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# Critical Analysis Of Electronic Customer Relationship In Sbi And Icici Bank Of Southern Region Of Kolkata

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## ABSTRACT:

It has become crucial for Public Sector banks to satisfy their customers because an increase in private sector banks has given investors a variety of options. The profitable clients must be kept around above everything else because it is generally believed that keeping an existing customer is less expensive than finding a new one. One of the newest developments in marketing thought is to be able to solve this issue is e-CRM. This paper reflects critical analysis of Electronic Customer Relationship in SBI and ICICI Bank of Southern Region of Kolkata.

Keywords: Crucial, development, banks, customer relationship, demands.

## I. INTRODUCTION:

Indian banks have been essential to the development of the economy of the nation. Banks are essential in order to maintain financial stability as well as economic progress. For three reasons, banks are essential in emerging economies like India. They are crucial to the growth of other financial intermediaries and markets, first and foremost. Second, due to the absence of robust equity and bond markets, the corporate sector is heavily dependent on banks to meet its financial needs. Finally, in developing nations like India, where savers are unable to manage financial risks, banks cater to their demands by providing them with assured income, liquidity, and fund safety. With time, banking has grown and changed to meet the demands of the economy. Globalization, deregulation, and technological advancement have all helped the financial system develop. While banks have been expanding into new areas, non-banking intermediaries have started to take on many of the tasks that banks formerly handled. In addition to competing with one another, non-banking financial intermediaries are another source

of rivalry for banks, and this competition has only grown over time. As a result, banks all over the world have been forced to create new products, hunt for new revenue streams, and diversify their non-traditional operations. The functions of banks today have expanded from the conventional nature of their operations to a more technologically advanced way of operation. They are no longer restricted to only accepting deposits, withdrawing money, and issuing loans. To remain competitive, banks are increasingly providing customers with cutting-edge and enticing technology-based services and products such as "Any Time Anywhere Banking," "Tele-Banking," "Internet Banking," "Web Banking".

Instead of the early need for capacity management to handle rising volumes, the focus has shifted to transaction processing efficiency for the benefit of businesses, markets, and retail customers. The use of diverse distribution methods is growing, and businesses must take into account the newest advancements in technology and complexity to meet the rising demands of market participants. A new generation of Real Time Gross Settlement (RTGS), which can handle bigger volumes, offer improved features, and be more technologically adaptive, is already being implemented by the Reserve Bank. The path toward utilising technology to raise payment systems to par with the best in the world will continue with the right assistance from all parties concerned.

## **II. REVIEW OF LITERATURE**

### **REVIEW RELATED TO CUSTOMER RELATIONSHIP MANAGEMENT**

Al Karim, R., & Habiba (2020). The main goal of this study is to ascertain how different aspects of customer relationship management affect a company's loyalty. The results imply that customer focus and technology have a favourable impact on CRM in Bangladesh's banking industry. Banking officials might potentially utilise the results as a strategic tool.

Chaudhari, V.M. (2020). The goal of this essay is to investigate CRM, a new marketing strategy that focuses on identifying and luring customers through the creation of connections. The main goal of the study is to evaluate the value of CRM systems and gain a thorough understanding of the approaches and customer relationship management strategies.

Rashwan, Mansi & Hassan (2019). The study looked at how electronic banking pleasure, which acts as a mediator for good word of mouth, might connect electronic customer relationship management (E-CRM) and electronic customer loyalty. The results indicated a substantial relationship between the aspects of E- CRM and the intention to repeat electronic trading. The results also revealed that, as might be expected, security and usability in online design play an underappreciated role.

Ehsan (2017) claims that an effective relationship with the customer might be the main factor in any bank's success. Effective customer relationship management helps customers feel more satisfied with their businesses by clearing up all of their worries. As a result, banks' total performance improves, which elevates their visibility and appeal.

### III. RESEARCH METHODOLOGY:

#### ➤ THE RESEARCH PROCESS ADOPTED FOR CONDUCTING THE STUDY

The different tasks a researcher must complete in the research process in order to complete the study. It provides some examples of what the research process entails. A research process is essentially a succession of research effort in consecutive order.

The direction of this study endeavour is governed by the subsequent procedure.



Fig. 1: Research Process

➤ **STATEMENT OF PROBLEM**

In the upcoming years, the level of competition in the banking sector will increase, which could make its operations more difficult and complex.

The scope and type of banking operations are reflected in a paradigm change seen in the Indian banking sector. Additionally, banks have transitioned from being merely financial middlemen to full-fledged financial organizations.

Customers have a wide range of possibilities to migrate from one bank to another with little to no restrictions in quest of better services, given that rival banks offer services and rates that are almost identical and nearly comparable. The possibility of a customer switching to a different bank forces bankers to conduct their business more effectively. Therefore, bankers need to concentrate more on making customer-focused strategic decisions in order to reduce the danger of deflection. The development of a useful CRM would offer a platform for luring new clients while keeping the ones you already have. Building relationship strategies for banks can be challenging because of the complexity of classifying items and measuring customer satisfaction with services.

➤ **JUSTIFICATION AND RELEVANCE OF THE STUDY**

The study provides data on the expansion of banks in the country, with a focus on the retail banking sector. This will help all of the consumers understand how the Indian banking business operates from both a historical and a prospective future viewpoint. Furthermore, it presents a clear picture of CRM's moral conduct in retail banking. In retail banking, customer relationship management raises a number of issues that have an impact on participation and decisions, ultimately leading to the dissolution of relationships.

The amount of a customer's value added items has a significant impact on the strength of a relationship, making it difficult to gauge in the retail banking sector.

➤ **THE GENERAL CRM MODEL**

The study model provides a comprehensive look at all aspects of customer relationship management practices and how they affect how satisfied consumers are with the establishment of long-lasting relationships with them, leading to sustained profitability and market dominance.

Developing long term relationships with customers ultimately lies upon the quality of relations between a customer and a company. The association that a customer establishes with the bank depends basically upon two mechanisms of CRM i.e. Product Quality and Service Quality. Although the quality of banking product is the foremost feature for attracting a customer, the quality of service while offering these banking products is the first concrete steps taken by a bank to establish a relation between itself

and the customer (Baker, M.J. (1993). The concept of relationship quality is defined as power of relationship connecting the banker and the customer which is demonstrated by pointers such as trust, commitment, loyalty, recognition etc.

Building trusting relationships with customers ultimately depends on how well a firm treats its clients.

Customers' relationships with banks are primarily based on two CRM components: product quality and service quality.

Although the quality of the banking product is the main factor in luring a customer, the quality of the service provided in conjunction with these banking products is the first step a bank takes in order to formally build a relationship with the customer (Baker, M.J., 1993).

Relationship quality is described as the strength of the bond that exists between a banker and a client, as shown by traits like loyalty, commitment, and trust, among others.

### ➤ **RESEARCH OBJECTIVES**

Research objectives are the probable results that researcher sought to achieve after analyzing all parts of the research. These are also the summarized form of the expected research steps to be adopted by the researcher. The objectives of the study are mentioned below:

- To study the practices of Electronic Customer Relationship Management in Retail Banking.
- To compare the Electronic Customer Relationship Management Practices of Public and Private Sector Banks (SBI and ICICI Bank) in Retail Banking.
- To study the perception of customers regarding the level of satisfaction of selected Public and Private Sector Banks (SBI and ICICI Bank) in Retail Banking.
- To analyze the impact of Electronic Customer Relationship Management Practices on the level of customer satisfaction.
- To find Electronic Customer Relationship strategies that can be adopted by the banks for better delivery of the services to their customers.

### ➤ **HYPOTHESIS OF THE STUDY**

#### **Hypothesis 1:**

- H<sub>0</sub>: There is no significant difference between Customer Relationship Management Practices of SBI and ICICI Banks in Retail Banking.
- H<sub>a</sub>: There is a significant difference between Customer Relationship Management

Practices of SBI and ICICI Banks in Retail Banking.

**Hypothesis 2:**

- H0: There is no significant difference between perceptions of customers regarding level of customer satisfaction in selected SBI and ICICI Banks in Retail Banking.
- Ha: There is a significant difference between perceptions of customers regarding level of customer satisfaction in selected SBI and ICICI Banks in Retail Banking.

**Hypothesis 3:**

- H0: There is no significant impact of Customer Relationship Management Practices on the level of customer satisfaction in selected SBI and ICICI Banks in Retail Banking.
- Ha: There is a significant impact of Customer Relationship Management Practices on the level of customer satisfaction in selected SBI and ICICI Banks in Retail Banking.

**Hypothesis 3:**

- H0: There is no significant impact of Customer Relationship Management Practices on the level of customer satisfaction in selected SBI and ICICI Banks in Retail Banking.
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➤ **RESEARCH DESIGN**

A research design is an arrangement of parameters for data collecting and analysis that seeks to balance procedural economy with relevance to the study goal.

It is an organised framework and approach for pursuing and acquiring the research questions' answers. It provides a thorough description of how an investigation will go. A research design essentially outlines the process of data collection, the tools used, how they are used, and data analysis.

The study has been based on the following Research Design:

Table 1: Research Design

Exploratory	Descriptive	Empirical
Review of literature has been undertaken	Presentation of data the way it has been derived.	Testing the hypothesis and validating the proposed.

## ➤ **METHOD OF DATA COLLECTION**

Data collection is the process of methodically gathering and evaluating the variables or data relevant to the research so that respondents can answer questions, test hypotheses, and determine the outcome.

The following sources are used to collect the data.

### i) **Primary Data Sources**

Primary data is information that has been gathered for the first time by drawing a sample that accurately represents the population. It is a unique problem that the researcher has not before published or collected. After publishing, everyone's interest in the record is diminished. The data for this study was gathered while the researchers were interacting with the clients. A systematic questionnaire using a five-point Likert scale that respondents were required to complete was used to collect the data.

### ii) **Secondary Data Sources**

Published data is referred to as secondary data.

In order to support the research design, secondary data for this study was gathered from a variety of websites, information from numerous studies that had already been done in this field, RBI offices in Kolkata, RBI websites, books, reports that had been published as well as unpublished, and journals.

The information gathered was used in the literature review.

It aided in comprehending the basis of the research.

## ➤ **QUESTIONNAIRE DESIGN**

For the purpose of this research a survey questionnaire is designed to collect the data from the customers of selected public and private sector banks of Southern Region of Kolkata. Here State Bank of India (SBI) & ICICI Banks have been selected. The questions were formed in unambiguous and straight forward manner were presented in a logical order so that customers can easily fill the questionnaire without any problem. This questionnaire is the amalgamation of the different set of questions which include close ended questions with multiple choice options for the answer, five-point Likert scale questions and ranking questions.

## ➤ **SAMPLING DESIGN**

In research, sampling plays an important role. Sample is basically a group of people, objects or items which represents the large population. In research, sample is taken for the purpose of measurement. Sample is selected to discover the features of the whole population. Since it is difficult to study the whole population, the sample is selected that

is appropriate for the study in terms of economic efficiency, convenience and time consumption.

- Universe of the Study

The universe for data collection consists of the customers who have their accounts in these two selected public and private sector banks in India. The universe is particularly concerned with those banking customers availing the services of Retail Banking Sector.

A selected sample of geographical areas is chosen for this study as the complete collection of data in the universe is not possible.

- Sample Details

Sampling is simply the course of learning about population on the basis of sample drawn out of it. The sample details for this study are as follows:

Sampling Technique	Sample Frame	Sample Size
Stratified Random Sampling	Southern Region of Kolkata	600 Respondents

Table 2 : Details of the Sample

## 5. DATA ANALYSIS & INTERPRETATION

### 5.1. INTRODUCTION

The method of utilising statistical and logical tools and procedures to define, present, and assess data is known as data analysis.

Different analytical approaches, according to Shamoo and Resnik (2003), "offer a way of drawing inductive inferences from data and differentiating the signal (the phenomenon of interest) from the noise (statistical fluctuations present in the data)"

It is an important component of the study because poor data gathering and recording could produce unreliable results.

Data interpretation is the process of simplifying numerical data in order to draw conclusions that are well-informed. Thus, by identifying its importance and implications, the data interpretation interprets and gives meaning to the information that has been studied. "In a way, interpretation deals with relationships within the data that have been gathered, which somewhat overlaps analysis. The study's data as well as those from other studies, as well as theories and hypotheses, are included in the interpretation. Statistical analysis is a typical technique for data interpretation. Data is examined with the aid of several statistical tools, such as tables, pie charts, and so on,



which separate the data into sections and present the information in a clear and orderly fashion.

This particular chapter tries to evaluate the data gathered and to analyse the observations of the empirical evidence in order to provide an explanation for the study. In order to extract the factors of each variable that are similar in nature and to reduce the number of items in each variable to a more manageable number, Exploratory Factor Analysis (EFA) has been applied to each variable of the study (Independent and Dependent variables) in the first half of the chapter. The study's hypotheses are further tested in the second half of the chapter. To examine the research questions and determine specific answers to the collection of research questions, hypothesis testing is done. A study was conducted in Kolkata employing a standardised questionnaire among the untapped respondents of banks. The questionnaire was designed to gather primary data, and it asks questions about the respondent's profile, the quality of the bank's relationships, services, and products, as well as the level of customer satisfaction that results in that customers' loyalty. These were 5-point Likert scale questions. To determine the amount of significance of services in their banks, a ranking question was created.

Data collected from the survey were analyzed and interpreted using both descriptive and inferential statistical techniques which are generally employed in positivistic study. Descriptive analysis helped in representing snapshot of a sample at a specific time and in turn able to give more clarity to the observed behavior. Charts and tables were formed using IBM SPSS22 and Spread Sheet 2007 for the analysis purpose. The simple tools like reliability test, t test, Pearson correlation, regression and ANOVA were applied on the data. The entire analysis part has been divided into various parts and the following sections of the study would throw light upon that.

## **5.2. EMPIRICAL ANALYSIS**

### **5.2.1 EXPLORATORY FACTOR ANALYSIS (EFA)**

By establishing a relationship between the subfactors and variables of the investigation and determining the components on which the factors would load, factor analysis is a part of evaluating the reliability and validity of statistically based studies. In the current study, exploratory factor analysis (EFA) has been used to determine the dimensions of customer satisfaction and customer relationship management practices. The loading of the components aids in determining how closely the dimensions and the criteria correlate. Bartlett's test of sphericity and the Kaiser Meyer- Olkin (KMO) measure of sample adequacy is used to determine the overall significance of the correlation matrix and its factorability. Ultimately, Principal Component Analysis (PCA) with varimax rotation is used to discover correlations between study variables and to reduce the amount of data.

“However, before carrying out EFA, the overall significance of the correlation matrix and its factorability needed to be tested with the help of Bartlett’s test of sphericity and Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy”.

## **6. FINDINGS OF THE STUDY:**

### **6.1 FINDINGS**

#### **6.1.1 FINDINGS OF RETAIL BANKING CUSTOMERS**

Findings of Demographic profile

- Of the 564 responses, the majority of respondents in the public and private sectors were between the ages of 25 and 35.
- Males make up the majority of responders in both SBI and ICICI Banks.
- It was also noted that the majority of SBI respondents (32.6%) were professionals, as opposed to 35.8% of respondents in private sector banks who worked in customer care.
- Primary data shows that the majority of respondents from both banks had been using those institutions for 3-5 years.
- The majority of respondents from banks in the public and private sectors report infrequent bank visits.

#### **6.1.2 FINDINGS OF CRM:**

Findings showed that clients of ICICI bank place a higher value on ATM facilities than SBI . Therefore, it is necessary to install additional SBI ATMs in accessible and convenient locations. SBI should have the most up-to-date technology available to prevent inconvenience and delays. Due of the numerous branches in handy locations and technological amenities, customers of ICICI Bank claim that their bank's varied branches are more significant to them than SBI. Customers of SBI continue to use conventional brick and mortar banking. Additionally, it is claimed that the SBI Innovative Loan Facility is more widely used because it has been proven to be more dependable and successful.

- Because ICICI often charge higher interest rates for them, respondents to the SBI survey reported being satisfied with the interest rates provided by banks.
- When choosing a bank, both SBI and ICICI respondents cite accessibility, ease of use, procedural simplicity, and computerized services as the most crucial deciding factors.
- Findings showed that clients of ICICI place a higher value on ATM facilities than those of SBI. Therefore, it is necessary to install additional SBI ATMs in accessible and convenient locations. SBI should have the most up-to-date technology available to prevent inconvenience and delays. Due of the numerous branches in handy locations and technological amenities, customers of private sector banks claim that their bank's varied branches are more significant to them than SBI. Customers of SBI continue to use conventional brick and mortar banking. Additionally, it is claimed that the SBI Innovative Loan Facility is more widely used because it has been proven to be more dependable and successful.

- When choosing a bank, both SBI and ICICI Banks respondents cite accessibility, ease of use, procedural simplicity, and computerized services as the most crucial deciding factors.
- The results showed that respondents from ICICI Bank placed more value on ambiance because that is what draws people in to the bank first when they enter.
- It is clear from this that, in today's digital age, individuals from all walks of life are becoming accustomed to using online banking since it is cost-effective, time-efficient, and simple to use. Internet banking is regarded as being of utmost importance by the majority of respondents from both SBI and ICICI Banks, with larger majorities in SBI.
- The findings show that ICICI bank do a little bit better when it comes to offering mobile banking to their consumers and are thought to solve their issues more swiftly.
- The majority of SBI respondents, according to data, do not view their bank's locker facility as a key feature. However, respondents from ICICI Bank reported feeling more at ease because lockers are considerably simpler to use.
  - The SBI foreign exchange facility is not particularly significant to the majority of respondents. This demonstrates that few people are interested in international travel and public sector exchanges. Customers favour ICICI bank more often to use this service.
  - It is clear from responses from a variety of respondents, including those from SBI and ICICI bank, that ICICI bank employees perform far better when it comes to accuracy of employees in managing accounts.
  - It does not seem particularly exciting to note that SBI makes insufficient attempts to collect ongoing consumer feedback. They risk ruining their standing and notoriety among the public in this way.

### **6.1.3 FINDINGS REGARDING CUSTOMER SATISFACTION**

- According to evidence, SBI consumers are happier when their bank takes customer feedback seriously and reacts within the allotted time frame. This is because many PSBs have created additional channels for customers to register their complaints with the branch manager and have them resolved.
- While other ICICI bank have increased the fees for services like SMS alerts, respondents from SBI are more satisfied with the service charges taken by the bank for transactions.

- The majority of SBI and ICICI bank respondents have an unfavourable opinion of their bank's cross-selling of products and services to them.
- SBI customers express greater dissatisfaction with their banks' communication of new offers or changes to interest rates.
- For the purpose of providing more and better services, private sector banks have developed a new distribution channel.
- The respondents of both banks are happy with their websites, but those of SBI appear to be happier than those of private sector banks in terms of their bank's user-friendly layout and cutting-edge features.
- Due to the bank's dependability, stellar reputation in society, and affordable service costs, SBI clients are happier with the bank's brand image than those of the private sector.
- The majority of respondents expressed satisfaction with their banks' attention to ensuring that services and products are presented in a way that meets client needs.
- SBI respondents claim that their bank always maintains a cash balance and that this is why they are better able to handle customers' urgent requests for cash.
- Although both SBI and ICICI are working hard to conduct client meetings, the majority of respondents are still not aware of the meetings that are held periodically.

#### **6.1.4 FINDINGS REGARDING CUSTOMER LOYALTY**

- Loyal customers do possess strong repurchase intentions. It is evident from the primary data that customers of SBI are found to be more loyal in using the products and services in future.
- As per the results respondents of ICICI banks are more satisfied with the overall performance and will not switch to another bank offering attractive benefits.
- As said that satisfied customers only turn into loyal ones. It is witnessed that majority of the customers of SBI are found to be happier and enjoy banking services with their bank.

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