



**A STUDY ON EFFECTIVENESS OF CUSTOMER RELATIONSHIP  
MANAGEMENT IN KARUR VYSYA BANK (KVB) AT VELLORE  
BRANCH**

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**ABSTRACT**

*Customer Relationship Management (CRM) is one of those magnificent concepts that swept the business world in the 1990's with the promise of forever changing the way businesses small and large interacted with their customer bases. The CRM is a new technique in marketing where the marketer tries to develop long term relationship with the customers to develop them as life time customers. CRM aims to make the customer climb up the ladder of loyalty. Thus, this paper aims to identify the reasons for the customers to prefer KVB at Vellore. Further, this paper focuses the service provided by the staff in the bank. This paper is an attempt to find out CRM role in KVB. Few recommendations were suggested from this study were to create an awareness of loan facility, internet banking and locker service.*

*Keywords: CRM, KVB, Loyalty, Customer.*

**1. INTRODUCTION**

The customer is the most important person on our premises. He is not dependent on us, we are dependent on him. He is not an interruption to our work he is the purpose of it. He is not an outsider to our business he is a part of it. We are not doing favour by serving him. He is doing a favour by giving an opportunity to do so.

*-Mahatma Gandhi*

Customer relationship management is one of the strategies to manage customer as it focuses on Understanding customers as individuals instead of as part of a group. Managing customer relationships is important and valuable to the business. The effective relationship between customers and banks depends on the understanding of the different needs of customers at different stages. The ability of banks to respond towards the customers' needs makes the customers feel like a valued individual rather than just part of a large number of customers. Customer Relationship Management (CRM) has the business purpose of intelligently finding, marketing, selling to and servicing customers. CRM is a broadly used term that covers concepts used by companies, and public institutions to manage their relationships with customers and stakeholders. Technologies that support this business purpose include the capture, storage and analysis of customer, vendor, partner, and internal process information. Functions that support this business purpose include Sales, Marketing and Customer Service, Training, Professional Development, Performance Management, Human Resource Development and compensation.

**1.1 CRM IN BANKS**

Today, customers have more power in deciding their bank of choice. Consequently, keeping existing customers, as well as attracting new ones, is a critical concern for banks. Customer



satisfaction is an important variable in evaluation and control in a bank marketing management. Poor customer satisfaction will lead to a decline in customer loyalty, and given the extended offerings from the competitors, customers and easily switch banks. Banks need to leverage effectively on their customer relationships and make better use of customer information across the institution.

One of the greatest assets of the banks is their knowledge of their customers. Banks can use this asset and turn it into key competitive advantages by retaining those customers who represent the highest lifetime value and profitability. Banks can develop customer relationship across a broad spectrum of touch points such as at bank branches, kiosks, ATMs, internet, electronic banking and call centres.

### **1.2 NEED FOR CUSTOMER RELATIONSHIP MANAGEMENT (CRM)**

- A satisfied customer in 10 years will bring 100 more customers to the company.
- It costs 7 times more to attract a new customer than to serve an old one.
- 20% of the company's loyal customers account for 80% of its revenues. (Pareto's principle).
- The chances of selling to an existing customer are 1 in 2; the chances of selling to a new customer are 1 in 16.

### **1.3 OBJECTIVES OF THE STUDY**

- To identify the reasons to choose a particular bank by the customers.
- To know about the responsiveness of the staff members in rendering service to customers

### **1.4 KVB RANKED AS THE BEST PRIVATE SECTOR BANK**

KVB has been ranked as the Best Private Sector Bank at the Bloomberg - UTV Financial Leadership Awards, 2012. MD & CEO, Shri K. Venkataraman received the award on behalf of the Bank from Shri Pranab Mukherjee, Hon'ble Union Finance Minister on 07.04.2012.

### **1.5 Technological accomplishments:**

KVB is one of the earliest banks in the country to achieve full networking of its branches under Core Banking Solutions, offering services through alternate delivery channels. Some of the noteworthy accomplishments of KVB are:

- Any Branch Banking.
- Multicity Account facilities for both current and savings bank customers.
- Internet Banking.
- Online utility bill payments and shopping facilities
- Online payment of electricity bill in Tamilnadu through Net Banking
- e-commerce facilities
- Mobile Banking with Interbank Mobile Payment Services enabled by NPCI
- Point of sale machines
- Real Time Gross Settlement (RTGS) and National Electronic Funds Transfer (NEFT) facilities at all branches.



- VISA and MasterCard Debit card facility with a card base of over 2 million
- Anmol Rewards for use of KVB Debit card for POS and e-POS transactions
- On-line rail and air ticket booking using KVB VISA Debit card
- VISA enabled Gift and Travel Cards
- Access to over 850 KVB ATMs and over 13000 domestic ATMs under the VISA / NFS / MITR / Axis bank cluster and over 1 million VISA ATMs worldwide.
- Card to Card and Card to account transfer of funds through KVB ATMs
- Payment of institutional fees through ATMs
- 24 X 7 toll free professional help desk services for all ATM, Internet Banking, Mobile Banking and e-commerce transactions.

## **2. DATA ANALYSIS AND INTERPRETATION**

### **2.1 SAMPLE SIZE**

The sample size of this study is 50. The information was collected from 50 respondents of KVB Vellore branch.

### **2.2 SOURCES OF DATA**

The researcher basically used two sources of data for the study.

#### **2.2.1 Primary data:**

Primary data required for the study has been collected through Questionnaire.

#### **2.2.2 Secondary Data:**

Secondary data was collected from the journals, magazines and website resources.

### **NUMBER OF YEARS BEEN AS A CUSTOMER**

**TABLE No. 1**

| <b>No. of Years</b> | <b>No. of respondents</b> | <b>Percentage</b> |
|---------------------|---------------------------|-------------------|
| <1 year             | 5                         | 10                |
| <5 years            | 22                        | 44                |
| <10 years           | 9                         | 18                |
| >10 years           | 14                        | 28                |
| <b>Total</b>        | <b>50</b>                 | <b>100</b>        |

From the above table and chart, it is inferred that 10% of the respondents have been as a customer for less than 1 year, 44% of the respondents have been as a customer for less than 5 years, 18% of the respondents have been as a customer for less than 10 years, and 28% of the respondents have been as a customer for more than 10 years.



**TYPE OF ACCOUNT**

**TABLE - 2**

| Type of Account      | No. of respondents | Percentage |
|----------------------|--------------------|------------|
| Savings              | 22                 | 44         |
| Current              | 6                  | 12         |
| Fixed Deposit        | 2                  | 4          |
| Others               | 5                  | 10         |
| Two or More Accounts | 15                 | 30         |
| <b>Total</b>         | <b>50</b>          | <b>100</b> |

From the above table and chart, it is inferred that 44% of the respondents are having a savings account, 12% of the respondents are having current account, 4% of the respondents are having fixed deposit, 10% of the respondents are having other account, and 30% of the respondents are having more than one account.

**INFRASTRUCTURE FACILITIES**

**TABLE - 3**

| Infrastructure | No. of respondents | Percentage |
|----------------|--------------------|------------|
| Excellent      | 17                 | 34         |
| Good           | 29                 | 58         |
| Average        | 4                  | 8          |
| <b>Total</b>   | <b>50</b>          | <b>100</b> |

From the above table and chart, it is inferred that 34% of the respondents feel that Infrastructure facilities are Excellent, 58% of the respondents feel that Infrastructure facilities are good, and 8% of the respondents feel that Infrastructure facilities are average.

**STAFF AVAILABILITY**

**TABLE - 4**

| Staff availability | No. of respondents | Percentage |
|--------------------|--------------------|------------|
| Yes                | 50                 | 100        |
| No                 | 0                  | 0          |
| <b>Total</b>       | <b>50</b>          | <b>100</b> |

From the above table and chart, it is inferred that 100% of the respondents feel that the staff members are available at all counters.



STAFF KNOWLEDGE

TABLE - 5

| Staff Knowledge | No. of respondents | Percentage |
|-----------------|--------------------|------------|
| Excellent       | 11                 | 22         |
| Good            | 30                 | 60         |
| Average         | 9                  | 18         |
| <b>Total</b>    | <b>50</b>          | <b>100</b> |

From the above table and chart, it is inferred that 22% of the respondents feel that Staff has an excellent Knowledge, 60% of the respondents feel that Staff has a good Knowledge, and 18% of the respondents feel that Staff has an average Knowledge.

REASONS MOTIVATED TO CHOOSE KVB

TABLE - 6

| Reasons                                   | No. of respondents | Percentage |
|-------------------------------------------|--------------------|------------|
| Nearness to home                          | 11                 | 22         |
| Quality of service                        | 13                 | 26         |
| Security                                  | 2                  | 4          |
| Recommended by your Friends and Relatives | 5                  | 10         |
| Two or More Reasons                       | 19                 | 38         |
| <b>Total</b>                              | <b>50</b>          | <b>100</b> |

From the above table and chart, it is inferred that 22% of the respondents have selected KVB due to Nearness to home, 26% of the respondents have selected KVB due to Quality of service, 4% of the respondents have selected KVB due to Security, 10% of the respondents has selected KVB due to Recommendation from Friends and Relatives, and 38% of the respondents have selected KVB due to two or more reasons.

ADDITION TO KVB OTHER BANK A/c

TABLE - 6

| Addition to KVB | No. of respondents | Percentage |
|-----------------|--------------------|------------|
| Kotak Mahindra  | 1                  | 2          |
| SBI             | 14                 | 28         |
| None            | 24                 | 48         |
| Others          | 11                 | 22         |
| <b>Total</b>    | <b>50</b>          | <b>100</b> |



From the above table and chart, it is inferred that 2% of the respondents have an account in Kotak Mahindra in addition to KVB, 28% of the respondents have an account in SBI in addition to KVB, 48% of the respondents do not have accounts in any bank other than KVB, and 22% of the respondents have accounts in other Banks.

#### CUSTOMER WAITING TIME

TABLE - 7

| Customer Waiting time | No. of respondents | Percentage |
|-----------------------|--------------------|------------|
| Within 15mts          | 37                 | 74         |
| 15-30mts              | 7                  | 14         |
| More than 30mts       | 6                  | 12         |
| <b>Total</b>          | <b>50</b>          | <b>100</b> |

From the above table and chart, it is inferred that 74% of the respondents are waiting for 15 minutes for issue, receipts and payment of cash, cheque and demand draft, 14% of the respondents are waiting for 15 minutes to 30 minutes for the transactions, and 12% of the respondents waiting for more than 30 minutes for the transactions.

#### TIME TAKEN FOR FIXED DEPOSIT RECEIPT

TABLE - 8

| FD Receipt time | No. of respondents | Percentage |
|-----------------|--------------------|------------|
| Within 15mts    | 23                 | 46         |
| 15-30mts        | 25                 | 50         |
| More than 30mts | 2                  | 4          |
| <b>Total</b>    | <b>50</b>          | <b>100</b> |

From the above table and chart, it is inferred that 46% of the respondents are receiving a fixed deposit receipt within 15 minutes, 50% of the respondents are receiving a fixed deposit receipt from 15 minutes to 30 minutes, and 4% of the respondents are receiving a fixed deposit receipt for more than 30 minutes.

#### LOAN PROCEDURE

TABLE - 9

| Loan procedure |              | No. of respondents | Percentage |
|----------------|--------------|--------------------|------------|
| <b>Yes:</b>    | Average      | 7                  | 14         |
|                | Easy         | 10                 | 20         |
|                | Very easy    | 2                  | 4          |
| <b>No:</b>     | Not availing | 31                 | 62         |
| <b>Total</b>   |              | <b>50</b>          | <b>100</b> |



From the above table and chart, it is inferred that 14% of the respondents feel that Loan procedure is Average, 20% of the respondents feel that Loan procedure is Easy, 4% of the respondents feel that Loan procedure is Very easy, and 62% of the respondents do not avail any loan in KVB.

**NO OF DAYS FOR THE ISSUE OF ATM CARD**

**TABLE - 10**

| Days for ATM card issue |                   | No. of respondents | Percentage |
|-------------------------|-------------------|--------------------|------------|
| <b>Yes:</b>             | Less than 1 month | 43                 | 86         |
|                         | More than 1 month | 2                  | 4          |
| <b>No:</b>              | Not availing      | 5                  | 10         |
| <b>Total</b>            |                   | <b>50</b>          | <b>100</b> |

From the above table and chart, it is inferred that 86% of the respondents say that the issue of ATM card takes less than 1 month, 4% of the respondents say that the issue of ATM card takes more than 1 month, and 10% of the respondents do not avail the ATM facility in KVB.

**PROBLEMS FACED WHILE DEALING WITH KVB**

**TABLE - 11**

| Problems faced in KVB                   | No. of respondents | Percentage |
|-----------------------------------------|--------------------|------------|
| ATM is not working                      | 5                  | 10         |
| Rigid requirements                      | 2                  | 4          |
| Less Customer dealing time              | 3                  | 6          |
| Long queues at teller counter           | 8                  | 16         |
| Taking more time to resolve the queries | 3                  | 6          |
| Two or More Problems                    | 8                  | 16         |
| No problem                              | 21                 | 42         |
| <b>Total</b>                            | <b>50</b>          | <b>100</b> |

From the above table and chart, it is inferred that 10% of the respondents have problem in KVB regarding ATM, 4% of the respondents have problem in KVB regarding Rigid requirements, 6% of the respondents have problem in KVB regarding Less customer dealing time, 16% of the respondents have problem in KVB regarding Long queues at the teller counter, 6% of the respondents have problem in KVB regarding More time to resolve the queries, 16% of the respondents have Two or More problems in KVB, and 42% of the respondents does not have any problems in KVB.

**3. FINDINGS**

The condensed findings of the study are presented below



- 44% of the respondents have been a customer for more than 5 years
- 44% of the respondents are having Savings account
- 100% of the respondents feel that staff members are available at all the counters
- 60% of the respondents feel that Staff has a Good Knowledge
- 58% of the respondents feel that Infrastructure facilities are Good
- 38% of the respondents have selected KVB due to two or more reasons like Quality of service, Nearness to home, Security, Technology etc.,
- 74% of the respondents are waiting for 15 minutes for the issue, receipts and payment of cash, cheque and demand draft
- 62% of the respondents are not availing loan from KVB
- 90% of the respondents are availing ATM facility from KVB
- 42% of the respondents do not have any problems in KVB

### 3.1 SUGGESTIONS

A Few recommendations to improve Customer Relationship Management are given below from the analysis:

- The bank must try to promote current account
- The bank must try to attract more fixed deposits
- The bank must try to provide loans with attractive features to attract customers to avail loan facilities.
- It is suggested that bank must create some awareness and benefits about Net banking, Insurance and locker service.
- KVB should more focus on retaining existing customers

### 3.2 CONCLUSION

*"Progress is impossible without change, and those who cannot change their mind cannot change anything"*

- **George Bernard Shaw**

- ✓ In the current market scenario, especially in banking sector 'Customer Relationship Management' is regarded as the nerve system.
- ✓ Each and every operation calls for skillful planning, control and execution of a bank's activities so that they don't lose their customers.
- ✓ The Karur Vysya Bank Ltd (KVB) one among the private sector banks, since its inception has come up on with very good achievements.
- ✓ If the bank takes some steps to create awareness about the products and services, improve infrastructure facilities, increase net banking facilities etc., it would be able to remove small pitfalls and defects and try to attract more number of customers.
- ✓ KVB has used CRM not only as a tool, but also a strategy to gain competitive advantage over other new generation private sector banks.
- ✓ The Management of KVB should conduct more products & services awareness campaign.
- ✓ They should increase the level of providing personal attention to individual customers in order to maintain a long term relationship.





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