the Respondents**

<b>S.No</b>	<b>Monthly Income</b>	<b>No of Respondents</b>	<b>Percentage</b>
1	Below Rs.25,000	10	5.55
2	Rs.25,001 to Rs. 35,000	49	27.22
3	Rs.35,001 to Rs. 45,000	43	23.89
4	Rs.45,001 to Rs 55,000	12	6.67
5	Above Rs 55,000	66	36.67
	<b>Total</b>	<b>180</b>	<b>100.0</b>

**Source:Primary Data**

Table 4.5 reveals that, out of 180 respondents, 36.67 per cent of the respondents had the monthly income of Above Rs.55,000, 27.22 per cent of the respondents earned a monthly income of Rs 25001 to Rs.35,000, 23.89 per cent of the respondents earned a monthly income between Rs.35, 001 to Rs. 45,000, 6.67 per cent of the respondents earned a monthly income between Rs 45,001 to Rs 55,000 and the remaining 5.55 per cent of the respondents had the income of below Rs. 25,000.

Most of the respondents are in the income group of above Rs. 55,000.

## MONTHLY SAVINGS

According to the level of income of the respondents' the level of their saving is definitely varied. The bank is also an influencing factor to motivate the customers to safeguard their money in various accounts. This study clearly shows the average monthly savings of the respondents and given in Table 4.6.

**TABLE 4.6**  
**Monthly Savings of the Respondents**

<b>S.No</b>	<b>Monthly Savings</b>	<b>No of Respondents</b>	<b>Percentage</b>
1	Below Rs.5,000	57	31.67
2	Rs 5,001 to Rs 10,000	64	35.55
3	Rs 10,001 to Rs.15,000	30	16.67
4	Above Rs.15,001	29	16.11
	<b>Total</b>	<b>180</b>	<b>100.0</b>

**Source:Primary Data**

Table 4.6 has brought to light that, out of 180 respondents, 35.55 per cent of the customers have the monthly savings between Rs 5,001 and Rs 10,000/-, 31.67 per cent of the customers have monthly savings of below Rs 5,000, 16.67

per cent of the customers have the monthly saving of between Rs 10,001 and Rs.15000 and the balance 16.11 per cent of the customers save more than Rs.15001 with their bank.

It is found that most (35.55%) of the respondents have the monthly savings between Rs.5001 and Rs.10000.

## **SECTOR WISE CLASSIFICATION OF RESPONDENTS**

The public and private sector banks play a crucial role in economic development of the nation. This study has been made to highlight the sector wise classification of the respondents who are holding bank accounts. The Table 4.7 shows the sector wise classification of the account holders.

**TABLE 4.7**  
**Sector Wise Classification of Respondents**

<b>S.No.</b>	<b>Sector wise classification</b>	<b>No of Respondents</b>	<b>Percentage</b>
1	Private sector	90	50.0
2	Public sector	90	50.0
	<b>Total</b>	<b>384</b>	<b>100</b>

**Source:Primary Data**



It is lucid fact from the Table 4.7 that, equal number of customers have their accounts with both private and public sector banks.

## **OPINION ABOUT BANKING OPERATIONS**

This study has been made to highlight the opinion of the customers about banking operations in the study area. The Table 4.8 shows the opinion about banking operations from customers.

**TABLE 4.8**  
**OPINION ABOUT BANKING OPERATIONS**

<b>S.No.</b>	<b>Particulars</b>	<b>No. of Respondents</b>	<b>Percentage</b>
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1.	<b><u>Type of Bank Account</u></b>		
	a) Saving a/c	81	45.00
	b) Current a/c	39	21.67
	c) Recurring Deposit a/c	47	26.11
	d) Fixed Deposit a/c	13	7.22
	<b>TOTAL</b>	<b>180</b>	<b>100</b>
2.	<b><u>Year of using Banking Products</u></b>		
	a) Less than 2 Years	72	40.00
	b) 2 – 5 Years	9	5.00
	c) 6 - 10 Years	39	21.67
	d) More than 10 Years	60	33.33
	<b>Total</b>	<b>180</b>	<b>100</b>
3.	<b><u>Purpose of using Bank Accounts</u></b>		
	a) Convenience/Status	45	25.00
	b) Safety and Simple	28	15.55
	c) Minimum balance of requirements	6	3.33
		36	20.00
	d) Overdraft facility	41	22.78
	e) Availing Loan	24	13.34
	f) Unlimited withdrawal		
	<b>Total</b>	<b>180</b>	<b>100</b>
4.	<b><u>Do you have ATM card?</u></b>		
	a) Having	180	100
	b) Not Having	-	-
	<b>Total</b>	<b>180</b>	<b>100</b>
5.	<b><u>How long are you holding ATM card?</u></b>		
		41	22.77
	a) Less than 2 years	30	16.67
	b) 2 to 4 years	45	25.00
	c) 4 to 6 years	55	30.56
	d) 6 to 8 years	9	5.00
	a) Above 8 years		
	<b>Total</b>	<b>180</b>	<b>100</b>
6.	<b><u>Purpose of using Card Service</u></b>		
	a) Save Time	32	17.78
	b) Get money at different places	29	16.11
	c) 24*7 hour services	59	32.77

	d) Prestige	28	15.56
	e) Security purpose	32	17.78
	<b>Total</b>	<b>180</b>	<b>100</b>
7.	<b><u>Did you use Online Banking system?</u></b>	99	55.00
	a) Using	81	45.00
	b) Not using		
	<b>Total</b>	<b>180</b>	<b>100</b>
8.	<b><u>How frequently do you use Online Banking?</u></b>		
	a) Daily	19	19.19
	b) Once in a week	22	22.22
	c) Every fortnight	18	18.18
	d) Once in month	24	24.24
	e) Twice in a month	16	16.17
	<b>Total</b>	<b>99</b>	<b>100</b>
9.	<b><u>State the level of satisfaction of Online Banking?</u></b>		
	a) Highly Satisfied	49	49.49
	b) Satisfied	30	30.30
	c) Dissatisfied	20	20.20
	<b>Total</b>	<b>99</b>	<b>100</b>
10.	<b><u>Do you familiar with the term CRM?</u></b>	54	30.00
	a) Familiar	126	70.00
	b) Not familiar		
	<b>Total</b>	<b>180</b>	<b>100</b>

**Source: Primary Data**

1. It is crystal clear from the Table 4.8 that, out of 180 respondents, 81 respondents are holding savings accounts; 47 respondents are operating recurring deposit accounts; 39 respondents are having current accounts and the remaining 13 respondents are operating fixed deposit accounts.

2. It is vivid from Table 4.8 that out of 180 respondents, 40.00 per cent of the customers are having accounts with the bank for less than 2 years, 33.33 per cent of the customers are operating accounts for more than 10 years, 21.67 per cent of the customers are having account between 6 to 10 years, and the remaining 5.00 per cent of the customers are having accounts with 2 to 5 years.
3. It is highlighted from the Table 4.8 that, out of 180 respondents, 45 respondents have opened their accounts for the purpose of convenience, 41 respondents opened their accounts purpose of availing loan, 36 respondents said overdraft facility as the reason, 28 respondents said the safety and simple procedure of operation is the main purpose to have an account, 24 respondents have opened the account for the purpose of unlimited withdrawals and the remaining 6 respondents opened the account for the purpose of minimum balance requirements.
4. It is observed from the Table 4.8 that, all the 180 respondents have ATM card.
5. It is clear from the Table 4.8 that, 30.56 per cent of the customers hold ATM card from 6 to 8 years, 25.00 per cent hold ATM card from 4 to 6 years, 22.77 per cent hold ATM card for less than 2 years, 16.67 per cent of the respondents hold ATM card from 2 to 4 years and 5.5 per cent of the customers hold ATM card for above 8 years.

6. It is lucid fact from Table 4.8 that, 59 respondents are using ATM card for the purpose of 24\*7 hour services; 32 respondents used for security purpose; 32 respondents used for save time; 29 respondents used for get money at different places and the remaining 28 respondents used for the purpose of prestige.
7. Table 4.8 reveals that, 55.00 per cent of the customers using the online banking system and the remaining 45.00 per cent of the customers not using the online banking.
8. It is lucid from the Table 4.8, 24.24 per cent of the customers' use the online banking system once in a month, 22.22 per cent of them use daily, 19.19 per cent of them use once in weak, 18.18 per cent of the customers use every fortnight and 16.17 percent of them use twice in a month.
9. Table 4.8, 49.49 per cent of the users highly satisfied with the online banking, 30.30 per cent of them are satisfied with the online banking and the remaining 20.20 per cent of them are dissatisfied in online banking system.
10. It is clear from Table 4.8 that 126 respondents are not familiar with CRM practices and the remaining 54 respondents are familiar with CRM practices.

## **FACTOR ANALYSIS**

Factor analysis is the mathematical form of identifying interrelated measure to find the pattern in a data set (Child, 2006). In other sense the factor analysis is

the simplest form to interpret the observed data (Harman, 1976). The key concept of factor analysis is that multiple observed variables have similar patterns of responses because they are all associated with a latent (i.e. not directly measured) variable

Factor analysis is a data reduction technique that uses correlation between data variable. Factor analysis is widely used in psychology, social sciences and marketing studies. It assumes that some underlying factors exist that explains the correlation or interrelationship between the observed variable/factors. Analysis of the data in this study with the application of factor analysis, followed the approach used by Simon Gyasi Nimako (2012). That step consist Data reduction/structure deduction, Grouping the items and Confirmatory factor analysis to validate the reduced dimensions. There are two methods to conduct the factor analysis such as Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA). CFA attempts to confirm hypotheses and uses path analysis diagrams to represent variables and factors, whereas EFA tries to uncover complex patterns by exploring the dataset and testing predictions. Moreover Exploratory Factor Analysis (EFA) technique used in two ways, first one the researcher may reduce large number of variable from the data set within each factor and uses it for deducting the factor dimension. The researcher conduct EFA or CFA, it based on their research assumption. EFA is used when a researcher wants to discover the number of factors and which factor influencing more (DeCoster, 1998). A basic hypothesis of EFA is that there are common 'latent' factors to be discovered in the dataset, and the goal is to find the smallest number of common factors that will account for the correlations (McDonald, 1985). In the present study the researcher has to conduct both factor analysis techniques to confirm the validated scale for CRM practices followed by banks.

## RELIABILITY AND VALIDITY CRITERION

In order to establish the strength of the factor analysis solution, it is essential to establish the reliability and validity of the obtained reduction. For simplicity and convenient purpose each factor (statements) re-coded with identifiable code viz..(Customer acquisition CA, Customer Knowledge CK like that.,). Cronbach alpha test was applied to know the reliability and validity of the statement. Cronbach alpha values of 0.7 and greater is considered reliable, (Straub et al.2004). The Cronbach alpha values for each component are greater than 0.7 and composite alpha value for five dimension is .879, thus indicating good reliability.

**TABLE 4.9**  
**Cronbach Alpha Test –Reliability and Validity**

<b>Cronbach's Alpha</b>	<b>No. of items</b>
<b>.862</b>	<b>42</b>

Source :SPSS output

## KMO AND BARTLETT'S TEST

**TABLE 4.10**  
**KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.792
Bartlett's Test of Sphericity	Approx. Chi-Square	32.30
	Df	300
	Sig.	.000

Source: Computed Data

The KMO measures the sampling adequacy; this test is based on the correlations and partial correlations of the variables. The value of KMO should be close than 0.5 for a satisfactory factor analysis to proceed. Kaiser (1974) recommend 0.5 (value for KMO) as minimum (barely accepted), values between 0.7-0.8 acceptable, and values above 0.9 are superb. The value of test statistic is given in Table 2, as 0.792 which means the factor analysis for the selected variables is found to be appropriate to the data.

Bartlett's test is another indication of the strength of the relationship among variables. This test is to test the null hypothesis that the correlation matrix is an identity matrix. An identity matrix is matrix in which all of the diagonal elements are close to 1. From the Table, the Bartlett's Test of Sphericity test value is 32.30 at Degrees of freedom 300. That significant level is less than 0.05. In fact, it is actually 0.00, i.e. the significance level is small enough to reject the null hypothesis ( $p < 0.05$ ). This means that correlation matrix is not an identity matrix (there exists correlations between the variables).

## **FACTOR EXTRACTION AND ROTATION**

The Eigen value Table has been divided into three sub-sections, i.e. Initial Eigen Values, Extracted Sums of Squared Loadings and Rotation of Sums of Squared Loadings. In order to determine the number of significant factors, it is important to note that only extracted and rotated values are meaningful for interpretation. The factors are arranged in the descending order based on the



most explained variance. The Extraction Sums of Squared Loadings is identical to the Initial Eigen values except factors that have eigen values less than 1 are not shown. These columns show the eigen values and variance prior to rotation. The Rotation Sums of Squared Loadings shows the eigen values and variance after rotation. For analysis and interpretation purpose the researcher only considered the Rotation Sums of Squared Loadings. The following Table 3 summated details of Rotation sum of squared loadings of factors.

**TABLE 4.11**

**Rotation sum of squared loadings**

<b>Rotation Sums of Squared Loadings</b>			
<b>Factors</b>	<b>Rotated Eigen values</b>	<b>% of Variance</b>	<b>Cumulative %</b>
First factor	9.672	23.08	23.08
Second factor	7.504	17.86	40.94
Third factor	5.400	12.86	53.08
Fourth factor	3.963	9.44	63.24
Fifth factor	3.501	8.33	71.57

**Extraction Method: Principal Component Analysis.**

**Source: SPSS output**

From the above Table the second column contains the rotated eigen values. The eigen value is a measure of how much of the variance of the observed variables a factor explains. Any factor with an eigen value  $\geq 1$  explains more variance than a single observed variable. The first factor will always account for the most variance and the next factor will account for as much of the left-over variance as it can, and so on. Hence, each successive factor will account for less and less variance. The percentage of variance explained by each of the factor can be computed manually through Eigen values. As there are 42 variables, the total variance equals hundred. Therefore, the variable explained by each factor can be computed as:

Percentage of variance explained by Factor 1:

$$\text{Factor 1} = \text{Eigen value of first factor} / \text{Sum total of the Eigen value} * 100$$

$$= 9.672/42 * 100$$

$$= 23.028$$

The other factor variance could be computed as from above formula. The total variance explained by both factors =  $23.08 + 17.86 + 12.86 + 9.44 + 8.33 = 71.57\%$ .

## **COMPONENT MATRIX AND ROTATED FACTOR MATRIX**

The Principle Component Analysis method of factor analysis extracted five factor dimensions of CRM practices in Banks. This component matrix is expressed as standardized variables in term of factors. These co-efficient values used to calculate respondents factor score in each dimension. In other sense they indicate how much the weight case assigned for each variable in the extracted factors (grouped factor). Rotated factor loadings are important for the interpretation of the factors(Field 2000). For analytical convenient the researcher moves to rotated matrix because Factor Matrix shows the factor loadings prior to rotation whereas the Rotated Factor Matrix shows the rotated factor loadings. In order to interpret the results, a cut-off point is decided. There is no hard and fast rule to decide the cut-off point, but generally it is taken above 0.5. If the extracted factor loading is less than 0.5 or the extracted factor cross loaded with other is eliminatedby the researcher, the selected factors are used for further analysis. Table 4 shows the extracted rotated factor matrix of the model. The variables which identify with each of the factors were sorted in the decreasing order and are highlighted against each column and row.

**Table 4.12 Rotated Factor Matrix**

Factors	First Factor	Second Factor	Third Factor	Fourth Factor	Fifth Factor
CA1	.742				
CA2	.784				
CA3	.688				
CA4	.659				

CA5	.602				
CR1		.971			
CR2		.886			
CR3		.756			
CR4		.691			
CR5		.638			
CK1			.781		
CK2			.771		
CK3			.773		
CK4			.741		
CK5			.708		
CIS1				.698	
CIS2				.641	
CIS3				.632	
CIS4				.614	
CIS5				.604	
CVE1					.688
CVE2					.626
CVE3					.659
CVE4					.651
CVE5					.572

From the rotated factor matrix there were no low loading factors so the researcher has retained all the factors to validate the model through CFA. Naming of factors is more of an ‘art’ as there are no rules for naming the factors, except to give names that best represent the variables within the factors but in this study the researcher conducts the EFA for five factor dimension of CRM practices. Hence, there is no need for the researcher to name the latent factor with its variables.

### **Confirmatory Factor Analysis**

According to Dianna Suhr, analyzing data and interpreting result is very complex and confusing. Traditional data analysis specifies default models assume measurement occurs without error, and are somewhat inflexible. However confirmatory factor analysis and SEM (Structural Equation Modeling) requires specification of a model based on theory and research, is a multivariate technique incorporating measured variables and latent constructs and explicitly specifies measurement error. A model allows for specification of relationship between variables. The confirmatory factor analysis approach was presented in the present data analysis is to meet the objective to construct and validate the five-factor dimension of factor analysis. So, the scale was adopted from the past studies and literature, redefined and suited to present studies. To extract the pattern relationship the researcher first applies the Explorative Factor Analysis (EFA).

The results of EFA, extracted factor components are highly loaded with its own dimension. The extracted valid factors are used to validate through Confirmatory Factor Analysis. Efficiently to do this, any item that does not fit the measurement model due to low factor loading should be removed from the model. The fitness of a measurement model is indicated through certain Fitness Indexes. However, the items deletion should not exceed 20% of total items in a model. Otherwise, the particular construct itself is deemed to be invalid since it failed the “confirmatory” itself. The researchers run the CFA for every

measurement model separately or run the pooled measurement models at once. However, the CFA for pooled measurement models is more efficient and highly suggested (Zainudin Awang, 2012). So the researcher applies the pooled confirmatory factor analysis for the present study.

## **VALIDITY AND RELIABILITY OF THE MODEL**

The researcher defined model valid is evaluated through some statistical criteria. Therefore, determination criteria indicate acceptable fit while others are close to meet the acceptable fit value. Before that the measurement model should establish the acceptable levels of goodness-of-fit. Therefore, the measurement model is determining the specific evidence of construct validity. Validity refers to in what extent the data instrument accurately measures what the researcher indented to measure. In order to establish the validity issue, the following validity aspect fulfilled and carried out by the researcher.

### **Content validity**

Content validity occurs when the experiment provides adequate coverage of the subject being studied. It also measuring the right things as well as having an adequate sample. The content validity of the present study checked out by the panel members at the time of scale development.

### **Convergent validity**

The convergent validity is originally a measure of construct that is expected to correlate. To get adequate coverage the measurement model correlate strongly with its theoretical construct model. In order to measure the convergent validity the inter correlation among the factor in each construct should be high. Otherwise the indicators of a construct should converge a high proportion of variance in common. The indicator of reflective dimension each factor standardized factor loading more than 0.60 is considered to be an acceptable level (Barclay et.al,1995). In CFA the convergent validity measured through standardized factor loading and Average Variance Extracted should be greater than 0.5 (Fornell and Larcker, 1981).The calculated AVE values are presented in Table 1. It is easy way to calculate the AVE (Average Variance Extracted) manually by using this formula

$$AVE = \frac{\text{Sum of each squared factor loading}}{\text{No. of Indicators}}$$

**TABLE4.13**

**Average Factor Extracted**

<b>Dimension</b>	<b>Sum of squared factor loading/ No of indicators</b>	<b>AVE</b>
Customer Acquisition	3.984/5	.664
Customer Response	3.607/5	.601
Customer Knowledge	3.295/5	.659
Customer Information System	4.162/5	.595
Customer Value Evaluation	4.439/5	.634

**Source:Computed Data**

From Table 1 all the Average Factor extracted value is greater than 0.5. So the researcher constructed five factor dimension model CRM practices fulfill the convergent validity.

Table 2 shows the standardized factor loading of the measurement model. The standardized factor coefficient value is considered for computing the AVE and also the R<sup>2</sup> value is consider for computing the composite reliability.

**TABLE4.14**

**Factor loading of five factors Dimension of CRM practices construct.**

<b>Dimension</b>	<b>Factor</b>	<b>Factor loading</b>	<b>Error value</b>	<b>AVE</b>
Customer Acquisition	CA1	0.83	0.3111	.667
	CA2	0.83	0.3111	
	CA3	0.77	0.4071	
	CA4	0.78	0.3916	
	CA5	0.87	0.2431	
Customer Response	CR1	0.75	0.4375	.637
	CR2	0.82	0.3276	
	CR3	0.81	0.3439	
	CR4	0.83	0.3111	
	CR5	0.78	0.3916	

**Source: AMOS output \*0.01 and \*\* 0.05 significance level**

<b>Dimension</b>	<b>Factor</b>	<b>Factor loading</b>	<b>Error value</b>	<b>AVE</b>
Customer Knowledge	CK1	0.73	0.4671	.650
	CK2	0.8	0.36	
	CK3	0.89	0.2079	
	CK4	0.73	0.4671	
	CK5	0.87	0.2431	
Customer Information System	CIS1	0.82	0.3276	.638
	CIS2	0.89	0.2079	
	CIS3	0.67	0.5511	



	CIS4	0.71	0.4959	
	CIS5	0.88	0.2256	
Customer Value Evaluation	CVE1	0.69	0.5239	.613
	CVE2	0.91	0.1719	
	CVE3	0.71	0.4959	
	CVE4	0.86	0.2604	
	CVE5	0.72	0.4816	

**Source :AMOS output \*0.01 and \*\* 0.05 significance level**

## COMPOSITE RELIABILITY

Composite reliability is the measure of reliability of the construct. It measures the overall reliability of the items loaded on a latent construct. The composite value ranges from zero to one. Values greater than 0.70 reflect the data is more reliable to the construct. The formula for calculating composite reliability as follows and results depicted in Table 3.

$$CR = \frac{\text{Square of sum of Standardized factor loading}}{\text{Square of sum of loading + indicator measurement error}}$$

**TABLE 4.15**

### Result of Composite Reliability

Dimension	AVE	CR
Customer Acquisition	.667	.783
Customer Response	.637	.812
Customer Knowledge	.650	.764
Customer Information System	.638	.881
Customer Value Evaluation	.613	.871

**Source: Computed Data**

The composite reliability of the entire latent construct composite reliability is more than 0.70 indicates adequate internal consistency in the measurement model.

## DISCRIMINANT VALIDITY OR DIVERGENT VALIDITY

Discriminant validity is the degree in which a latent construct distinct from other latent constructs. The successful evaluation of discriminant validity shows that a construct of the model is not highly correlated with another construct in the same model. There is no standard value for discriminant validity, if the correlation between exogenous constructs is not exceeding 0.85. The correlation value exceeding 0.85 indicates the two exogenous constructs are redundant or having serious multicollinearity problem. Therefore, it is essential to compute the discriminate validity of five factor dimension of CRM practices model. The Discriminant Validity Index Summary presented in Table 4.16

**TABLE 4.16**  
**Discriminant validity Index Summary**

<b>Dimension</b>	<b>CA</b>	<b>CR</b>	<b>CK</b>	<b>CIS</b>	<b>CVE</b>
CA	<b>.83</b>				
CR	.45	<b>.76</b>			
CK	.17	.12	<b>.88</b>		
CIS	.09	.01	.07	<b>.79</b>	
CVE	.13	.11	.41	.32	<b>.72</b>

**Source: AMOS output**

The bolded values are square root of **Average Variance Extracted (AVE)** of each dimension. Other values are inter-correlation among the latent factor dimension. It is clear that no one latent factor correlation is more than 0.85. Therefore, the researcher may confirm the present five factor model is not affected by multicollinearity index.

## EVALUATING THE FITNESS OF THE MODEL

After considering the validity aspects, the data fulfilled the validity and reliability indexes and next the researcher should consider several fitness indexes that reflect how well the data fits the model. The fitness index is supported by strong literature being referred. The acceptable model fit and the level of acceptance presented in the following Table 4.17.

**TABLE 4.17**  
**Acceptable model fit index**

Name of category	Name of index	Level of acceptance
<b>1. Absolute fit</b>	Chi-Square	P-value > 0.05
	<b>RMSEA</b>	RMSEA < 0.08
	<b>GFI</b>	GFI > 0.90
<b>2. Incremental fit</b>	AGFI	AGFI > 0.90
	<b>CFI</b>	CFI > 0.90
	TLI	TLI > 0.90
	NFI	NFI > 0.90
<b>3. Parsimonious fit</b>	<b>Chisq/df</b>	Chi-Square/ df < 3.0

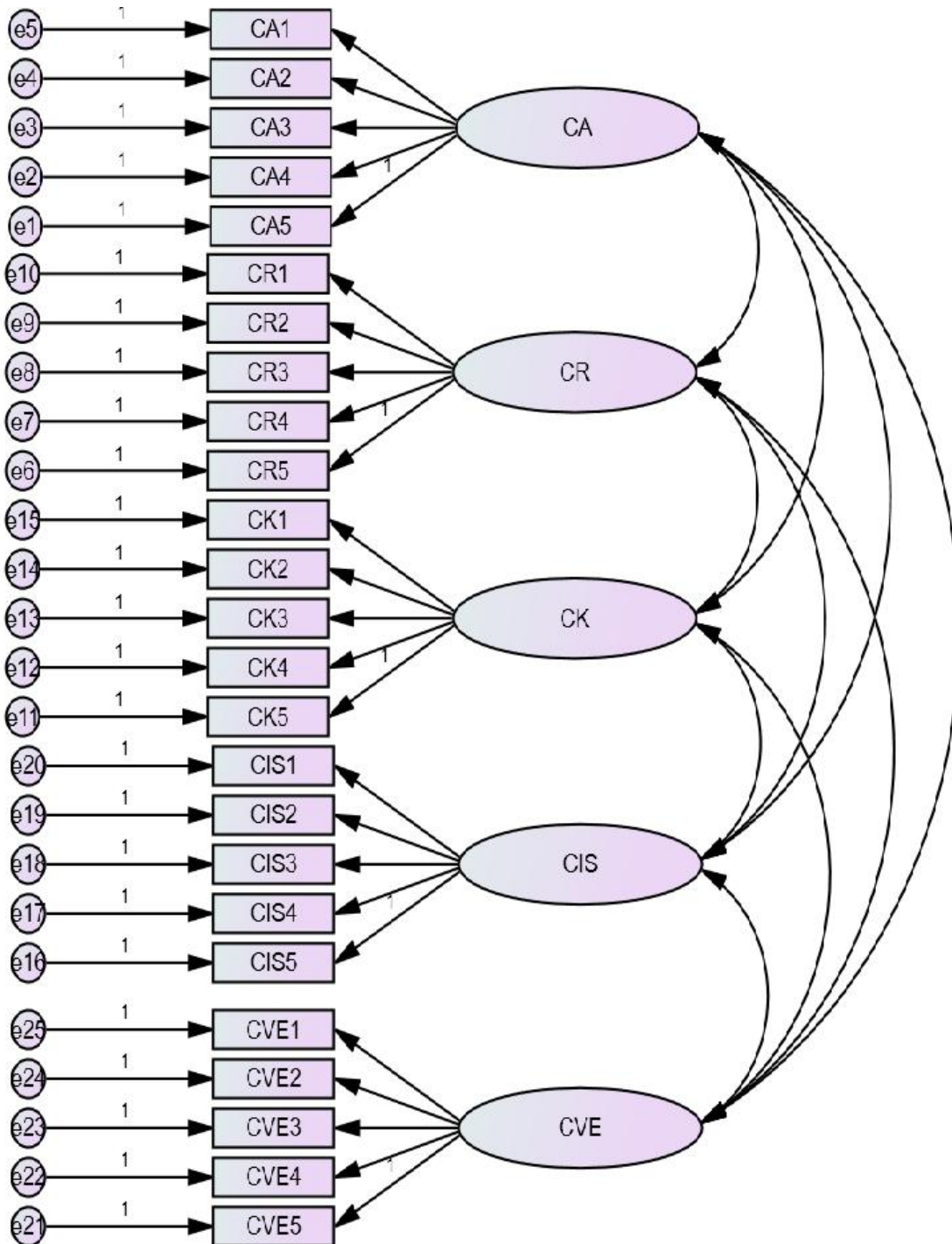
Source :Zainudin Awang , “A hand book on SEM 2<sup>nd</sup> edition”

First the model fulfills the criteria begins with the Chi-square statistic. Chi-square test describes differences of the observed and expected metrics. Acceptable model fit is, indicated by a chi-square probability value is high than 0.05. RMSEA indicate the amount of unexplained variance or residuals. CFI, NNI and NFI values meet the criteria (0.90 or large) for acceptable model fit.

Figure 4.1 shows the latent construct of pooled CFA for five factor dimension of CRM practices.

FIGURE 1

THE LATENT CONSTRUCT OF POOLED CFA



The measurement model shown in figure 1 comprises of five latent factors with twenty-five observed variables. For each latent factor is measured by five observed variables. The random measurement error is indicated by associated error term. The inter correlation is indicated by two headed arrows, it connects the latent variables in the measurement. The standardized solution and measurement R<sup>2</sup> values are obtained before the Modification indices. After making the modification the proposed five factor dimension of CRM practices model is accepted by the researcher. The pooled CFA results are presented in the Table 4.18.

**TABLE4.18**

**Pooled CFA results**

<b>Name of Category</b>	<b>Name of Index</b>	<b>Index value</b>	<b>Critical value</b>	<b>Comments</b>
Absolute Fit	<b>RMSEA</b>	<b>0.032</b>	<.08	The Required level is achieved
	<b>GFI</b>	<b>.987</b>	>0.90	
Incremental Fit	<b>CFI</b>	<b>.965</b>	>0.90	The Required level is achieved
Parsimony Fit	<b>Chi.Sq/df (CMIN)</b>	<b>2.297</b>	<3.0	The Required level is achieved

**Source :AMOS output**

**GOODNESS OF FIT INDEX (GFI)**

GFI is one of the most commonly reported measure of model fit. The GFI value ranges from 0 to 1. If the values close to one the researcher consider the data fit to the measurement model. The present measurement GFI value is .987, which is high than the threshold value of 0.9.

### **COMPARATIVE FIT INDEX(CFI)**

CFI is another one measure of fitness of the measurement model. The CFI index uses a chi-square distribution. Just like GFI, CFI value also ranges between 0 and 1. The value of CFI is 0.90 or above is considered to indicate a good fit. The five-factor model of CRM practices CFI value is 0.965 so the data best fit to the model.

### **ROOT MEAN SQUARE ERROR OF APPROXIMATION (RMSEA)**

RMSEA is a supplementary fit of CFA model. It is used widely to provide a mechanism for adjusting sample size where chi-square statistics are used. If RMSEA value is less than or equal to 0.05 is good fit for the measurement model. The RMSEA value for the present model is obtained 0.032 which is less than the critical value of RMSEA 0.05.

## **CMIN**

The value of CMIN is smaller it indicates better fit of the model. The chi-square would be non-significant indicating no significant discrepancy between model and data. The value of CMIN in the present measurement model is less than 5 which shows better fit of five factor dimension of CRM practices model.

The pooled Confirmatory Factor Analysis (CFA) proved the underlying components are mutually exclusive, which means the five dimensions are discriminated each other. The entire factor indexes have achieved the required level which indicates the validity of the construct forming the five-factor dimension of CRM practices.



### SUGGESTIONS AND CONCLUSION

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#### SUGGESTIONS

- Majority of the customers stated that they are not familiar with the term CRM. For better and long term customer relationship can be effectively achieved when the bank educate their customer in respect of CRM
- It is found from this study most of the customers are not using IT oriented banking services such as online banking. So the bank may come forwarded to influence the customer to use online banking services.
- With the application of factor analysis to extract the latent construct for staff involvement in banking services. There are three factors extracted namely Service factor, Response factor and Problem solving factor. It is advised to the bank to concentrate more on “Problem solving” factor. This means the bank employees need to solve the customer problem sincerely.
- During the time of data collection the researcher get suggestion from the respondents in respect of their base bank. Most of the respondents felt their bank doesn't not inform about “Customer Meet” programme.
- The research finding clearly shows the CRM Practices followed by the bank in the study without prior knowledge of the customer. On the other hand developed and developing CRM strategies in banks before the

implementation the bank should implement staff relationship management for effectiveness of the CRM practices result.

- In the dimension of CRM practices, Customer Acquisition is the process of acquiring new customer or converting existing prospect into new customer. Most of the respondents in this dimension felt disagreed with customer acquisition dimension statements. So the bank should concentrate more on this dimension and also this dimension is one of the best predictor of CRM practices construct model. If the bank concentrate more on this dimension it is possible to understand customer business problem.
- The banks should involve in the development of customer resource which include training, seminar, workshop, credit facilities campaign, employment generation and also in the development of human resources. So that, customers can get motivated and eagerly involving in banking business.
- Customer is only loyal when the bank has the thorough understanding of the customers' requirements, if banks do not have enough information about customer, it is impossible to understand customer's business problems. It is recommended to keep on tracing the customer and get thorough knowledge about customers' problems.
- While extracting the pattern relationship among the five dimensions of CRM practices. Customer Value evaluation dimension is least loading

dimension in the CRM practices construct. The value evaluation is very essential part of customer life cycle. If the bank concentrated well in the customer value evaluation dimension. It results in enduring long lasting relationship with customer thereby ensuring profitability at right time with huge customer base.

- Based on the EFA result, the entire dimension of CRM practices need to build the hypothetical model through CFA. Further the Customer Acquisition dimension is more influencing dimension than others. Hence the outcome model is valid to measure the CRM practices. Thus the bank should concentrate the entire dimension so as to increase customer satisfaction and loyalty towards them.
- As to managerial implication the bank manager might use “CRM Five Factor Model” validated scale instrument to evaluate and better understating of CRM practices. Thus offer and create high loyalty among customer and create long term profitable relationship.
- From the academic point of view further research is needed to identify new validated scale for CRM practices. The identification of why customer acquisition dimension is highly influencing dimension than others is beyond the scope of this research.
- It is very essential for bank to maintain two way relationships with customer. So CRM as a factor that insist the bank to survive in the new market conditions, following the relationship with their customer. When

building relationship with customer, satisfaction represents the foundation. On the other hand bank staff play the most important role in communicating with customers. In a parallel way the customer satisfaction on staff involvement is also one of the instrumental variable for long lasting relationship. So the bank should develop framework in respect of CRM practices with consideration of customer satisfaction. In this study also proved by the researcher “CRM impact on customer satisfaction with staff involvement model”.

## **CONCLUSION**

The banking industry is not an exceptional one. Due to poor customer loyalty and arrival of new banks, bankers are offering new services with higher service quality render by the banks to their customer. So retaining and maintaining of existing customer is very challenging to the bankers. The banks take much efforts to educate their customers about CRM because CRM is an effective tool in supporting and boosting services in the era of hypercompetitive world. For this there is higher need for the CRM in Banks. Hence, sincere efforts have been taken to analyse the CRM practices in banks. The selected dimensions are employed and devised from the existing empirical study conducted in financial sector. The findings of the present study pinpoint that the validated scales are statistically significant.

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**CUSTOMER RELATIONSHIP MANAGEMENT PRACTICES IN  
BRANCHES OF STATE COOPERATIVE BANK IN LUCKNOW CITY.**

1) Gender

a) Male ( )                      b) Female ( )

2) Age

a) Less than 25 years ( )                      b) 26 to 35 years ( )  
c) 36 to 45 years ( )                      d) Above 45 years ( )

3) Literacy Level

a) School Level ( )                      b) UG Level ( )  
c) PG Level ( )                      d) Diploma Level ( )  
e) Illiterate ( )

4) Occupation

a) Businessman ( )                      b) Employee in Government ( )  
c) Employee in Private concerns ( )                      d) Professionals ( )  
e) Agriculturalist ( )

5) Monthly Income

a) Below Rs.10, 000 ( )                      b) Rs. 10001 to Rs.20, 000 ( )  
c) Rs.20, 001 to Rs.30, 000 ( )                      d) Rs.30,001 to Rs.40,000 ( )  
e) Above Rs. 40,001 ( )

6) Average Monthly Savings

a) Below Rs. 5,000 ( )                      b) Rs. 5,001 to Rs. 10,000 ( )                      c) Rs.  
10,001 to Rs. 15,000 ( )                      e) Above Rs. 15,001 ( )

7) Which bank do you have account?

- a) Private Sector ( )      b) Public Sector ( )

8) Name of your Bank? \_\_\_\_\_

**9) Opinion about Banking Operations**

<b>S.No.</b>	<b>Particulars</b>	
1.	<b><u>Type of Bank Account</u></b> e) Saving a/c f) Current a/c g) Recurring Deposit a/c h) Fixed Deposit a/c	 ( ) ( ) ( ) ( )
2.	<b><u>Year of using Banking Products</u></b> e) Less than 2 Years f) 2 – 5 Years g) 6 - 10 Years h) More than 10 Years	 ( ) ( ) ( ) ( )
3.	<b><u>Purpose of using Bank Accounts</u></b> g) Convenience/Status h) Safety and Simple i) Minimum balance of requirements j) Overdraft facility k) Availing Loan l) Unlimited withdrawal	 ( ) ( ) ( ) ( ) ( ) ( )
4.	<b><u>Do you have ATM card?</u></b> a) Having b) Not having	 ( ) ( )

5.	<b><u>How long are you holding ATM card?</u></b> e) Less than 2 years f) 2 to 4 years g) 4 to 6 years h) 6 to 8 years i) Above 8 years	( ) ( ) ( ) ( ) ( )
6.	<b><u>Purpose of using Card Service</u></b> f) Save Time g) Get money at different places h) 24*7 hour services i) Prestige j) Security purpose	( ) ( ) ( ) ( ) ( )
7.	<b><u>Did you use Online Banking system?</u></b> c) Using d) Not using	( ) ( )
8.	<b><u>How frequently do you use Online Banking?</u></b> f) Daily g) Once in a week h) Every fortnight i) Once in month j) Twice in a month	( ) ( ) ( ) ( ) ( )
9.	<b><u>State the level of satisfaction of Online Banking?</u></b> d) Highly Satisfied e) Satisfied f) Dissatisfied	( ) ( ) ( )
10.	<b><u>Do you familiar with the term CRM?</u></b> c) Familiar	( )

	d) Not familiar	( )
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**10) Opinion towards Bank Employees**

S.No	Opinion	SA	A	NA	DA	SDA
1.	When bank employees promise to do something, they do so.					
2.	When you have a problem, bank employees show sincere interest in solving it					
3.	Bank employees provide prompt services with no delay					
4.	Bank employees insist on error free records					
5.	Bank employees always have the will to help customers					
6.	Bank employees are always ever busy to respond to the customers					
7.	Bank employees are knowledgeable					
8.	Bank employees can solve my problems					
9.	Bank employees are always considerate of customers					
10.	Bank employees address customer complaints in a friendly way					
11.	Bank employees give a clear answer to my inquiries					

12.	Bank employees keep customers aware of new products/service					
13.	Bank employees give each customer an individual attention					
14.	Bank employees work as a team to help customers quickly					

**11) State your Level of Satisfaction towards Bank Employees**

<b>Highly Satisfied</b>	<b>Satisfied</b>	<b>Neutral</b>	<b>Dissatisfied</b>	<b>Highly Dissatisfied</b>

**12) State your Level of Satisfaction towards Bank Product and Services**

S. No.	Particulars	HS	S	N	DS	HDS
1	Banking products and lending					
2	Bank-Infrastructure					
3	Statement and Documentation					
4	Card Services					
5	Test Message services					

**13) State your overall satisfaction towards Banking Products and Services**

<b>Highly Satisfied</b>	<b>Satisfied</b>	<b>Neutral</b>	<b>Dissatisfied</b>	<b>Highly Dissatisfied</b>

#### **14) Customer Acquisition**

<b>S.No.</b>	<b>Customer Acquisition</b>	<b>SA</b>	<b>A</b>	<b>NA- DA</b>	<b>DA</b>	<b>SDA</b>
1.	Adaptability of different measures to meet customers' urgent requirements.					
2.	Accept different approaches to attract targeted customers.					
3.	Dissemination of information to attract new customers.					
4.	Offers a variety of service items and information.					
5.	Banks ability to tailor its products and services to meet customers' needs.					
6.	Bank actively seeks to provide total financial solution.					

#### **15) Customer Response**

<b>S.No.</b>	<b>Customer Response</b>	<b>SA</b>	<b>A</b>	<b>NA- DA</b>	<b>DA</b>	<b>SDA</b>
1.	Bank uses varied communication channels.					
2.	Understanding on the customer's requirements and expectations bybank.					
3.	Bank offers convenient services to customers.					
4.	Bank offers a wide range of credit facilities to meet customer's requirements.					

5.	Bank offers useful online products and services.					
6.	Bank offers products that reflect customer's earnings and wealth.					
7.	Bank provides enough information to customers about different products and services.					
8.	Bank staffs are sufficiently empowered to solve difficult banking problems.					
9.	Bank takes actions for customer's erroneous transaction.					

### **16) Customer Knowledge**

<b>S.No.</b>	<b>Customer Knowledge</b>	<b>SA</b>	<b>A</b>	<b>NA</b>	<b>DA</b>	<b>SDA</b>
1.	Bank's operating hours are convenient to customers.					
2.	Bank offers comprehensive range of investment products.					
3.	Bank offers with innovative loan services.					
4.	Bank understands individual customer's needs and circumstances.					
5.	Bank often encourages individual customers to introduce other's to purchase their products and services.					
6.	Bank often insists customers in using bank's services and products.					
7.	Bank has clear objectives and strategies to meet customers' needs and the performance of bank-customer relationships.					

8.	Bank does not misuse its customer's knowledge.					
9.	The terms and conditions of bank are better than other bank.					

### **17) Customer Information System**

<b>S.No.</b>	<b>Customer Information System</b>	<b>SA</b>	<b>A</b>	<b>NA</b>	<b>DA</b>	<b>SDA</b>
1.	Bank's information system allows performing banking needs.					
2.	Bank implemented modern equipments and technologies.					
3.	Bank provides tele-banking and other internet banking facilities.					
4.	ATM machines are available at convenient places.					
5.	Every bank transactions are computerization.					
6.	Bank adapted new technologies to improve communication with customer.					
7.	Ensure simplified business dealing with the bank.					
8.	Banks are conversant with automated technology in the sphere of marketing, sales and service functions.					
9.	Banks ensure proper security system to protect customer's transaction.					
10.	Bank implemented core banking solutions.					



**18) Customer Value Evaluation**

<b>S.No.</b>	<b>Customer Value Evaluation</b>	<b>SA</b>	<b>A</b>	<b>NA- DA</b>	<b>DA</b>	<b>SDA</b>
1.	Bank always delivers superior services.					
2.	Bank offers high quality services.					
3.	Full trust on the services rendered by banks.					
4.	Customer enjoys bank services.					
5.	Services rendered by bank attract customers.					
6.	Customer feel relaxed using banking services.					
7.	Services offered by bank develop good impression.					
8.	Full confident with the security level on bank.					

**SA-Strongly Agree A-Agree NA or DA-Neither Agree or Disagree SDA-Strongly**

**Disagree**

**HS – Highly Satisfied S – Satisfied N – Neutral DS – Dissatisfied HDS – Highly**

**Dissatisfied**