Customer Relationship Management in IDBI Bank- A Model Design with Critical Analysis of Existing Practices

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Abstract— Customer Relationship Management(CRM) is an organizational strategy to develop mutually profitable long term relationships with the customer. Banking is basically a business of trust. Banks lose their customers to their competitors on various reasons mainly due to lapses in services rendered, flawful approaches to customer value management. Relationship between the bank and its customers are built up on the enforcement of reciprocal duties. The present study analyses the quality of services extended by Bank Branches through studying parameters affecting the quality of service dimensions using Likert Scale. Responses from 200 customers on different dimensions of services rendered by branches were collected and analyzed statistically. Features of products marketed and the procedures followed by each branch has direct relationship with the satisfaction and retention of customers. This study attempts to bring forward a successful customer relationship model which focuses on understanding the needs and desires of the customers and achieves by placing these needs at the heart of the business by integrating them with the organisation's people, strategy, technology and business model.

Key words: CRM, Relationship Banking, Customer Delight, Financial Super Market, compliance, Complaint Redressal Mechanism, Customer Value Management

I. INTRODUCTION

Retail banking is dominant source of revenue for banks always and it is constituted by retail customers. Competition in Banking industry is getting increasingly intense through continuing deregulation and opening of international markets, the ongoing globalization of industry, the expansion of direct and online banking and rising customer expectations. The number of new entrants to the Banking arena with different product portfolio, traditional banks seeking to expand its scope etc will continue to battle incumbents with value propositions. Direct and online banking usage trend gain momentum as internet usage increased across all bankable age group.

De-regulation, competition from non-financial players, new compliance requirements and changing customer expectations has added complexity and challenges to banking systems and processes. While the banks had some of the practices in place they were effectively channeled as a strategy to create high paced growth and a sustainable competitive advantage of the bank. Since the nationalization of major Commercial Banks in 1969, the banking system in India underwent a significant period of growth in network, volume of business spread of activities and manpower. The natures of changes have been impressive both in quantity and quality.

Due to high competition in the financial services sector the service providers have understood the need and the benefit of developing long lasting relationships with their customers. In this context, many bankers have decided to shift their focus to customers, whose acquisition, development and most importantly, retention could improve their long-term profitability.

The transparency of online banking and the ability of consumers to compare offers and product prices will push the pendulum of power increasingly towards the customer, still pressurizing the Banking companies. CRM is a process that brings together information about customers, sales, effectiveness of marketing program and changes required. CRM helps reduce costs and increasing profitability by solidifying customer loyalty and delight. Banking has become more customer centric unlike transaction centric like in earlier periods. The success of a bank depends on its strategy for customer acquisition and retention. The goal for the Banks is to retain existing clients and expand the profitability of the existing customer relationship. Thus CRM acts as a Sales Reference Encyclopedia for Banking companies.

A bank – Customer relationship is a contractual one and therefore the relationship is of paramount importance. It offers direct services to customers. Retail Banking is the segment through which Banking institutions perform Banking transactions directly with the customers. Retail Banking aims to be the one stop shop for financial services on behalf of retail clients. Most retail banks try to increase customer retention and loyalty to ensure that Bank has a steady supply of customers. It also helps in expanding Banking services and more opportunities for the Bank to turn it profitable.

II. ABOUT IDBI BANK

IDBI Bank, today, is one of the largest Commercial Banks in India. For over 40 years, IDBI Bank essayed a key nation building role, first as the apex Development Financial Institution (DFI) incorporated on July 1 ,1964, in the realm of industry and thereafter as a full service Commercial Bank (CB) since 1st October 2004. As a DFI, Bank has stretched its canvass beyond mere project financing to cover an array of services that contributed towards balanced geographical spread of industries, development of identified backward areas, emergence of a new spirit of enterprise and evolution of a deep and vibrant capital market. On October 1st 2004, the erstwhile IDBI converted into a Banking company as IDBI Bank Ltd to undertake the entire gamut of banking activities while continuing to play its secular DFI role. Post the mergers of the erstwhile IDBI Bank with its parent company IDBI Ltd and the subsequent merger of the erstwhile United Western Bank Ltd on October 3 2006, the tech savvy, new generation IDBI Bank with majority government shareholding today touches the lives of millions

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of Indians through an array of corporate, retail, SME and agri products and services.

Headquartered in Mumbai, IDBI Bank today rides on the back of a robust business strategy, a highly competent and dedicated workforce and a state- of –the-art information technology platform, to structure and deliver personalized and innovative Banking services and customized financial solutions to its clients through various delivery channels across more than 2000 Branches across the country.

In 2014-15,the Bank strived to improve its performance on all fronts despite confronting significant challenges emanating from the macroeconomic environment as well as various other sector specific factors. Furthermore, the Bank continued to expand its reach across the country by rapidly adding to its branch and ATM network. With the objective of ensuring

Highest level of customer satisfaction, the Bank focused on optimizing its customer service to provide hassle-free experience to all its customers. The Bank was also able to expand its customer base by expanding its network which allowed easier accessibility as also offering an array of customized products and services with innovative features to meet the customers' needs in a suitable manner. As on March 31, 2015, aggregate deposits and advances touched 2,59,836 crore and 2,08,377 crore, reflecting a growth of 10% and 5%, respectively, over the previous year. During 2014-15, your Bank's gross income amounted to 32,162 crore, comprising interest income at 28,15 crore and other income at 4,008 crore. Interest expenses stood at 22,406 crore and operational expenses at 4,027 crore, accounting for total expenditure (excluding provisions and contingencies). Total provisions during the year were at 4,855 crore, which mainly include ` 3,480 crore towards provision for bad and doubtful debts and investments. During 2014-15, your Bank's operations resulted in Profit Before Tax (PBT) of 1,287 crore. After provision of ` 414 crore towards tax, Profit After Tax (PAT) amounted to 873 crore.

III. REVIEW OF LITERATURE

Dynamic changes in the competition as well as customer expectations have resulted in a dramatic shift from one time transaction based approach to long-term relationship orientated approach. Increasing demands of the customers as well as the intense competition in the marketplace forced banks to device their strategies accordingly to tap the growing market potential. One example of such strategy that has been adopted by banks in varying degrees is the implementation of a superior market orientation. Market orientation draws its relevance from marketing concept that clearly indicates that to maintain the consistency in the success; firms should do the need assessment of its customers and satisfy them more effectively than their competitors in the marketplace (Dunphy,D (1996).

As a result, customer relationship management is an approach that makes it necessary to form long-term relationships with customers for the purpose of increasing the profitability and productivity of the enterprise and to make use of technology for this purpose. The enterprises should pay attention to the following issues so as to improve their relationships with customers: (Holloway, 2002)

- Recognizing the customers,
- Distinguishing the customers,
- Listening to the customers,
- Making all sorts of contacts with the customers,
- Enterprise identifying itself with the customer,
- Adapting to the customers.

Creating maximum benefit from customer relationship management depends on its right management. A consistent customer relationship management may also bring about the following benefits: (Odabaşı, 2000).

- Increase in the cross-sales,
- Reduction in customer disagreements,
- High level of customer satisfaction and loyalty,
- Reduction in procedure costs,
- Ability to form close contacts and relationships with te customers in terms of technologic, informatics and social terms.
- Offering a big advantage of competition to the enterprises,
- Forming a learning relationship with each customer provides the enterprises the opportunity to find new products/service for their customers. Thus, the enterprise may have the ability to perceive and meet the needs of its customers before its rivals.
- Loyal customers may be a reference for the potential customers.
- The cost of gaining a new customer is higher than that of retaining the existing customer. Accordingly, customer relationship management may contribute to the reduction of such costs?
- Improvement of customer loyalty increases the rate of staff's loyalty.
- A highly satisfied customer (Kotler, 2000: 48)
- continues his shopping for a long time,
- buys more as long as the firm produces new products and the existing products are improved,
- speaks of the firm and its products with praise,
- keeps indifferent to the trademarks that are in competition with the products of the firm and does not place the emphasis on the price, and offers the firm suggestions and ideas about products and services.

It is possible to secure the customer loyalty through customer satisfaction. However, the fact that there are many enterprises that offer products and services of the same quality and at the same price interval makes it difficult for the enterprises to secure customer satisfaction. It may even be easy to let the satisfied customer go to the rival enterprises.

Today the most important thing to do about the reduced customer satisfaction is the customer-centred practices adapted to each customer's needs and values. By treating different customers in different manners, firms can achieve customer loyalty (Tarhan, 2004: 77). Customer loyalty is the long and uninterrupted retention of the relationship by offering service that meets and even goes beyond the customer needs (Acuner, 2001: 89).

Most sectors of the banking industry are trying to use CRM techniques to achieve a variety of outcomes. In the area of strategy, they are trying to:

- Create a customer-focused organization and infrastructure.

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- Secure customer relationships
- Maximize customer profitability;
- Identify sales prospects and opportunities;
- Support cross and up-selling initiatives;
- Manage customer value by developing propositions aimed at different customer segments;
- Support channel management, pricing and migration.
- Gaining accurate picture of customer categories.
- Assess the lifetime value of customers.

Understand how to attract and keep the best customers(Chary & Ramesh 2012)

IV. Objectives of the Study

The overall objective of the study is to analyze the CRM systems and procedures in IDBI Bank, with respect to the following:-

- To identify the important aspects to be considered while commencing a CRM exercise in bank branches.
- To compare and contrast the CRM exercises undertaken in different banks in the same locality.
- To analyze the efficacy of the existing systems and processes in the field of CRM in the Bank and suggest strategies for improvement of CRM.

V. Research Methodology

Primary Data was collected using specially designed structured questionnaire from 200 existing customers of the bank . The questionnaire was based on Likert 5 point scale and data was analysed through various statistical techniques like percentage, probability distribution etc. Tables & graphs have been used for Data presentation.

Secondary data has been collected through internet and websites of IDBI Bank. Apart from the questionnaire being used for data collection, personal discussions were also conducted with the respondents to get further information.

VI. Analysis & Interepetation

Rating of the Quality of Services Extended by the Bank:-
Critical Service dimensions were selected for study using five point Likert scale. These dimensions were grouped into 2 categories as follows.

1) Dimensions related to bank products, procedure
2) Facilities compared to Pvt. Sector banks

The data is summarized in the following table and interpretations are given.

Sl. No.	Service dimension	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	Account opening procedure is simple	13	16	48	69	54
2	Deliverables like cheque books, debit cards, PIN etc. are delivered in time	*13*	*32*	*29*	*44*	*82*
3	Bank offers all the financial products and can be called as a financial supermarket	116	42	32	10	0
4	Charges for the services like issuance of DD/RTGS/ NEFT etc. are competitive/ less in nature	89	44	25	29	13
5	Bank updates all the alternate channel registration immediately on account opening.	39	28	41	79	13

Table 1.1. Dimensions related to bank products, procedures. Source: Primary Data

Response	No. of Respondents	Percentage %
Strongly Agree	13	6.50
Agree	16	8.00
Neutral	48	24.00
Disagree	69	34.50
Strongly Disagree	54	27.00
Total	200	100

Table 1.2. Representing Customer Response on the statement" Account Opening procedure is simple" Source: Primary Data

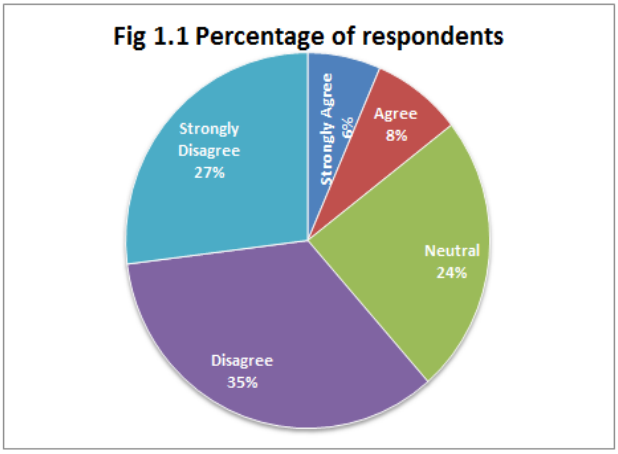

Fig. 1.1: Percentage of Respondents

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Inference: Only 6.50 % of the sample population strongly agreed that the account opening procedure is simple. 8% of the population merely agreed to the statement while 24% remained neutral. 34.50% of the sample population disagreed to the statement while 27% strongly disagreed together constituting 61.50% (Table 3.8).

Response	No. of Respondents	Percentage %
Strongly Agree	13	6.50
Agree	32	16.00
Neutral	29	14.50
Disagree	44	22.00
Strongly Disagree	82	41.00
Total	200	100

Table 1.3. Representing Customer Response On The Statement" Deliverables Like Cheque Books, Debit Cards, PIN Etc. Are Delivered In Time" Source: Primary Data

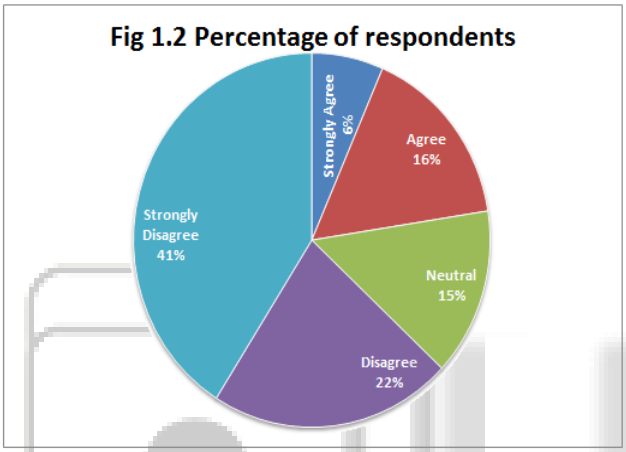

Fig. 1.2: Percentage of Respondents

Inference: Only 6.50% of the respondents strongly agreed to this point while 16% agreed to this. 14.50% were neutral to the statement while 22% disagreed and 41% strongly disagreed.

Response	No. of Respondents	Percentage %
Strongly Agree	115	57.5
Agree	42	21.00
Neutral	32	16.00
Disagree	10	5.00
Strongly Disagree	1	0.50
Total	200	100

Table 1.4. Representing Customer Response On The Statement" Bank Offers All The Financial Products And Can Be Called As A Financial Supermarket" Source: Primary Data

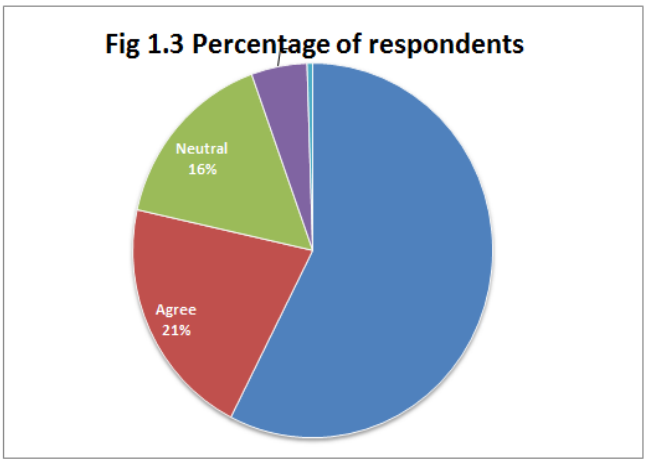

Fig 1.3: Percentage of Respondents

Inference: 58% of the sample population strongly agreed to the statement that the bank can be called as a financial super market that offers all the financial products. 21% agreed to this while 16% remained neutral and 5% disagreed. None of the respondents strongly disagreed to this point.

Response	No. of Respondents	Percentage %
Strongly Agree	89	44.50
Agree	44	22.00
Neutral	25	12.50
Disagree	29	14.50
Strongly Disagree	13	6.50
Total	200	100

Table 1.5. Representing Customer Response On The Statement" Charges For The Services Like Issuance Of DD/RTGS/NEFT Etc. Are Competitive/ Less In Nature" Source : Primary Data

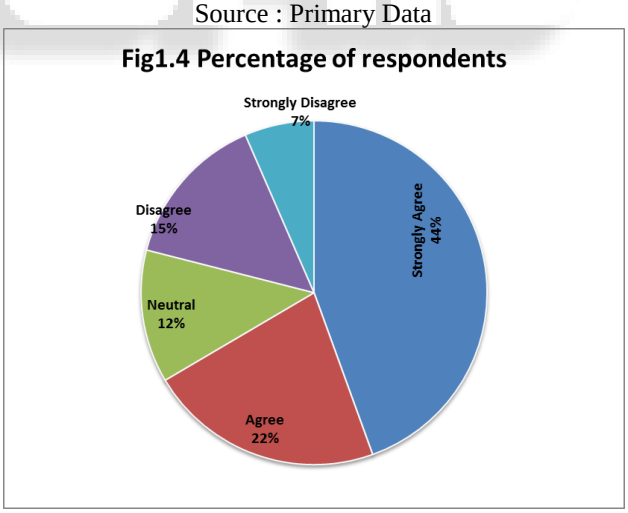

Fig. 1.4: Percentage of Respondents

Inference: 44.50% strongly agreed that the service charges are comparatively less in the bank while 22% agreed to this. 12.50% remained neutral while 14.50% disagreed to this. Only 6.50% of the respondents strongly disagreed to this statement.

Response	No. of Respondents	Percentage %
Strongly Agree	39	19.50
Agree	28	14.00
Neutral	41	20.50
Disagree	79	39.50

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Strongly Disagree	13	6.50
Total	200	100

Table 1.6. Representing Customer Response On The Statement" Bank Updates All The Alternate Channel Registration Immediately On Account Opening." Source: Primary Data

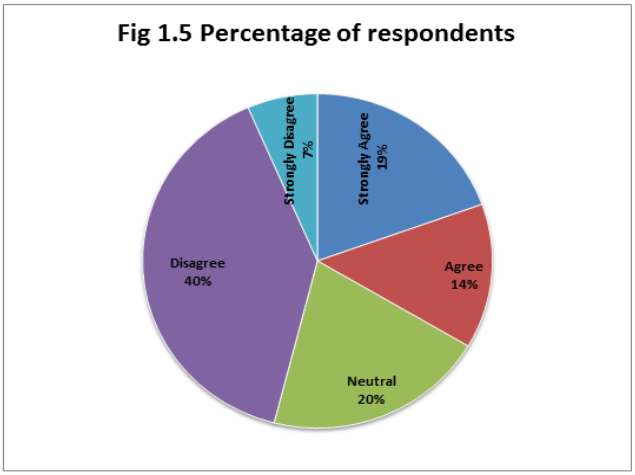

Fig. 1.5: Percentage of Respondents

Inference: 19.50% of the sample population strongly agreed that the branch updates all alternate channel registrations immediately on account opening. 14% agreed to this while 20.50% remained neutral. 39.50% disagreed when only 6.50% of the population strongly disagreed to this.

Dimensions	SA	A	N	D	SA
Bank offers loan products and the procedures are rather flexible	26	29	39	63	43
Bank understands our needs on emergency situations and helps us even with some deviations	39	36	49	41	35
Interest rates on loans are always less or reasonable in comparison with other banks	58	56	39	30	7
Bank always depend on their rules and policies and does not give any flexibility	68	59	31	22	20
Bank is catering to the needs of the ordinary people and extend service to middle income group also	44	39	58	36	23
Bank informs us the changes in interest rates time to time	33	38	39	61	29
Bank reduce interest rates on loans when the BASE RATE goes down.	58	25	66	21	30

Table 1.7. Rating of Facilities Compared to Pvt Sector Banks Source: Primary Data

Response	No. of Respondents	Percentage
Strongly Agree	26	13.00
Agree	29	14.50
Neutral	39	19.50
Disagree	63	31.50
Strongly Disagree	43	21.50
Total	200	100

Table 1.8. Representing Customer Response on the statement" Bank offers loan products and the procedures are rather flexible" Source: Primary Data

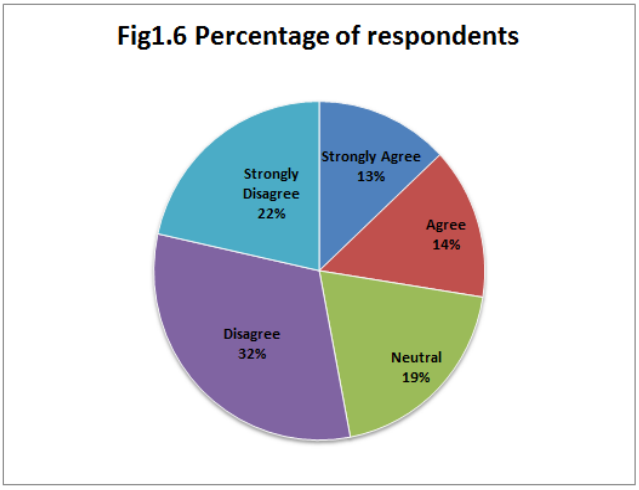

Fig. 1.6: Percentage of Respondents

Inference: Only 13% of the respondents strongly agreed that the bank offers loan products and procedures are flexible. 14.50 % agreed to this and 19.50 % remained neutral. 31.5% disagreed to the facture while 21.50 % strongly disagreed.

Response	No. of Respondents	Percentage
Strongly Agree	39	19.50
Agree	36	18.00
Neutral	49	24.50
Disagree	41	20.50
Strongly Disagree	35	17.50
Total	200	100

Table 1.9. Representing Customer Response On the Statement" Bank Understands Our Needs On Emergency Situations and Helps Us Even with Some Deviations" Source: Primary Data

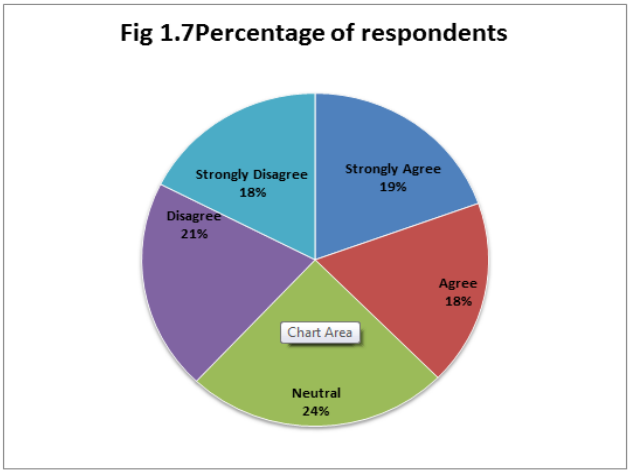

Fig. 1.7: Percentage of Respondents

Inference: 19.50% of the sample population strongly agreed that the bank allows some deviations in norms on emergency situations. 20.50% disagreed to this while 17.50% strongly disagreed. 19.50% remained neutral.

Response	No. of Respondents	Percentage
Strongly Agree	58	29.00
Agree	56	28.00
Neutral	39	19.50
Disagree	30	15.00

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Strongly Disagree	17	8.50
Total	200	100

Table 1.10. Representing Customer Response On the Statement" Interest Rates On Loans Are Always Less or Reasonable in Comparison with Other Banks" Source: Primary Data

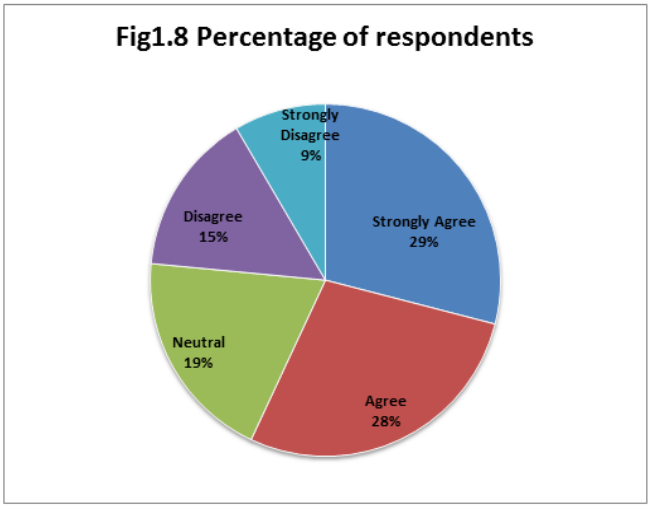

Fig. 1.8: Percentage of Respondents

Inference: 29% of the respondents strongly agreed and 33 % agreed that the interest rates on loans are less or reasonable in comparison with other banks. 19.50 % remained neutral while 15% disagreed to this. Only 3.50 % strongly disagreed to this point.

Response	No. of Respondents	Percentage
Strongly Agree	68	34.00
Agree	59	29.50
Neutral	31	15.50
Disagree	22	11.00
Strongly Disagree	20	10.00
Total	200	100

Table 1.11. Representing Customer Response On The Statement" Bank Always Depend On Their Rules And Policies And Does Not Give Any Flexibility" Source: Primary Data

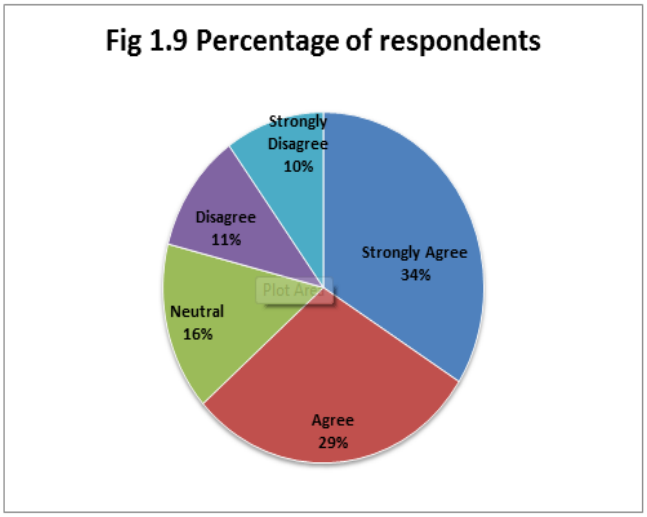

Fig. 1.9: Percentage of Respondents

Inference: 34% of the population strongly agreed to this statement while only 10% strongly disagreed to this. 29.50% agreed and 11% disagreed and the remaining 15.50% were neutral.

Response	No. of Respondents	Percentage
Strongly Agree	44	22.00
Agree	39	19.50
Neutral	58	29.00
Disagree	36	18.00
Strongly Disagree	23	11.50
Total	200	100

Table 1.12. Representing Customer Response On The Statement" Bank Is Catering To The Needs Of The Ordinary People And Extend Service To Middle Income Group Also" Source: Primary Data

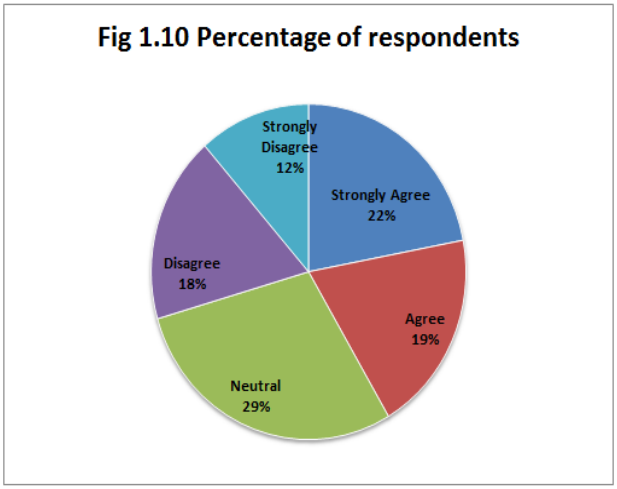

Fig. 1.10: Percentage of Respondents

Inference: 22% of a population strongly agreed that the bank is catering to the needs of the ordinary people and extend service to middle income group also while 19.50% agreed. Most of the respondents (29%) remained neutral while 18% disagreed and the remaining 11.50% strongly disagreed to this

Response	No. of Respondents	Percentage
Strongly Agree	33	16.50
Agree	38	19.00
Neutral	39	19.50
Disagree	61	30.50
Strongly Disagree	29	14.50
Total	200	100

Table 1.13. Representing Customer Response On The Statement" Bank Informs Us The Changes In Interest Rates Time To Time" Source: Primary Data

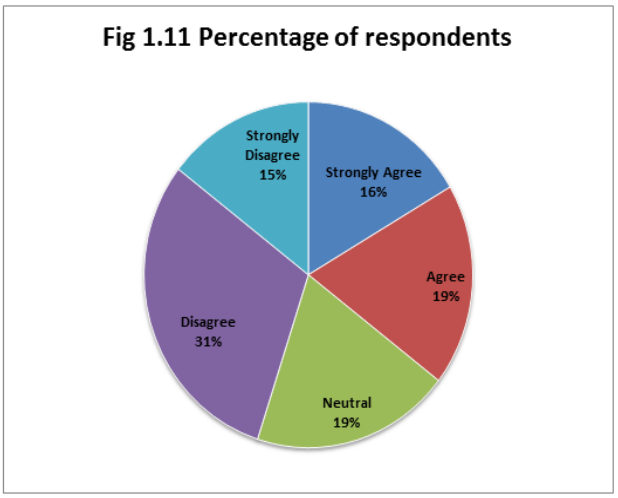

Fig. 1.11: Percentage of Respondents

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Inference: Regarding the statement that the bank informs the change in interest rates from time to time, only 16.50% strongly agreed . 19% agreed to this when 19.50% held neutral, 30.50% disagreed. Remaining 14.50% strongly disagreed to this point.

Response	No. of Respondents	Percentage
Strongly Agree	58	29.00
Agree	25	12.50
Neutral	66	33.00
Disagree	21	10.50
Strongly Disagree	30	15.00
Total	200	100

Table 1.14. Representing Customer Response on the statement" Bank reduce interest rates on loans when the BASE RATE goes down." Source: Primary Data

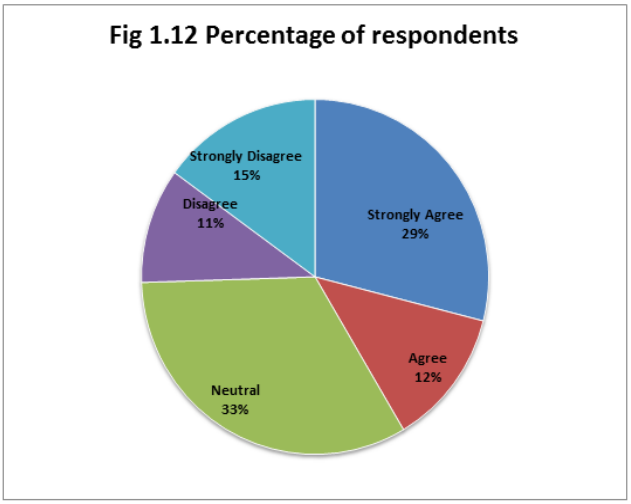

Fig. 1.12: Percentage of Respondents

Inference: 29% of the sample population strongly agreed to this statements while 12.50% agreed. 33% remained neutral and 10.50% disagreed. Only 15% of the population strongly disagrees to this statement.

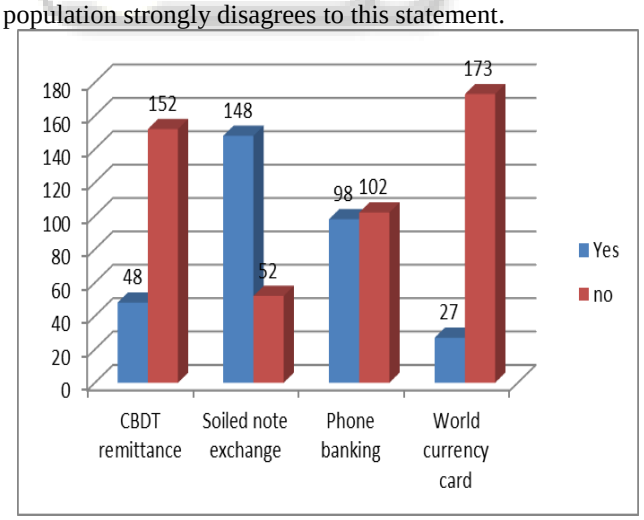

Fig. 1.13: Awareness About The Availability Of Banking Facilities Source: Primary Data

Customers were asked whether they are aware of the existence of certain facilities like availability of CBDT remittance, soiled note exchange, phone banking and world currency card. The data is presented in Fig 3.6 and it reveals that the awareness level on availability of world currency card and CBDT remittance is very low among the sample population.

Only 24% (48) of the sample population were aware about the availability of CBDT remittance and 13.50% (27) about world currency card. 74% of the respondents (148) were aware about the facility for soiled note exchange and 49% (98) were aware about the facility of phone banking. Since majority of the respondents were (152 and 173) were not aware about the facility of CBDT remittance and world currency card, branch officials should educate the customers about this facilities.

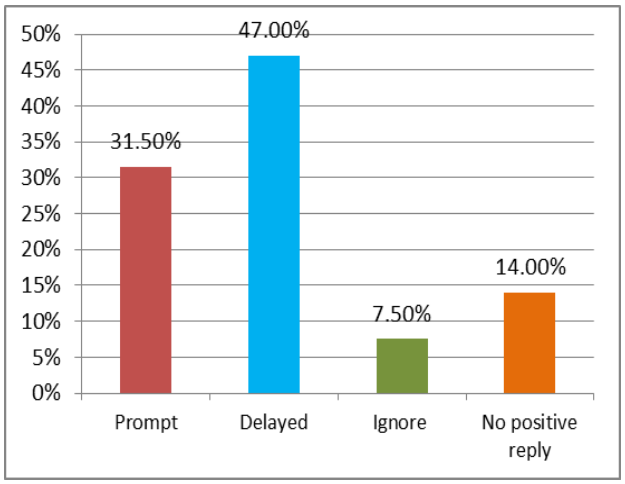

Fig.1.14: Promptness In Responding To Customer Communications Source: Primary Data

47% of the sample population opined that there is delay in bank's side to respond to their communication through telephone/e-mail/post/fax. Only 31.50% opined that the bank is prompt in attending to customer communication. 7.50% complained that the branch ignores their communications and 14% said that bank refuses to respond positively. NRI customers and businessmen were more of the opinion that the bank has to improvise efficiency of their communication channels to get a speedy redressal of grievances and to enhance customer delight.

VII. Limitation of the Study

The research paper facilitated with meaningful conclusions but the limitations of any study are inevitable part of study. Some of the limitations encountered are: a. Implementation of CRM can only be done on a structured manner. It require long span of time to get fruitful results. Banking is a dynamic industry and thereby changes will be happening often. Investment on CRM will be realized in long run.

As we mentioned that there are three levels of CRM which widely includes functional, customer focused and strategic levels. This study dealt with the customer touch points 'relationship levels in-spite of in-depth study.

VIII. Conclusion

The findings of this research study revealed that the tenure of banking transaction of the respondents has an influence on CRM efficiency especially retail banking sector. CRM is now becoming a new comprehensive approach for expanding business horizon by maintaining the customer satisfaction levels. CRM has close contact with end customers and thereby important. Implementation of CRM yields the following benefits to the Bank.

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1) Integrated view of the customer provides the Bank an opportunity to understand the customers well and to offer customized product
2) Helps in devising profitability based marketing strategies.
3) Creating professional customer data base.
4) Implement a Customer Centric Process in Banks.

Based on the findings of the present study, following strategies are suggested for the improvement of CRM in the Bank.

The Bank has to give personalized attention to all customers. The product knowledge of all officials should be improved. Officials should be given training to improve their communication skills.

A market survey of various products and the charges levied on the customers by competitors should be done and the recommendations for modification of the products or service charge should d be put forward to the management.

Since the study revealed that the account opening procedure and dispatch of deliverables are more complex when compared to competitors, the research team can study the procedure and process followed by competitors for similar products and modify the procedure accordingly.

Bank has to build up more relationships with the younger generation and should conduct promotional activities to acquire more youth relationships.

The role of branch officials of the Bank has to be effective to the core. Role clarity, job knowledge, team building, interpersonal skills, marketing/ sales aptitude and above all the integrity and commitment of the personnel will convince the public to come forward in order to form symbiotic relationships with the Bank.

To conclude, the study enabled to identify the limitations experienced by the Bank officials as well as the customers in solving various problems / demands faced by both with regard to customer service. The recommended strategies can be adopted for improving the CRM activities in the branch thus promoting business growth, profitability and image of the branch.

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