UNLOCKING POTENTIAL: HOW CRM TRANSFORMED TNSC BANK'S APPROACH TO BANKING

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Abstract

Customer Relationship Management (CRM) is a comprehensive strategy that redefines how businesses operate, placing the customer at the center of all activities. It goes beyond mere technology adoption and necessitates a fundamental shift in business practices. CRM doesn't just offer better insights into customer behavior; it revolutionizes the way business is conducted. Successful CRM implementation seamlessly integrates front office and back office operations, granting employees a holistic perspective of the organization's customer relationships. Furthermore, it opens internal systems to customers, empowering them to participate in the sales process.

CRM is a crucial strategy, especially in competitive markets, where it combines information, systems, policies, processes, and the workforce to attract and retain valuable customers. CRM applications and technologies serve as the tools to execute this strategy, but they must be intricately interwoven with the company's overall business strategy, rather than tacked on as separate components.

Keywords: Customer Relationship Management, CRM strategy, business operations, customer behavior, technology integration.

Introduction

A customer relationship management (CRM) strategy means that operations revolve around the customer and involve much more than installing any one application, embracing a new technology or even committing to one vendor's CRM suite. It sparks new ways of doing business and provides better insight into customer behaviour. Superior implementation merger the so called front office and back office operations, giving the employees a complete view of the organization's relationship with its customers. It opens up internal system to customers so they can sell themselves. CRM is a strategy used in competitive environments that combines the information, system, policies, process, and employees of an enterprise in an effort to attract and retain profitable customers. CRM applications and technologies are tools used to implement such a strategy and must be woven into the fabric of company's business strategy, not bolted on to it.

Review of Literature

Customer relationship management (CRM) is part of marketing's new dominant logic (Doy, 2004), but it is likely to fail to deliver any business result (Zablah,Bellenger and Johnston 2004). Still worse, failed

implementation may actually damage customers' relationship (Rigby, Reichheld and Shefter 2002).This research demonstrates that the implementation of CRM activities generates better firm performance when managers focus on maximizing the value of the customer (Gupta and Lehman 2003; Gupta, Lahman and Stuart 2004: Reichheld 1996: Verhoef and Langerak 2002)

Payne and Frow (2005,) defined "CRM is a strategic approach that is concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments. CRM unties the potential of relationship marketing strategies and IT to create profitable, longterm relationships with customers and other key stakeholders." It requires a crossfunctional integration of process, people, operations and marketing capabilities that is enabled through information, technology and applications. Sin et al. (2005) have defined CRM as "a comprehensive strategy and process that enables an organization to identify, acquire, return and nurture profitable customers by building and maintaining long-term relationships with them." It was suggested that the core theme of CRM revolves around individual buyer-seller relationship.

Significance of the Study

The Central Government announced a number of programmes which would help in meeting the credit requirements of the urban and rural sector. The credit programmes were designed to augment the flow of credit to the poor. The main thrust of these programmes was to provide financial assistance to the poor at concessional rates of interest, coupled with capital subsidy to enable them to cross the poverty line. The poor must occupy the centre stage in any socio-economic planning or development of the rural and urban poor. An institutional approach is necessary, so that, a poor man can have access to assets and services. The institutions especially - co-operative institutions-- must support this approach as it has poverty reducing capacity, employment providing opportunities and leading to an increase of income and improved standard of living of the poor. Eradication of poverty depends largely on the availability of credit. Not only agricultural development but all other activities largely depend on the available monetary resources.

In order to protect the poor from the economic exploitation and moral degeneration, Tamil Nadu State Apex Cooperative Bank (TNSC) has been set-up. The TNSC Bank is the institution established with the objectives to facilitate rural credit and to promote thrift and self-help among the economically weaker sections of the society. The study unit TNSC bank is functioning in Chennai, Tamil Nadu. The main aim of the bank is to develop the economy by providing credit for the purpose of the development of agriculture and allied activities, animal husbandry, industrial development and other productive activities. Moreover, the bank plays a very important role in developing the banking facilities in Chennai. The researcher has made an attempt to evaluate the customer relationship management of the bank as the primary motives of the bank are to satisfy the customer needs.

Objectives

The following are the objectives of the study
1. To study the impact of customer relationship management in TNSC Bank, Chennai

2.   To analyse the respondents perception and benefits of CRM in TNSC Bank, Chennai

Methodology

Descriptive as well as analytical design is used. The present study is based on the primary data,that were analysed with the help of appropriate tools.

Sample Design

In order to analyse the views of the Bank employees on CRM, all the 23 branch offices of TNSC Bank in Chennai were selected by the researcher. Hence, convenient sampling method was employed in the study. 23 managers, 23 assistant managers and 69 other employees (23 junior assistants, 23 typists and 23 cashiers) were selected as the respondents for the study.

Collection of Data

The primary data have been collected from the sample respondents with the help of an interview schedule specially designed for the purpose of collecting information during the reference period 2011-2012

Tools Used

The Researcher has adopted percentage; chi-square and factor analysis for the treatment of primary data with respect to customer relationship management in the branches of TNSC Bank.

Limitations of Study

a.   Since the primary data used in this work is collected from the employees of TNSC Bank which has inherited limitations.

b.   The present study is based only on 23 branches. As the size of the sample is very small, the limitations of a small sample are applicable.

c.   The researcher could not get some information otherwise useful for a deeper study, due to the restrictions on the disclosure of data on part of the higher officials.

Analysis and Interpretations

Table 1: Selected Respondents Demographic Profile

	Age	N	Percentage
Age	30-40	34	29.56
	41-50	49	42.61
	51 and above	32	27.83
	Total	115	100.0
Gender	Gender	N	Percentage
	Male	82	71.30
	Female	33	28.70
	Total	115	100.0

Educational Level	Educational level	N	Percentage
	Graduate	52	45.22
	Post-graduate	47	40.87
	Other specify	16	13.91
	Total	115	100.0
Designation	Designation	N	Percentage
	Managers	23	20.00
	Assistant Managers	23	20.00
	Others	69	60.00
	Total	115	100.0

Source: Primary data

Profile of the Employees

Certain demographic profile such as age, gender, educational level and designation of the employees has been given in table 1. Employees' belonging to younger age group are fewer in the bank. The major reason for this might be the absence of recruitment since 1999.From the table, it is known that most of the respondents' (42.61%) are middle-aged: male employees dominate (71.30%) a majority of the respondents (45.22%) are graduates and a majority of the staff under the Cadre of lower management (60%)

Table 2: Chi-Square test for the benefits of CRM

Benefits of CRM	Agree	Strongly agree	undecided	Disagree	Strongly disagree	Total
Long term relationship	28	49	25	8	5	115
Reduced transaction cost	34	44	24	7	6	115
Success & survival in market	32	30	43	5	5	115
Customer satisfaction	46	27	31	5	6	115
Customer retention & loyalty	52	30	21	7	5	115

Source: Primary data

Calculated chi-square value	Degrees of freedom	Level of significance
36.86	20	0.0122(P<0.01) significance

Source: Primary data

Ho: There is no association between the respondent's perception and the benefits of CRM in TNSC Bank.

It is evident from the table 2 that, the calculated chi-square value is significant at 0.01 level. Hence, the stated hypothesis is rejected. So, it is concluded that, there is an association between the employee's perception and the benefits of CRM in the TNSC Bank

Table 3: Chi-square test for CRM Process in Banks: Relationship Evolution Process

Relationship Evolution	Agree	Strongly Agree	Undecided	Disagree	Strongly Disagree	Total
Awareness	47	32	23	8	5	115
Exploration	44	40	18	7	6	115
Expansion	50	30	25	5	5	115
Commitment	52	28	20	6	9	115
Dissolution/Re-Intention	42	34	29	5	5	115

Calculated chi-square value	Degrees of freedom	Level of Significance
10.35	16	0.8479 (P>0.01) Not Significant

Source: primary data

Ho: There is no association between the respondents' opinion and CRM relationship evolution process.

It is evident from the table 3 that, the calculated Chi-square value is not significant at 0.01 level. Hence, the stated hypothesis is rejected. So, it is concluded that, there is an association between the employees' perception and the relationship evolution process of CRM.

Table 4: Ranking analysis for CRM Technology

Factors	Ranking
Call Centre Automation	3
Campaign Management	4
Contact Management	6
Data Warehousing	5
Field Service Automation	8
Knowledge Management	2
Marketing Management	1
Personalization	7

Source: Primary data

The table 4 shows the ranking analysis of the respondents' perception of the CRM Techniques used in TNSC Bank. Accordingly, the marketing management ranks first as CRM Technique, the knowledge management second and call centre automation third. Campaign management, data warehousing, contact management, personalization and field service automation have got the subsequent ranks in the analysis.

TABLE 5: Stepwise Regression Analysis Predicting Impact of Customer Relationship Management in TNSC Bank

Sl.No	Step/Source	Cumulative R^2	$\Box R^2$	Step t	P
1.	Educational level	0.075	0.037*	3.542	0.01
2.	Designation	0.061	0.048*	2.484	0.01

Source: Primary data * P < 0.01   Constant value = 20.424

 Two variables namely, educational level and designation have significantly contributed to predicting the impact of Customer relationship management. The variable educational level predictive value of the impact on CRM in the Bank seems to be 3.542, when paired with the variable, designation is 2.484. The predictive value of these variables separately is 0.01.

Table 6: Correlation Between the Impact of Customer Relationship Management in TNSC Bank and demographic variables

Demographic Variables	Impact of customer relationship management in TNSC Bank
Age	0.384**

Gender	0.314**
Educational level	0.301**
Designation	0.247*

Source: Primary data   ** Significant at 0.05 level   * Significant at 0.01 level

The impact of CRM in TNSC Bank is positively and significantly related to age (0.384), Gender (0.314) and Educational level (0.301) and Designation (0.247). It shows all positive relationship with all the demographic variables.

Table 7: Factor Loading, Communality, Eigen Value and Percentage of Variance of the Emerging Factors

Sl. (1)	Factors (2)	Significant variables (3)		Factor loading (4)	Communality (5)	Eigen Value (6)	% of variance (7)
1.	Awareness of CRM	a)	Happy with CRM	0.742	0.642	5.46	11.451
		b)	Customers will increase	0.687	0.614		
		c)	Improved relations with the customers	0.742	0.693		
		d)	Improved customer handling	0.672	0.542		
2.	Implementing CRM	a)	Training needs	0.841	0.772	3.42	8.424
		b)	Generating data for key skills	0.831	0.642		
		c)	Identifying potential	0.787	0.745		
3.	Importance of CRM	a)	Age	0.842	0.549	3.17	7.462
		b)	Educational qualification	0.776	0.624		
		c)	Improved performance	0.749	0.675		
		d)	Designation	0.842	0.554		
		e)	More Business	0.584	0.482		

Source: Primary data

Factor Analysis

Factor analysis was done with the main objective of finding out the underlying common factors among 12 variables included in this study. The Principal component factoring method with variance rotation was used for factor extraction. A three factor solution was derived using a score test.

The Table 7 shows the results of the factor analysis. The names of all the 12 variables and their respective loadings in all the three factors are given in the table. An arbitrary value of 0.3 and above is considered significant loading. A positive loading indicates that the greater the value of the variable the greater the contribution to the factor. On the other hand, a negative loading implies that the greater the value, the less its contribution to the factor or vice versa. A study of the loadings indicates the presence of some significant pattern. An effort is made to fix the size of correlation that is meaningful and to club together the variables with loadings in excess of the criteria and to search for a concept that unifies them, with greater attention to variables having higher loadings. The variables have been ordered and grouped by the size of loadings to facilitate interpretation.

Factor analysis was done among 12 variables used. The principal component analysis with varimax rotation was used to find out the percentage of variance of each factor, which can be grouped together from the total pool of 12 variables considered. The results are; column 1 shows the serial number, '2' shows the names given for each factor, '3' shows variables loaded in each factor, '4' gives the loadings, '5' gives the communality for each variable, '6' gives the Eigen value for each factor and '7' gives the percentage of variance found out through the analysis. The factor variance percentage for each factor is 11.4, 8.4 and 7.5.

The factors are arranged based on the Eigen value viz

F1   (Eigen value 5.46) F2   (Eigen value 3.42)

F3   (Eigen value 3.17)

Factor one is "Awareness Factor", two is "implementing" .Factor three is "importance".

The logic of this name is that employees who gain an the awareness of CRM to be somewhat larger also believe the implementing CRM is relatively more reasonable. Overall; employees believe the "Awareness" of CRM" is acceptable first(Eigen5.46).For the "Implementing factor for CRM" variable Eigen value is higher than "importance of CRM variable" (Eigen value for implementing CRM 3.42 and importance of CRM value=3.17)

Using the factor analysis it was found out that the twelve perception variables have developed a three-factor solution i.e. awareness, implementing, and importance of CRM. The employees of TNSC Bank opined that their first preference was awareness factor followed by implementing factor and importance factor as per the result of rotated components matrix. These three factors are described as "common factors". This model has a strong statistical support and the Kaiser-Maya-Olkin (KMO) test of sampling adequacy concurs that the sample taken to process the factor analysis is statistically sufficient (KMO value = 0.81452).`11

Conclusion

Customer relationship management is a management approach that enables organizations to identify, attract and retain profitable customers by managing the relationships with them (Hobby, 1999).Since CRM has begun questioning the various assumed links in the relationship process, managers should be sensitive to the impact of bank and formation, maintenance, continuance of relationship with the individuals and the firms. This is particularly important for banking institutions as their strategy needs to be adopted cooperative principles, i.e.; they may have local strategies instead of standardised global strategies. The opinion of the respondents of TNSC bank clearly stated that CRM in the bank has yielded much benefit, which includes customer retention & loyalty and customer satisfaction of the bank. Moreover, the specific emphasis on CRM needs to match the cooperative domain. Two variables namely, educational level and designation have significantly contributed to predicting the impact of customer Relationship Management.

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