

Customer Relationship Management Practices: A Study on Commercial Banks in Tenkasi District

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Abstract

This study examines Customer Relationship Management (CRM) practices adopted by commercial banks in Tenkasi District and their impact on customer satisfaction and loyalty. CRM has become a strategic tool for banks to build long-term relationships in a highly competitive financial environment. The research focuses on key CRM dimensions such as service quality, customer communication, complaint handling, and personalization of services. Data is collected from bank customers using a structured questionnaire to understand their perceptions and experiences. The study also evaluates how technology-driven CRM initiatives influence customer engagement and trust. Findings indicate that effective CRM practices significantly enhance customer satisfaction and retention. However, gaps are observed in responsiveness and customized service delivery among certain banks. The research highlights the importance of continuous improvement in CRM strategies to meet evolving customer expectations. It also suggests that employee training and digital integration play a vital role in successful CRM implementation. Overall, the study provides valuable insights for commercial banks to strengthen customer relationships and achieve sustainable growth.

Keywords: CRM, Loyalty, Banking Service Quality, Trust

1. Introduction

Customer Relationship Management (CRM) has emerged as a vital strategy for commercial banks to enhance customer satisfaction and build long-term relationships. In today's competitive banking environment, attracting and retaining customers has become

more challenging than ever. CRM practices enable banks to understand customer needs, preferences, and expectations more effectively. By using advanced technologies and data analytics, banks can offer personalized and efficient services. In the context of Tenkasi District, commercial banks play a crucial role in supporting economic and financial activities. The adoption of CRM practices in these banks helps improve service quality and customer engagement. This study focuses on analyzing various CRM practices such as customer service, communication, grievance handling, and loyalty programs. It also examines how these practices influence customer satisfaction and trust. Understanding CRM implementation at the local level provides insights into the strengths and weaknesses of banking services. The findings of this study aim to help banks in Tenkasi District enhance their customer relationship strategies for better performance and growth.

2. Objective of Study

The current study is based upon the following objectives:

1. To examine the Customer Relationship Management (CRM) practices adopted by commercial banks in Tenkasi District.
2. To analyze the impact of CRM practices on customer satisfaction and loyalty in the banking sector.
3. To identify the gaps and challenges in CRM implementation and suggest measures to improve customer relationship strategies in commercial banks.

3. Research Methodology

This study is based on both primary and secondary data sources. Primary data were collected from customers of commercial banks in Tenkasi District using a structured questionnaire. A convenient sampling method was adopted to select respondents for the study. Secondary data were gathered from journals, books, and official banking reports. The collected data were analyzed using simple statistical tools such as percentage analysis and descriptive statistics to draw meaningful conclusions.

4. Analysis and Discussion

4.1. Profile

The demographic analysis of the respondents provides valuable insights into the composition of the sample selected for the study.

The gender distribution shows a nearly equal representation, with 51.5% male and 48.5% female respondents. This indicates that the study is gender-balanced and reflects the opinions of both groups without significant bias.

In terms of age, the majority of respondents (47%) fall within the 21–30 years category, followed by 22.5% below 20 years. This suggests that a large portion of the respondents are young individuals, indicating that the study primarily captures the perceptions of the younger generation. The representation of middle-aged and older respondents is comparatively lower.

Regarding educational qualification, most respondents (34%) possess an undergraduate degree, followed by 25% postgraduates. This indicates that the respondents are fairly well-educated, which enhances the reliability of their responses. A smaller proportion belongs to diploma holders, professionals, and those with only school-level education.

The occupational distribution reveals that 23% are engaged in agriculture, followed closely by 22.5% private employees and 20% businessmen. Government employees and housewives also form a notable portion. This diversity in occupation ensures that the study captures varied perspectives from different economic backgrounds.

With respect to the type of bank account, the majority of respondents (56%) hold savings accounts, followed by 37% fixed deposit accounts, while only a small proportion (7%) maintain current accounts. This indicates that most respondents are individual customers rather than business-oriented account holders.

Overall, the profile analysis indicates that the study is dominated by young, educated individuals with diverse occupational backgrounds, and most of them prefer savings accounts for their banking needs. This demographic composition is useful for understanding customer relationship management practices and their impact on satisfaction and loyalty.

4.2. Customer Relationship Management Practices

Based on the findings during preliminary study, the researcher identified t environment twelve customer relationship management practices found among the banks.

Table – 2 CRM Practices

S. No	Practices	SA	A	NA-DA	DA	SDA	Mean
1	Deliver high-quality products and services	1	7	22	76	94	4.27
2	The bank utilizes advanced equipment and modern technology	10	8	29	67	86	4.06
3	Easy-to-use and accessible website interface	5	30	44	46	75	3.78
4	Use of efficient and innovative communication methods	15	13	26	50	96	4.00
5	Well-established privacy and data protection policies	22	10	20	67	81	3.87
6	Enhancing customer convenience in banking services	19	4	47	68	62	3.75
7	Maintaining long-term relationships with existing customers	15	14	26	70	75	3.88
8	Offering personalized banking services	15	14	34	87	50	3.72
9	Providing sufficient and suitable loan facilities	15	18	29	63	75	3.82
10	The bank recognizes and fulfills customer needs and expectations	22	17	24	72	65	3.70

11	Ensuring transparency in banking operations and procedures	25	24	21	72	58	3.57
12	ATMs are conveniently located for easy customer access	19	6	27	73	75	3.89

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

The analysis of CRM practices adopted by banks reveals important insights into customer perceptions regarding service quality, technology adoption, and relationship-building strategies.

The highest mean score (4.27) is observed for “Delivering high-quality products and services.” This indicates that customers strongly agree that banks are effectively providing quality services. It highlights that service quality remains the core strength of banks and plays a crucial role in customer satisfaction.

Similarly, the practice “The bank utilizes advanced equipment and modern technology” (Mean = 4.06) also received strong agreement. This shows that banks are successfully adopting modern technologies such as digital banking, online transactions, and automated systems, which enhances operational efficiency and customer experience.

The variable “Use of efficient and innovative communication methods” (Mean = 4.00) suggests that banks are maintaining effective communication channels, including mobile alerts, emails, and customer support systems. This reflects a positive perception of communication strategies.

Moderate agreement is observed for practices such as:

“ATMs are conveniently located” (Mean = 3.89)

“Maintaining long-term relationships with customers” (Mean = 3.88)

“Privacy and data protection policies” (Mean = 3.87)

These results indicate that while customers are generally satisfied, there is still scope for improvement in accessibility, relationship management, and data security measures.

The variables “Providing sufficient loan facilities” (Mean = 3.82) and “User-friendly website interface” (Mean = 3.78) show moderate satisfaction levels. This implies that customers find loan services and digital platforms acceptable but expect further enhancement in ease of use and service flexibility.

Lower mean scores are observed for:

“Enhancing customer convenience” (Mean = 3.75)

“Offering personalized services” (Mean = 3.72)

“Understanding customer needs and expectations” (Mean = 3.70)

“Ensuring transparency in banking processes” (Mean = 3.57)

These findings suggest that customers perceive gaps in personalization, convenience, and transparency. In particular, transparency has the lowest mean score, indicating a need for banks to improve clarity in procedures, charges, and policies.

Overall, the study indicates that banks perform strongly in service quality, technology adoption, and communication practices, which are positively perceived by customers. However, there are noticeable gaps in customer-centric areas such as personalization, transparency, and understanding customer needs.

Thus, banks should focus on, Enhancing transparency in operations, Improving personalized and customized services, Strengthening customer understanding through feedback systems, Increasing convenience through better service delivery. By addressing these areas, banks can significantly improve customer satisfaction, loyalty, and long-term relationship building.

4.3. Relationship between CRM Practices and Age of the Customers

The study further examined the relationship between customer relationship management practices and age of the customers. In order to ascertain the existence of the relationship, null and alternate hypothesis were formed for testing as under:

H0: There is no significant relationship between customer relationship management practices and age of the customers.

H1: There is a significant relationship between customer relationship management practices and age of the customers.

For the purpose of testing this null and alternate hypothesis, **ONE WAY ANOVA** test is used. The results of the test are shown in the Table 3 along with chi-square value, P value and Result.

Table - 3
Relationship Between CRM Practices and Age of The Customers

S. No	Independent variables	Dependent variable	Mean Square	P-value	Result
1.	Age	Provide quality products and services	1.691	.053	Accept
2.	Age	Bank adopted modern equipments and technologies	1.223	.393	Accept
3.	Age	User friendly website	1.079	.540	Accept
4.	Age	Effective and innovative Communication tools	1.153	.567	Accept
5.	Age	Developed privacy policy	4.739	.053	Accept
6.	Age	Increasing customer convenience	2.381	.153	Accept
7.	Age	Retaining existing customers	2.314	.173	Accept
8.	Age	Provide customized services	2.971	.056	Accept
9.	Age	Offers adequate loan services	2.633	.142	Accept
10.	Age	Bank understand customer's needs and wants	0.733	.789	Accept
11.	Age	Transparent banking process and system	7.582	.052	Accept
12.	Age	ATM machines are available at convenient places	2.150	.214	Accept

The relationship between Customer Relationship Management (CRM) practices and the age of the customers was analyzed using the One-Way ANOVA test. The results indicate that all the variables have p-values greater than 0.05, which means that there is no significant relationship between age and CRM practices. Hence, the null hypothesis (H_0) is accepted and the alternative hypothesis (H_1) is rejected.

Although a few variables such as providing quality products and services ($p = 0.053$), developed privacy policy ($p = 0.053$), providing customized services ($p = 0.056$), and transparency in banking process ($p = 0.052$) have p-values close to the level of significance, they still do not show a statistically significant relationship. This indicates that there are only minor differences in perception among different age groups, but these differences are not strong enough to be considered significant.

The remaining variables such as adoption of modern technology, user-friendly website, communication tools, customer convenience, customer retention, loan services, understanding customer needs, and ATM availability have comparatively higher p-values. This clearly shows that customers across different age groups share similar opinions regarding these CRM practices.

Overall, the findings reveal that age does not have a significant impact on the perception of CRM practices among bank customers. This implies that banks are offering their services in a consistent manner across all age groups, ensuring uniform customer experience. However, slight variations observed in some variables suggest that banks may consider minor improvements to better address the preferences of different age segments.

5. Conclusion

The study concludes that Customer Relationship Management (CRM) practices play a significant role in enhancing customer satisfaction and loyalty in commercial banks in Tenkasi District. The findings reveal that banks perform strongly in delivering quality services, adopting modern technology, and maintaining effective communication systems. Customers generally have a positive perception of CRM practices, indicating satisfactory service delivery. However, certain areas such as personalization, transparency, and understanding customer needs require further improvement. The analysis also shows that demographic factors like age do not significantly influence customer perceptions of CRM

practices. This indicates that banks are providing uniform services across different customer groups. The study highlights that continuous improvement in CRM strategies is essential to meet evolving customer expectations. Strengthening digital services and employee training can further enhance service quality. Banks should focus more on customer-centric approaches to build stronger relationships. Overall, effective CRM implementation is crucial for achieving long-term growth and competitive advantage in the banking sector.

6. References

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