Customer Relationship Management as a Corporate Strategy in Indian Banking Sector: A Comparative Study of Private and Public Sector Banks

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ABSTRACT
The paper aims to analyse the aspect of Complaint Handling in the area of Customer Relationship Management in Banking sector in India. The various types of problems faced by customers in Banking services in both the public and private sectors, the frequency of making complaints and reasons for not making complaints and the expectation levels of customers regarding the ability of the customer service provider in handling complaints are the main issues of discussion in the paper. The paper is based on primary data. The paper identifies certain behavioural factors that are associated with complaint issues in the banking services of public and private sector.

The paper has a practical implication both for the academicians and for the readers in terms of their concern with the aspect issues regarding complaint management in order to enhance customer relationship by the banking sector. The highlights of the paper can be used for further research purpose and provides knowledge base to the readers. The paper is original in nature. This paper provides historical context for recent developments in the area of Complaint management in banking sector. It can help in improving the complaint management process in banks.

Key words: Complaint Handling, Complaint Management, Customer Relationship Management

Introduction
In today’s marketplace the customer expectations and demands are increasing because of high variety products and services available in the market. Maintaining customer relationships has become an important part of every business. Handling customer complaints has become an integral part of Customer Relationship Management (CRM). An effective system of Customer Relationship Management required effective handling of complaints received and a proper follow up in order to sole those complaints. Timely and efficient complaint handling system is the need of the hour. The CRM should provide channels to its consumers in order to effectively deal with consumer complaints in order to track the complaints quickly and resolve them to achieve customer loyalty. The paper aims to analyse the aspect of Complaint Handling in the area of Customer Relationship Management in Banking sector in India. The various types of problems faced by customers in Banking services in both the public and private sectors, the frequency of making complaints and reasons for not making complaints and the expectation levels of customers regarding the ability of the customer service provider in handling complaints are the main issues of discussion in the paper. The paper is based on primary data. The paper identifies certain behavioural factors that are associated with complaint issues in the banking services of public and private sector.

Review of Literature
Bhaskar (2004) analyzed that when good service is extended to a customer, a loyal customer will work as an ambassador to the bank and facilitate growth of business. Hasanbanu (2004) stated that rural customers do not have any idea as to how much time is required for any type of bank services. The rural customers are not aware of the purpose availability of loan and how they can be availed, since they do not know the complete rules and regulations and procedures of the banks, and as such, bankers reserve them for themselves and do not find interest in educating the customers. Singh (2006) focused on customer management in banks. He stated that management aims to target the customer with a view to gain customer insight and provide value added products and services. Berry, L.L., Zeithaml, V.A. and Parasuraman, A. (1985) and Bitner (1996) indicated that “service quality consists of five dimensions: tangibles (appearance of physical facilities, equipment, personnel and written materials), reliability (ability to perform the promised service dependably and accurately), responsiveness (willingness to help customers and provide prompt service), assurance (knowledge and
courtesy of employees and their ability to inspire trust and a confidence), and empathy (caring and individual attention the firm provides its customers).

Research Methodology
The study was conducted into two phases namely the Pilot study and The Main study. The results obtained from the pilot study were analyzed and on the basis of the results the questionnaire was modified as per the requirements of the main study. The main study was now conducted over a sample size of 100 people and both the private sector and public sector banks were taken into consideration for the purpose of the study. The results of the primary stage were combined with descriptive research. The main study was conducted with the help of the structured interview schedule which was provided to each respondent to be filled up. The interview schedule consisted of both open ended and closed ended questions.

Results and Findings
The study aimed to identify the various problems that the people under survey faced while utilizing the services of the public and private sector banks. In the study the problem prone areas which were considered for the purpose of research included: Representative behaviour related, Information related, Payment related, Enquiry related, Documents related, Delay related and Representative absenteeism related areas. As represented in Graph 1 and Graph 2 it was found that most of the problems in the public sector had been associated with the representative behaviour related areas followed by the enquiry problems having the maximum response of 41% and 40% respectively. In the private sector banks also these two aspects had been rated by the respondents with a response of 18% and 23% respectively. But, on a comparative basis the public sector banks had more customer complaints than the private sector banks.

In order to understand the complaint handling system the respondents were also asked whether they make complaints regarding the problems faced by them or not. Further the reasons for not making complaints were also recorded for the purpose of the study. As shown in graph 3, the findings showed that that people did not make complaints about their problems in both the sectors which had a response of 29% for public sector and 45% for private sector.

Various cases had been noted during the research work in order to identify the various complaints made by respondents. The procedure of making complaints had been noted and how the problem was solved was also recorded. The respondents were also asked about the reasons for not making any complaints. Practically everyone has horror stories to tell about their horrid experience as a customer. Apart from the few, who seek and get justice, most of them find themselves helpless. Most disgruntled customers do not know where or how to complain. They do not even know what type of information to include in their complaint or how to escalate the complaint to a higher level when they do not get a satisfactory response. Such complaints usually end up at the wrong desk or are just ignored. As a result, dissatisfied customers usually end up losing interest in pursuing the customer complaint and just do not make any further effort. Through detailed interviews with actual respondents, the reasons were recorded for not making complaints. Some of the examples are:
- Customers sometimes do not complain for the fear that others will view them negatively, and at times they feel sympathy for the frontline workers.
- At times customers are blamed for the complaint
- When there is no response after the complaint is made.
- When apologies are there but no step is taken to solve the problem.
- The service provider promises to correct a mistake in a timely manner but does not follow it.
- Many customers are handled brusquely; basis politeness goes out the window. People are insulted in extreme cases, etc.

**Graph 3 Banks: Complaint Handling**

As represented in graph 4 and Graph 5, the respondents were further asked to rate the representative’s ability to solve their problems in order to identify the representative’s effectiveness in solving the respondents problems and complaints. The findings showed the capability levels of the employees in solving the queries of the customers. It was found that most of the representatives of the company were capable of handling it themselves and some took the help of their colleagues. The data of the public sector showed that the problem or query handling or complaint handling ability of the employees was good but this was done mostly by taking help of other colleagues. Whereas, in the private sector most of the employees were able to handle the complaints themselves. It was also found that the degree of help taken by private sector employees from others was less as compared to the public sector. The findings showed 55% of the respondents stated that their problem was solved by the representative by asking others in public sector banks, and 38% of the respondents stated that their problem was solved by the representative by asking others in private sector banks. 45% of the respondents stated that the representative himself solved their problem in public sector banks as against 91% response in private sector banks.

The data also showed that 54% respondents agreed with the fact that the service provider was not able to solve their problem, 41% response when even after the representative took help from others, their problem was not solved, and 66% response when other representative whose help was taken, were also not able to solve the problem in the public sector. The fact here is this that problem not getting solved has a higher percentage value that the once getting solved.

Similar is the case in the private sector also. Although employees handled the queries and complaints in a good way but in cases where other representatives are referred to for solving respondents problems, then 62% and 66% responses showed that the problem does not get solved in private sector banks.

Considering the scaling aspects as represented in Graph 4.16 it can be said that the employees of both the sectors were able to solve the queries themselves but the level of getting the problem solved ranged from ‘partial’ to ‘almost able’.

**Graph 4 Banks: Representative’s Ability to solve the problems of the Respondents**

**Graph 5 Banks: Rating the Representative’s Ability to solve the problems of the Respondents**

**Conclusion**

On the basis of the study it can be said that the major areas of concern for the banking sector in order to maintain customer relations as a strategic
tool to retain and develop customers, are as follows:
1. Proper identification of Behavioural considerations during a service interaction
2. Dealing effectively with enquiry related system
3. Developing awareness tools
4. Training behavioural skills of employees
5. Proper development and implementation of complaint handling system

It can be rightly said that Customer Relationship Management is now a days gaining more and more importance in each and every area of corporate business. In the service sector Customer Relations are developed for long term by making truthful and honest commitments to the customers and fulfilling them. Complaints should be properly handled as they form a major part of maintaining customer relations. An improper complaint handling can lead to losses to the service provider not only in financial terms but also at relational terms with the customers. Thus customer relations forms a major role player in the form of a strategic tool that helps to hold on the customers for long term, and thus it should be carefully handled in order to achieve success.

References