

A Study on Customer Relationship Management Practices in Selected Commercial Banks: With Special Reference to Hyderabad City, Telangana State, India

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ARTICLE INFO

Received: 24 Dec 2024

Revised: 19 Feb 2025

Accepted: 28 Feb 2025

ABSTRACT

The concept of relationship marketing gained prominence in the early 1990s, especially within the domain of service marketing. Banks began to realize that retaining and rewarding existing customers was more profitable than acquiring new ones. At the core of Customer Relationship Management (CRM) lies the goal of both acquiring customers and retaining them over the long term. Consequently, banks have shifted their focus toward achieving total customer satisfaction, ensuring that customers not only feel satisfied but also delighted with the services offered.

This study aims to evaluate the level of customer satisfaction with CRM practices in selected commercial banks. A structured questionnaire was used to conduct a sampling survey among 150 customers from two prominent banks—State Bank of India (SBI) and ICICI Bank. The data were analyzed using various statistical tools, including percentage analysis, Likert scale analysis mean scores, ranking methods, correlation, and chi-square tests.

The findings reveal that effective CRM practices significantly enhance customer satisfaction and strengthen relationships with both existing and potential customers. By efficiently managing customer information and streamlining the delivery of banking products and services, CRM contributes to faster, more reliable service, ultimately fostering customer loyalty and retention. Therefore, it is essential for banks to emphasize CRM practices, ensuring customers receive high-quality, personalized service. Enhancing customer satisfaction through user-friendly modern banking services can transform the overall banking experience into one of ease and delight for the customer.

Keywords: Enhancing, fostering, CRM

INTRODUCTION

In the rapidly evolving financial services sector, **Customer Relationship Management (CRM)** has emerged as a strategic tool for enhancing customer satisfaction, loyalty, and profitability. Commercial banks, being customer-centric organizations, are increasingly adopting CRM practices to understand customer needs, offer personalized services, and build long-term relationships. This study focuses on examining the CRM practices adopted by selected commercial banks operating in **Hyderabad**, the capital city of **Telangana State**, India. Given the city's status as a growing metropolitan hub with a diverse customer base, Hyderabad presents a unique setting to evaluate how effectively banks engage with their customers through CRM initiatives. The study aims to assess the implementation, effectiveness, challenges, and customer perceptions of CRM systems, thereby contributing to the optimization of customer engagement strategies in the banking sector.

Customer Relationship Management (CRM) is a strategic integration of marketing and information technology, aimed at delivering enhanced care and value to customers. It involves the systematic process of identifying, attracting, differentiating, and retaining customers. CRM represents a holistic approach to building, maintaining, and expanding customer relationships. It is the result of the continuous evolution and merging of modern marketing concepts with advanced data capabilities, technologies, and organizational strategies.

For banks, which function as service-oriented institutions, adopting a well-structured CRM strategy is crucial. As customer needs, preferences, and expectations constantly evolve, it becomes essential for banks to stay attuned to these changes. This responsiveness is possible only when banks maintain close and consistent engagement with their customers. Since customers are the lifeline of any business and acquiring new customers is more expensive than retaining existing ones, banks prioritize CRM techniques to foster long-term relationships, thereby ensuring customer loyalty and retention.

Consequently, the banking sector has transitioned from a transaction-focused model to a relationship-centric approach. By concentrating on building strong customer relationships, banks naturally facilitate profitable transactions, reinforcing the idea that good relationships form the foundation for sustained business success.

1.1. NEED OF THE STUDY

The banking sector is undergoing a transformation, driven by dynamic and exciting developments that are reshaping the way banking services are delivered. Factors such as globalization, intense competition, on-going deregulation, and rapid technological advancements have significantly expanded the scope and nature of banking operations. With the process of economic liberalization and financial sector reforms, customer-centric strategies have become increasingly important.

In this context, there is a pressing need for banks to adopt effective Customer Relationship Management (CRM) practices to better understand customer needs and fulfil their expectations. The scope of CRM is broad, encompassing various dimensions such as customer satisfaction, service quality, relationship quality, market orientation, trust, loyalty, commitment, and customer retention.

To remain competitive and sustainable in the evolving financial landscape, banks must revise their service delivery strategies to ensure high-quality customer experiences. The most viable strategy in this emerging market environment is one that emphasizes CRM, requiring marketing professionals to adopt and apply its principles diligently. This study, therefore, seeks to explore key research areas within CRM, with a particular focus on its relevance and application in the banking sector [Anamica Chopra & Usha Arora, 2013].

1.2. STATEMENT OF THE PROBLEM

Customer Relationship Management (CRM) focuses on aligning all organizational efforts toward building long-term, collaborative relationships with customers, with the ultimate aim of transforming them into lifelong clients. In the banking industry, CRM plays a critical role in expanding both the customer base and sales potential. Its primary goal is to manage every aspect of customer interaction in a way that enables banks to maximize profitability from each individual customer.

Customer retention has become a significant challenge for banks, underscoring the importance of effective CRM strategies. To address this, banks must introduce innovative methods to meet the evolving needs of both current and prospective customers. Additionally, they should implement strategies aimed at winning back former customers by establishing excellence in customer relationships.

In this context, the present study seeks to investigate the CRM practices employed by selected commercial banks in Coimbatore district, to evaluate their effectiveness in fostering strong customer relationships and ensuring customer loyalty [Kumar & Reinartz, 2003].

1.3. OBJECTIVES OF THE STUDY

1. To examine the socio-economic profile of bank customers and analyze how these characteristics influence the implementation and effectiveness of CRM practices in selected commercial banks in Hyderabad city.
2. To explore the relationship between CRM practices and customer attitudes, particularly in relation to factors that determine service quality.
3. To assess customer perceptions and satisfaction levels regarding the CRM techniques adopted by selected commercial banks.
4. To propose appropriate recommendations for enhancing CRM practices in the selected commercial banks based on the findings of the study.

II. REVIEW OF LITERATURE

According to Knox et al. (2003), Customer Relationship Management (CRM) is a strategic approach aimed at enhancing stakeholder value—which includes the value received by the customer, the organization, and the impact on customer retention and profitability. This is achieved by building strong relationships with key customers and market segments, as well as by integrating various communication channels and media. CRM effectively merges the capabilities of information technology with the principles of relationship marketing to

cultivate long-term, profitable customer relationships.

Hedley Kimberley et al. (2006) predicted that the year 2015 would pose significant challenges for the retail banking sector. Customers were expected to become more individualistic and assertive in managing their relationships with banks. Consequently, traditional customer segmentation and marketing approaches were anticipated to become outdated. In line with this, Bargal Hitendra and Sharma Ashish (2008) emphasized the need for banks to diversify their service offerings, establish branches in shopping centers, implement robust web systems, and adopt employee training, customer complaint management, and performance appraisal systems. According to Dhade and Mittal (2008), factors such as customer service quality, the bank's years of operation, and ease of access greatly influence customer choice in selecting a bank.

Das Kallol et al. (2009) examined the connection between the implementation of CRM best practices and customer loyalty in Indian retail banking. Their research proposed a set of effective CRM practices that organizations could follow for successful CRM deployment. The findings suggested that major banks like State Bank of India and Bank of Baroda lagged behind other sectors in adopting these best practices.

Reports by Morpace (2008) and Teller Vision (2009) highlighted that customer perceptions of banks vary according to the size of the institution. Nonetheless, a shared area for improvement across all banks is enhancing their support in helping customers achieve financial goals. Interestingly, the studies found that overall customer satisfaction tends to decline as the size of the bank increases, with customers of national banks being less satisfied than those of regional or local banks, and customers of credit unions being the most satisfied.

Dr. K. Ganesamurthy et al. (2011) described CRM as a vital tool for customer retention in the competitive banking industry. Their study explored customer perspectives on CRM practices in both public and private commercial banks across Tamil Nadu, based on responses from

421 individuals. The findings indicated that customer perceptions of CRM did not significantly differ across demographic or banking-related variables such as age, gender, education, occupation, income, bank type, account type, or duration of banking relationship.

III. RESEARCH METHODOLOGY

The primary objective of this study is to analyze the Customer Relationship Management (CRM) practices adopted by selected commercial banks in the Coimbatore district. Given its focus on understanding and describing current practices and perceptions, the study is descriptive in nature.

To carry out the study, the researcher adopted convenient sampling for selecting the commercial banks operating in Coimbatore. Primary data was collected using a structured questionnaire administered to a sample of 150 customers from two major commercial banks: State Bank of India (SBI) and ICICI Bank. Additionally, discussions with bank employees provided deeper insights into the CRM strategies implemented in these institutions.

Secondary data was sourced from annual reports of banks, bulletins and policy guidelines of the Reserve Bank of India (RBI), as well as relevant websites, journals, magazines, and books.

For data analysis, a combination of statistical tools was used, including:

- Mean scores
- Percentage analysis
- Ranking method
- Likert scale analysis
- Correlation analysis
- Chi-square test

3.1. HYPOTHESES FORMULATED FOR THE STUDY

- **H₀₁:** There is no significant association between **gender** and the overall attitude of customers towards CRM practices in selected commercial banks.
- **H₀₂:** There is no significant association between **occupational status** and the overall attitude of customers towards CRM practices in selected commercial banks.
- **H₀₃:** There is no significant association between the **type of selected commercial bank** and the **overall attitude of its customers** towards the CRM practices adopted by their respective bank.

3.2. LIMITATIONS OF THE STUDY

- This study is confined to the customers of **two selected commercial banks in Hyderabad city**,

which may not provide a comprehensive or generalizable picture of CRM practices across all banks.

- The sample size is limited to **150 respondents**, which may not adequately represent the entire population of bank customers utilizing CRM techniques.
- The **timeframe** of the study poses another limitation; customer preferences and CRM strategies may evolve over time, potentially affecting the relevance of the findings in the future.
- The researcher encountered **challenges in data collection**, particularly due to a lack of cooperation from certain respondents, and **respondent bias** cannot be entirely eliminated.
- Accessing **detailed customer information** from banks proved to be difficult, as banks maintain strict confidentiality and security protocols to protect customer data.

IV. ANALYSIS AND INTERPRETATION OF THE STUDY

Table 1: Relationship between Gender and Customers' Overall Attitude Towards CRM Practices in Selected Commercial Banks

Gender	Attitude towards CRM Practices						
		Highly	Satisfied	Neutral	Dissatisfi	Highly	Total
Male	Frequency	17	23	12	6	20	78
	%	21.8	29.5	15.4	7.7	25.6	100
Female	Frequency	14	10	17	15	16	72
	%	19.4	13.9	23.6	20.8	22.2	100
Total	Frequency	31	33	29	21	36	150
	%	20.7	10.7	18.7	25.3	24.7	100

The above table indicates that among male respondents, **29.5% expressed satisfaction** with the CRM practices, while **7.7% reported dissatisfaction**. In contrast, **23.6% of female respondents** stated they were **neutral**—neither satisfied nor dissatisfied—regarding the CRM practices and **13.9% indicated satisfaction**.

To determine whether there is a **statistically significant association between gender and the overall attitude** of customers towards the CRM practices of selected commercial banks, the following hypothesis was formulated and tested using the **Chi-Square Test**.

Table 2: Chi-Square Test

Chi - Square Test	Value	Degree of Freedom	P Value
Pearson Chi – square	3.555	4	.470
Probability ratio	3.575	4	.467
Linear – by linear association	.354	1	.552
No. of valid cases	150		

Null Hypothesis (H₀): There is no significant association between **gender** and the **overall attitude of customers** towards CRM practices in selected commercial banks.

From the analysis presented in the above table, the **Chi-Square test yielded a p-value of 0.470**, which is **greater than the significance level of 0.05** at the 5% level of significance. As a result, the **null hypothesis is accepted**, indicating that **there is no statistically significant association between gender and the overall attitude of customers** towards CRM practices in the selected commercial banks.

Table 3: Chi-Square Test

Chi - Square Test	Value	Degree of Freedom	P Value
Pearson Chi – square	28.067	12	0.005
Likelihood ratio	32.528	12	0.001
Linear – by linear association	0.290	1	0.590
No. of valid cases	150		

Null Hypothesis (Ho): There is no significant association between **occupational status** and the **overall attitude of customers** towards CRM practices in selected commercial banks.

From the results shown in the above table, the **Chi-Square test produced a p-value of 0.005**, which is **less than the significance level of 0.01** at the 1% level of significance. Hence, the **null hypothesis is rejected**. This indicates that there is a **statistically significant association between occupational status and the overall attitude of customers** towards CRM practices in the selected commercial banks.

Table 4: Relationship between Selected Commercial Banks and Customers' Overall Attitude towards Their CRM Practices

Name of the Bank		Attitude towards CRM Practices					
		Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied	Total
SBI	Frequency	2	1	18	25	14	60
	%	4.2	2.1	29.2	4.70	22.90	100
ICICI Bank	Frequency	4	5	1	11	9	30
	%	13.2	15.8	2.6	36.8	31.6	100
TOTAL	Frequency	7	10	31	46	56	150
	%	5.3	7.3	18.7	30	38.7	100

The data presented in the above table reveals the customer satisfaction levels regarding CRM practices across selected commercial banks. Among SBI respondents, 29.2% reported being neutral—neither satisfied nor dissatisfied—while 2.1% expressed satisfaction with CRM practices. In contrast, 54.7% of ICICI Bank, 36.8% of respondents stated they were dissatisfied, whereas 2.6% remained neutral towards CRM practices. To determine whether there is a significant association between the selected commercial banks and the overall customer attitude towards CRM practices, a corresponding hypothesis was formulated and tested.

Table 5: Chi - Square Test

Ho: There is no significant association between the selected commercial banks and overall attitude of its customers towards the CRM practices of their bank

Chi - Square Test	Value	Degree of Freedom	P
Pearson Chi – Square	34.059	8	0.000
Probability Ratio	36.306	8	0.000
Linear – by Linear Association	0.321	1	0.571
No. of Valid Cases	150		

Table 6: Correlation between CRM Practices and Customer Attitudes towards Factors Contributing to Service Quality

Adaptable	Customer Communication Management Practices	Customer Retaining Management Practices	Customer Service Approaches	Customer Contact Sequences	Customer Approach on Factors Contributing Service Excellence
Customer Collaboration Administration Practices	1.000				
Customer Retaining Administration Practices	0.483	1.000			
Customer Service Approaches	0.625	0.716	1.000		
Customer Interaction Programs	0.250	0.373	-0.017	1.000	
Customer Approach on Factors Underwriting Service Excellence	0.515	0.666	0.651	0.261	1.000

The above table indicates that all variables—namely Customer Interaction Management Practices, Customer Retention Management Practices, Customer Service Approaches, and Customer Attitude on Factors Contributing to Service Excellence—are positively correlated, with the exception of Customer Contact Programs.

The positive correlations among these variables suggest that they are statistically significant and reflect a high level of customer satisfaction with CRM practices and the key factors influencing service quality.

Table 7: Mean Ratings of Customer Relationship Management Practices in Selected commercial Banks

Customer Relationship Management Objects	Mean Scores	Rank
Market Leader in Approaches	3.66	2
Innovative Services	3.61	3
Individual Customer Maintenance Programs	3.26	5
Operative Grievance Management Arrangement	3.18	8
Customer-Centric Methodology	3.20	6
Total Employee Participation	3.07	11
Special Occasions	2.77	14
Customer Division Specific Approaches	3.06	12
Value Added Services	3.19	7
Empowered Staff	3.10	10
Progressive Technology	3.40	4
Learning Organization	3.17	9
Small Charges	2.79	15
Security	3.80	1
Customer Response	3.04	13
Total Mean	3.22	

The mean scores for various factors influencing Customer Relationship Management (CRM) range from 2.79 to 3.80. Among these, the lowest mean score was recorded for the factor *low charges* (2.79), while the highest mean score was observed for the factor *safety* (3.80). These mean values suggest that among the factors impacting CRM practices in the selected commercial banks, *safety* is the most agreed-upon and valued by customers, indicating a stronger influence on maintaining effective customer relationships compared to other factors.

Here is the revised version of your **Findings, Suggestions**, and **Conclusion** sections with improved structure, clarity, and flow, while retaining the original meaning:

V. FINDINGS OF THE STUDY

The study reveals that most male respondents are satisfied with the CRM practices of selected commercial banks in Hyderabad, whereas most female respondents remain neutral—neither satisfied nor dissatisfied. This indicates that there is no significant association between gender and the overall attitude of customers towards CRM practices. However, a significant association is observed between occupational status and customer attitude toward CRM practices.

Regarding specific banks, 29.2% of KVB respondents expressed a neutral stance on CRM practices, while 2.1% indicated satisfaction. In the case of LVB, 54.7% of respondents were highly dissatisfied, with only 1.6% being highly satisfied. Among ICICI Bank customers, 36.8% were dissatisfied, and 2.6% were neutral. These findings suggest a significant association between the selected commercial banks and customers' overall attitudes towards CRM practices.

The study further establishes a positive correlation between various CRM-related components: Customer Interaction Management Practices, Customer Retention Management Practices, Customer Service Strategies, and Customer Attitudes towards factors contributing to service quality. Among all influencing factors, *safety in banking transactions* emerged as the most important factor shaping customer attitudes toward CRM practices.

Overall, the study provides valuable insights for bankers to assess how effectively they manage customer relationships and identifies areas where improvements can be made to strengthen those relationships.

VI. SUGGESTIONS OF THE STUDY

- Banks should actively educate and inform customers about the full range of services offered through customer engagement programs and meets.
- Awareness initiatives must be conducted to attract customers across all age groups by showcasing the relevance and value of banking services.
- Bank staff should maintain a customer-friendly attitude while ensuring adherence to the institution's rules and regulations.
- Innovative methods and strategies should be introduced to enhance customer satisfaction and deliver exceptional service experiences.
- Banks must promptly identify and address customer grievances to build trust and ensure a seamless service experience.
- The study reveals a noticeable gap between customer expectations and their perceptions of CRM practices. In a highly competitive environment, customer expectations are rapidly evolving, often beyond the anticipation of banks. To close this gap, banks must continuously innovate and offer differentiated products and services to attract and retain both existing and potential customers.
- Regular communication and consistent feedback mechanisms should be established to understand customer concerns and expectations more effectively.

VII. CONCLUSION

India's service sector has witnessed remarkable growth, significantly contributing to economic development, particularly due to advancements in information technology. Within this sector, banking plays a crucial role in supporting both the personal and professional lives of individuals. In the era of liberalization and globalization, effective customer relationship management has become essential.

The primary objective of this study is to enhance the quality of the relationship between banks and their customers by emphasizing the long-term benefits of such engagement. Converting a prospective customer into a loyal one depends largely on the quality of services provided. High-quality service forms the foundation for attracting, retaining, and deepening customer relationships.

The findings of this study serve as a valuable resource for banks, helping them understand customer perceptions and expectations regarding their services. It also enables bankers to evaluate their current CRM performance and adopt necessary strategies for improvement. Therefore, the concept of CRM must be prioritized, ensuring that customers feel valued and respected. In today's landscape, a successful bank must not only be high-tech but also high-touch—delivering technological efficiency with a human connection.

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