



## Impact of Customer Relationship Management and its Significance in Rural Banking (A Case Study of Himachal Pradesh Gramin Bank)

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**ABSTRACT:** Bank plays a significant part in the Economic development of any nation. Banking Institutions possess a vital situation in the present economy. In genuine sense, Banking is a daily existence blood of current trade. Bank makes the focal part out of nation's monetary structure. Regardless of the way that Banks makes no abundance, however their loaning contribution and related action encourages the economy, cycle of creation, dissemination and utilization. Banks empowers venture and they purchase help in capital arrangement by activating sparing, they gather the assets and lease to business people. Customer Relationship Management (CRM) has become the watchword in all promoting associations and banking area is no special case for it. This paper tries to feature the quick association among CRM and the Banking Sector and setting aside cash benefits basically to the retail fragment. The need is to understand that nowadays of globalization not a single bank whether, private, co-specialist or public can stand to dismiss their likely customers. Presently a day's keeping up and making customer relations have transformed into the mantra of accomplishment nowadays of brutal competition.

**Keywords:** CRM, Economic growth, Banking products and services.

### I. INTRODUCTION

The financial structure is a significant segment of any economy. It is one of the various establishments that keeps up its reliable degree of execution and impact its compelling job. Monetary specialists have conveyed broadened speculations on the practicality of sparing structures for the reception and headway of monetary improvement. Then again Banks are considered as the operational center of economies and spine of any nation's monetary framework. They are not just vendors in real money but instead are surely dealers being created. With nationalization, the financial area has encountered basic change which opened various new vistas for building up the certainty among individuals. Indian Banking has created as one of the most grounded drivers for Indian Financial System and backing. The essential duty of Indian Banking area is to help, to build up the economy and to serve the country [1]. Client relationship management is the most grounded and the most productive methodology in making and keeping up relationship with clients. Great client relationship is the existence blood of each association. Connection between an association and its clients, deals workers are crucial to proceed with the manageable development and dependability. When the individual and passionate linkage is fabricated, it is exceptionally simple for any association to recognize the real necessities of clients and assist them with serving in a superior manner. To address the customers' issues it is essential to fathom the interests and needs of clients with the help of keeping up long haul associations with them. In the present serious business climate, pulling in and holding clients is a difficult errand for business associations [2]. CRM encourages associations not exclusively to pick up clients yet in

addition to hold them. The focal point of CRM assisted keeps money with understanding the clients current requirements, what they have done previously and what they intend to do later on to meet their own objectives. Crosby and Johnson (2002) [12] the insightful utilization of data about client needs will make long haul two path relationship with the clients. By and large, CRM for any association comprises of two undertakings i.e., Customer procurement and expanded deals to existing clients [5]. A decent CRM framework will guarantee that each contact of the client is reacted with a fitting degree of administration, accordingly guaranteeing that no business open doors are passed up a great opportunity. Endurance, development and accomplishment of each association are relying on their clients. So we can say that, clients choose the eventual fate of each association.

#### A. CRM and rural banks

Client Relationship Management is the most grounded and best philosophy in creation relationship with clients [3]. Client Relationship Management is unadulterated business and moreover ideate resilient individual holding inside individuals. Change of such a holding drives the business to new level of progress. Care should be taken by the associations not to plan CRM rehearses from focused point of view yet rather from customer and alliance's viability perspective. Country banking is a sort of banking that assumes a significant part in our monetary framework. To give monetary offices in the rustic and remote the Indian banking presented Rural Banking in 1975 [4]. The RRBs were to be set up with a perspective on building up the rustic economy by accommodating the motivation behind advancement of agribusiness, business, industry and different exercises in the provincial territories especially

to the little and minor ranchers, farming workers and little business visionaries and for issues associated therewith and accidental thereto. NABARD has the duty of setting out the arrangements for the RRBs, to administer their 40 tasks, give renegotiate offices, to screen their exhibition and to go to their issues.

The economy of Himachal Pradesh is Agrarian. Horticulture is the biggest single industry and is the principle control of the individuals in Himachal Pradesh, It gives work to roughly 75% of the complete working populace of the State. The State Government has received the strategy of not exclusively to make the State independent in food grain yet additionally to improve the rural economy through development of money crops. The primary goal of the Rural bank are to quicken the credit stream among the little and peripheral ranchers, rustic craftsmen and other more fragile segments of the general public. Himachal Pradesh Gramin Bank, supported by Punjab National Bank appeared with the blend of two RRBs, viz. Himachal Gramin Bank, supported by Punjab National Bank and Parvatiya Gramin Bank supported by State Bank of India with its administrative center at Mandi (Himachal Pradesh). The region of activity of the Bank is spread over to 12 regions of Himachal Pradesh. The Bank has set up Branch organization of 265 Branches with its Head office at Mandi till March 2019. The quantity of Regional Rural Banks (RRBs) remained at 56 as on 31 March 2018 with a branch organization of 21,422 in the nation. Accessibility of Bank office is considered as one of the main channel of the bank and by and large the most favored channel of client. Consequently it is expected to put forth an attempt by the banks to extend their branch organization to give an equivalent occasion to all the clients of bank administrations [6]. Monetary foundations particularly in country territories assume an extremely huge function in the financial turn of events. It has an extraordinary task to carry out in eliminating destitution. The general improvement of the economy depends to an enormous degree on the Banking area. As monetary organizations go about as providers of capital for creation of products and ventures which thusly increases pay and expectation of living of the individuals. In India, banking area has gotten every now and then unequivocal directions and this area has come to possess an unmistakable situation among the foundation elements of financial turn of events [7]. Client relationship the board (CRM) appeared when banking establishments were getting increasingly more serious thusly embracing client driven approaches that assists with keeping up long haul and beneficial connection with clients is vital for the endurance of Indian banks in future point of view.

## II. BACKGROUND

Review of Literature help in formulation of the methodology of study, finding out the senses and effect relationship. Review of Literature has essential significance with each exploration work and chances of repetition of study can be eliminated with literature review.

Dandara (2015) [8] analyzed comparative study of banking performance of IFRS(International Financial Reporting Standards) and RAS (Romanian Accounting Standards) of the Romanian banking system. The

secondary data la used for this study, Fiscal summaries are basic asset of monetary data. This paper examines the effect of progress from AS and IFRS on the monetary position and execution of credit organizations, In this examination live monetary foundations from the Romanian Banking framework were near accomplish the target of the investigation. This investigation takes a gander at the estimation of advance portfolio, value and revealed result under both detailing prerequisites and the effect of the utilization of successful financing cost technique, conceded expense and commissions. According to the outcome kick the bucket IFRS requires explicit treatment for arrangements. The previous year monetary emergencies, more grounded pressures for fitting bookkeeping converged under these conditions. Romania banking framework has consistently sighed to fit its principles and practices with the accepted procedures in the field to expand straightforwardness of data across be whole financial area.

Elena (2016) [9] stated that populace move from the rustic or from networks to enormous metropolitan territories subsequently the customer turned out to be more current uses the cell phone markets for buying family unit item and departmental stores are set up to accomplish economies of scale through mass showcasing. The connection between the client and the dealer gets anonymous and unremarkable. CRM become a significant business approach. The scientist reasoned that CRM is extremely difficult to execute all through an organization. The IT office needs costly framework and assets to execute CRM Database effectively. As per the changing of the environment and need of the customer the CRM strategies will also be improved as per the requirement of the customer, it will help to improve the service quality of the organization.

Rao (2017) [10] examined CRM the Most Valuable Component of Banking and inferred that CRM helps in changing cycles in business, characterizes systems in Banks, has objectives and furthermore changes the hierarchical culture and structure. CRM underpins innovation which gives genuine Information to look at execution of market fragments and is beneficial to the association from alternate point of view like market sections, administrations, items. CRM helps in creation different promoting choices, techniques and how beneficial will be the Services to the Organization and Banks. Workers having direct contact with clients use CRM innovation to get to the data about their new expected clients. Target Planning and Sales Module of CRM helps in setting Targets for the Sales Representative and following them which is a fascinating component of CRM. CRM Serves as some help instrument that can help Banks with improving and update their customer relationship and heading of Customers towards them. CRM idea should be actualized and composed with the highest point of association, yet additionally it shouldn't be disregarded for the lower level in association. Achievement of CRM idea significantly relies upon liberal interest of all workers in keep money with the tendency towards Technology, better correspondence and picking up client certainty.

Kumar *et al.*, (2019) [11] investigated the Development and execution of RRBs in India and Haryana and inferred that number of RRBs in India has decrease due

to amalgamation process and number of districts covered by RRBs increase year by year. This paper investigates performance of positive increase investment credit, deposit, C-D ratios and investment-deposit ratio. It also investigates increase outstanding credit for agriculture and non agriculture during the period. This paper also investigates profitability, non performance assets and recovery during the period 2009-10 to 2017-18. RRB effectively accomplish its targets like to make banking to entryway strides of provincial families especially in banking denied rustic zone, to benefit simple and less expensive credit to more fragile country segment who are reliant on private moneylenders, to support country reserve funds for beneficial exercises, to create work in rustic territories and to cut down the expense of providing credit in provincial zones. Hence RRB is giving the most grounded banking organization. Government should find a way to make Rural Banks practical. Territorial Rural Banks assumes a vital part as a significant vehicle of credit conveyance in rustic regions with the goal of credit dispersal to little, minimal ranchers and socio-financially more fragile segment of populace for the advancement of horticulture, exchange and industry.

### III. PROBLEM STATEMENT

It is an extremely large test for all the associations exceptionally to banking area to look at the beneficial client in light of the fact that nobody thinks about the new individual and existing client that how productive he is in future. So it is the obligation of each worker to bargain well and handle each inquiry of each client for keeping up the drawn out connections. CRM supports as an instrument for all the divisions in the association. It consolidates showcasing, deals and administrations and so forth which serves to achieving all-round advantage. It likewise helps the administrators in accomplishment of the target of an association. The focal point of CRM assisted manages an account with understanding the clients current necessities, what they have done before and what they intend to do later on to meet their own objectives. The most essential advance is that an association needs to finish CRM system is to make an interdisciplinary social event to outline how to member the work on this. . The principal objective of CRM is to keep up uncommon relationship with their customers. Right when CRM utilized reasonably, an affiliation will be able to build up a solid relationship with their customers that can continue on forever. There are different things the ideal CRM system should get. It ought to enable the relationship to discover the segments that interest their customers the most. Customer Relationship Management is the establishment that changes, bolsters, and streamlining of entire plans all-around crucial relationship among clients and the affiliations.

### IV. CRM PROCEDURE

Client Relationship Management (CRM) appeared when banking establishment were getting increasingly serious, in this manner receiving client driven approaches that assists with keeping up the long haul and beneficial connection with client which is significant for the endurance of Indian banks in future viewpoint

[13]. The procedure adopted for implementing the CRM is illustrated in the Fig. 1.

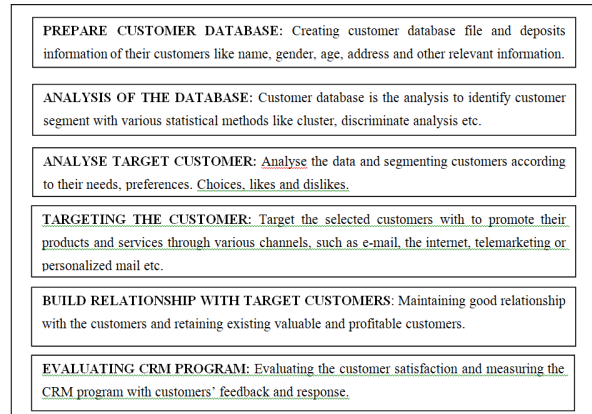


Fig. 1.

## V. RESEARCH METHODOLOGY

The research nature is empirical and analytical. The exploration focal point of this investigation is on Indian banking uncommonly Regional Rural Banking and its methodologies towards dealing with client relationship the executives procedures in agreement to the Indian structure. We zeroed in basically on essential information and broke down the procedures with consumer loyalty through Customer Relationship Management.

### A. Objectives of the Study

- To evaluate the satisfaction level of customers towards banking policies.
- To evaluate the customers' perception towards banking policies.

### B. Data Collection Method

To assess the fulfillment level of clients towards banking strategies and their feeling towards Customer Relationship Management of the Bank. Essential information assortment technique is utilized to achieve these targets. For achieving explicit targets of the examination essential information was gathered through organized poll. The survey was separated into two sections i.e., Part I-III. Part I comprises of segment variable, for example, Gender, Age, Education, Qualification, Occupation, Income and other different observational based inquiries which manages the fulfillment level of clients towards banking approaches and client relationship the board arrangements. Part II incorporates the inquiries relating to the data with respect to assessment of Customer Relationship Management of the Bank. Responses have been analyzed using 5-Point scale which is decided to be ranged from 'Strongly Agree (represented by 5) to 'Strongly Disagree' (represented by 1) in this part.

## VI. DATA ANALYSIS AND INTERPRETATION

To evaluate the customer satisfaction towards different factors and services provided by the bank, analysis is interpreted as under:

**Table 1: Customer Satisfaction Variables.**

S.No.	Components/Variables	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied	Total No. of Respondents
1.	Branch & ATM Location	238	122	85	29	26	500
2.	Employee Behaviour	248	131	64	31	26	500
3.	Banking working Hours	158	106	134	41	61	500
4.	Overall Service Quality	128	198	116	28	30	500
5.	SMS Facilities	86	164	53	43	22	368
6.	Internet Banking	26	32	12	23	9	103
7.	ATM Facilities	43	38	69	72	61	283
8.	Customer Interaction Programme	48	36	71	19	24	198
9.	CRM Programme	69	148	47	39	19	355
10.	Customer Grievance Redressal Cell	74	187	44	53	20	378

It is obvious from the above table that the clients are profoundly fulfilled and happy with the ATM administrations of the bank. Employee behavior is good for the bank as 248, 131, 64 respondents are highly satisfied, satisfied and neutral. It is interpreted from the above table that majority i.e., 74% customers are using SMS facility while 26% customers under study are not taking the benefit of this facility. As far as satisfaction level towards SMS facilities is concerned it has been observed that 86 respondents were found highly satisfied while 164 which constitute 45% were noticed with satisfied opinion. On the other hand 53 respondents were noticed with neutral opinion towards SMS facilities and 22 were highly dissatisfied. Only 49% of the target customers are enjoying the internet facility. It has been found that 42% of the respondents use the internet for banking services while 58% of the respondents never used the internet banking services provided by the bank. Only 103 respondents are using the Internet Banking service of the Himachal Pradesh Gramin Bank. It is observed from the table 6.17 that 57% of the customers using ATM services while 43% of the customers are not using the ATM services of the bank under study. It is noticed that 22% of the respondents are highly dissatisfied with the services which directs to strengthen the facility provided by the Bank. It has been found that 40% of the total respondents have attended the interaction program while 60% of the respondents haven't attended the interaction program being organized by the bank. Majority 24% customers are highly satisfied with the interaction program, 12% of the customers are highly dissatisfied with program while mostly 36% neither satisfied nor dissatisfied with the interaction program. It has been identified that 64% customers on that CRM increased the number of customers whereas 36% customers are not in this favor. Majority 46% customers are highly satisfied with the CRM program, 22% of the customers were highly dissatisfied with program while mostly 15% neither satisfied nor dissatisfied with the CRM program. It has been observed from the table that 76% of the customers are well aware of the customer grievances redressal cell in the bank while 24% of the

customers are not aware of the customer grievances redressal cell in the bank. Majority 49% customers are satisfied with the functioning of customer redressal cell, only 5% of the customers were highly dissatisfied with the functioning of customer redressal cell while 12% of the respondents were neither satisfied nor dissatisfied with the functioning of customer redressal cell. The opinion and satisfaction level of the target respondents have been evaluated in table which indicates that 48% of the target respondents were found highly satisfied with the branch and ATM location while only 5% were observed highly dissatisfied. Only 5% of the respondents are highly dissatisfied while 50% of the respondents were highly satisfied from the behaviour of the bank employees. It reveals from the table that 32% of the respondents are highly satisfied while 12% of the respondents were highly dissatisfied with the prevailing working hours/timing of the bank because the concept of anywhere banking is not strongly adopted till date. It is observed from the table that majority of respondents i.e, 26% were found highly satisfied with the overall service quality of the Bank and only 6% of the respondents were noticed with Highly Dissatisfied opinion.

To assess the effect factor of CRM viability towards various factors and administrations gave by the bank, investigation is made and deciphered as under:

From the above table it has been interpreted that 147 customers are disagreed with the point that the variety of services provided by the bank makes any impact on the CRM effectiveness while 169 respondents are of the opinion that CRM always reflects the banking growth and can be considered as an effective variable. It has been interpreted from the above table that 194 respondents are of the opinion that CRM always plays an important role in increasing the customer base which in turn may reflect the effectiveness of the bank. In order to determine the effectiveness of the bank one more variable regarding the regular services provided by the bank has been evaluated and it has been found that the said variable always plays an important role as 178 respondents are agreed with this statement.

**Table 2: C362+RM Effectiveness Variables.**

S.No.	Components/Variables	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total No. of Respondents
1.	Variety of Services	69	79	67	147	138	500
2.	CRM reflects the banking growth	153	169	103	53	22	500
3.	Regular services of the bank	77	178	107	98	40	500
4.	Banking experience	97	189	138	56	20	500
5.	Well trained staff	47	96	178	106	73	500
6.	CRM helps to increase the customer base	103	194	94	78	31	500

**VII. FINDINGS AND CONCLUSIONS**

In this research paper the effect of client relationship the executives and its hugeness on Rural banking is dissected. We have considered the general execution of the bank based on consumer loyalty through various components.

It tends to be closed from the outcomes that the clients are fulfilled from the worker conduct. Bank gives efficient exchanges to the clients. The outcome plainly demonstrated that greatest respondents feel that CRM consistently assists with expanding the client base. Clients are happy with the critical thinking strategy utilized by bank. Customer grievances and Redressal cell plays an important role to increase the employee's morale and to develop the positive opinion towards Banking services. Bank is on the way of automation process and installation of Automated Teller Machines which have already been installed outside the selected Bank Branches against which 48% of the respondents were found highly satisfied with the Branch. Respondents are of the opinion that working hours of the Bank should be enhanced with change in timing keeping in view the summer and winter period of this hilly state and lack of effective online banking facilities. Majority of the dissatisfied customers were of the opinion that Bank needs to maintain the level of quality services at par with the commercial and other Banks working in the Rural area of the State.

**VIII. LIMITATIONS**

This paper just centered around the consumer loyalty through CRM and effect of CRM on execution of the bank. This examination not thought about how CRM can be actualized in an association. It is a significant errand of actualizing the CRM strategies. The viable execution of CRM isn't one day task, it requires a drawn out time interval to draw productive outcomes. CRM needs more monetary spending plan and it permitted in the financial plan too. At some point CRM makes more monetary weight on the association. CRM needs appropriate arranging, commencement of top administration, preparing system to representatives and time for execution.

**IX. SUGGESTIONS**

Bank needs to focus on Urban and Semi Urban areas by creating more and more customers and opening more viable branches since most of the area under operation is falling under the stage of urbanization. Bank needs to ensure its participation in different priority sector lending schemes of the Govt. to enhance the percentage and number of loan accounts by introducing

attractive schemes with soft KYC norms. Bank needs to strengthen its marketing information system by providing effective SMS, Online Banking, Mobile Banking and other facilities 24x7 to its present and potential customers. Bank is required to establish more ATM booths in the areas away from branches with effective functioning to make the banking services competitive. Bank needs to establish effective customer grievances. The report of the cell should be published in the Annual statement of accounts every year to create the transparency and trust worthiness among present and potential customers. An independent grievance redressal cell is required to be establish for speedy and effective response to the customer grievances. Bank needs to chalk out effective strategy to create new and maintain old customers by reviewing its CRM policies and previous scenario of creation and retention keeping in view the branch network.

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