



(RESEARCH ARTICLE)



Influence of Customer Relationship Management and Relationship building tools towards Customer Loyalty

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Abstract

Indian banking sector is entering into a new milieu with latest banking technology. Deloitte Center for Financial Services conducted a Global Digital Banking Survey across 17 countries which says that banking customers have high attraction towards technology products and services like Apple, Google and Amazon than the brick and mortar system of banking. To stay in the competitive environment banks are following different strategies including services with higher technology like mobile banking, net banking etc., Customer Relationship Management deals with providing quality service, understanding customer needs, satisfying customers, increasing loyalty among customers in the long run. The present study was carried out to know the influence of CRM towards customer loyalty in different banks among Chennai city. 330 sample was collected among different age group of peoples. The findings of the study shows that Technology oriented factors and products offered by banks will have more influence towards their satisfaction which in turn increase their loyalty.

Keywords: Banking Sector; Customer Relationship Management; Service Quality

1. Introduction

Customer loyalty is a combined form of positive experience, satisfaction and perceived value along with repeated use of the products or the faithfulness towards an organization or brand in purchasing a product or a service. The aim of bank is to have customer loyalty and attracting the one time customers into regular customers through enhancing a good relationship with them. At- purchase state and post-purchase stage. Pre-purchase stage consist of variables like alternative channels, search capabilities, contact interactivity where organization need to be concentrated. During At-purchase stage customization, payment method, dynamic pricing, purchase conditions and loyalty program need to be considered. Finally the post-purchase stage consist of complaining problem solving, tracking, online community, feedback channels, FAQs are the area to be concentrated. The author examines the effect of ECRM on customer loyalty, keeping retention as mediator. The mediating factor, bank, customer retention has two variable called repeat purchase and cross selling. The result of the study states that pre-purchase and post purchase will have the effect on customer retention and customer loyalty, whereas At-purchase stage variables will not have any impact on customer loyalty, but it affects the customer retention indirectly which in turn affect the loyalty. The study also concludes that customer retention is the mediating factor which will affect the customer loyalty.

2. Review of literature

Tapan K.Panda (2003) in his article insisted the importance of CRM in financial service industry. Maintaining the proper data about the customer, and appropriate data management techniques helps to know the demand of the customers

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and to categorize them based on their past behaviors. Thus CRM helps to retain existing customer by maintaining integrated CRM strategy.

Dr Sarita Bhatnagar (2012) explains the strategic approach for CRM towards its issue and successful implementation of CRM strategy. This is a conceptual paper, which explains the different types of CRM strategy like operational CRM, Analytical CRM and collaborative CRM. He also explains the application procedure. Also the paper explains the issues being faced by banking organization in implementing CRM towards customers. Some of the issues are technology issues, data issues, people issues and process issues.

Mr. Peter Anabila (2013) in his study which was conducted among staff and customers of five branches in Ghana banking industry uses multistage sampling technique to select the respondents. Two sets of questionnaire were used for data collection, separately for customers and employees. The questions related with CRM practices in the banks staff perception and customer's view on CRM were analysed.

Arvind Singh (2016) , in his study analyse and propose that the important and productive assets of an organisation, is strong customer base and not the buildings or fixtures. According to the author the banks should consider themselves as service provider in providing innovative services rather than offering just a product fetching profit for the organisation. He suggests that banks should consider the strategies in acquiring mind-set of the customers for the advancement of technology and to have successful customer relationship.

Objectives of the study

To study the influence of Customer Relationship Management and Relationship building tools towards Customer Loyalty.

3. Research methodology

The research was done in Chennai city among private and public sector banks involves all category of people including working in all sectors. The research was collected at all the group of people at different age groups. The sampling techniques used for the study was simple random sampling method through well-structured questionnaire. The researcher has proposed to apply statistical tools such as descriptive statistics, regression analysis and factor analysis.

4. Data analysis and interpretation

In order to understand the demographic profile of the respondent's percentage analysis was used to know the personal details like age, gender and the type of accounts hold in the bank. Influence of different banking customers towards CRM factors was analysed.

Table 1 Demographic profile of the Respondents

Demographic profile	options	frequency	Percent
Age	20-30 years	115	34
	31-40 years	208	63
	41-50 years	7	3
	Total	330	100
Marital status	Married	234	74
	Unmarried	96	26
	Total	330	100
Type of accounts	Savings A/c	215	67
	Current A/c	109	31
	Fixed A/c	6	2
	Total	330	100

4.1. Influence of different sectors of bank , CRM factors and SQM factors on total CLR**Table 2** Difference among Sectors of banks in CLR factors

	Sectors of Banks	Mean	Std. Deviation	F-value	Df	P-value	Inference
Perquisite Factor	Indian Public Sector	21.865	5.018	11.733	739	0.001	s
	Indian Private Sector	23.582	4.427				
	Foreign Bank	23.625	4.241				
	Total	22.587	4.840				
Customer Retrieval Factor	Indian Public Sector	14.398	3.774	19.355	739	0.001	S
	Indian Private Sector	15.915	3.226				
	Foreign Bank	16.675	3.285				
	Total	15.074	3.645				
Gratification Factor	Indian Public Sector	12.856	2.821	24.838	739	0.001	S
	Indian Private Sector	14.159	2.668				
	Foreign Bank	14.925	2.433				
	Total	13.443	2.833				
Nobleness Factor	Indian Public Sector	2.919	0.994	2.221	739	0.109	NS
	Indian Private Sector	3.082	1.039				
	Foreign Bank	2.950	0.749				
	Total	2.980	1.001				
Facilitation Factor	Indian Public Sector	6.393	1.333	26.192	739	0.001	S
	Indian Private Sector	6.837	1.236				
	Foreign Bank	7.775	1.310				
	Total	6.630	1.341				
CLR total	Indian Public Sector	61.300	10.764	29.483	739	0.001	S
	Indian Private Sector	66.715	9.134				
	Foreign Bank	69.150	10.541				
	Total	63.700	10.572				

Note: S: Significant, NS: Not Significant

Significance of difference among sectors of bank in factors of CLR and Overall CLR and the results are shown below:

* Significance difference has been found among sectors of banks in Perquisite Factor followed by Customer Retrieval Factor, Gratification Factor, Facilitation Factor and overall CLR at 1% level of significance. The mean value shows customer having account in foreign banks are more attracted by offering higher perquisites. Foreign banks also try to satisfy needs of existing customers and help in retaining them with the bank. They also reveals higher gratification towards the customers and provide numbers of additional services to customers.

*No significance of difference has been found among sectors of bank in Nobleness factor at 5% level of significance. Customers from all sectors of bank observe equal amount of nobleness.

4.2. Model Summary

Table 3 Model Summary for Regression

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
0.760	0.578	0.571	6.92262	1.590

4.3. Analysis of Variance (ANOVA)

Table 4 Analysis of Variance

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	47711.659	11	4337.424	90.509	0.001
Residual	34887.741	728	47.923		
Total	82599.400	739			

The present study examined the influence of sectors of bank, Customer Relationship Management (CRM) factors and Service Quality Maintenance (SQM) factors on the overall Customer Loyalty Realization (CLR). The Multiple Regression analysis technique was used to see the influence of personal profile, CRM factors and SQM factors on Customer Loyalty Realization and the results.

4.4. Influence of CRM Factors and SQM Factors on Total CLR

Table 5 Influence of CRM Factors and SQM factors

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	12.870	2.197		5.858	0.000		
Responsiveness & Recognition Factor	0.723	0.098	0.244	7.346	0.000	0.524	1.91
Accessibility Factor	0.582	0.118	0.172	4.918	0.000	0.472	2.117
Competency & Approachable Factor	0.343	0.077	0.140	4.438	0.000	0.579	1.726
Benevolence Factor	0.480	0.115	0.128	4.168	0.000	0.618	1.618
Prompt Service Factor	0.689	0.149	0.156	4.624	0.000	0.507	1.973
Credence Factor	0.645	0.143	0.120	4.514	0.000	0.825	1.212
Monthly Income	0.815	0.208	0.097	3.911	0.000	0.935	1.069
Customer Deliberation Factor	0.248	0.100	0.080	2.488	0.013	0.567	1.765
Education Qualification	-0.849	0.284	-0.074	-2.992	0.003	0.952	1.05
Sustainability Factor	0.386	0.138	.081	2.800	0.005	0.692	1.446
Expediency & Assessment Factor	-0.219	0.106	-0.075	-2.072	0.039	0.449	2.229

4.5. Dependent Variable: Customer Loyalty Realization

It has found that the model has a goodness of fit for multiple regression analysis and the liner combination of personal profile, CRM factor and SQM factor have significant relationship with Customer Loyalty Realization, $F(11,728) = 90.509$, $p < 0.001$. The Multiple correlation coefficient is 0.760, indicating that approximately 57.8% of variance of Customer Loyalty Realization can be accounted for by the linear combination of personal profile, CRM factor and SQM factors. There is no auto correlation of error terms as Durbin-Watson $d = 1.590$ which is within the acceptable range (1.5-2.5) and the problem of Multi collinearity of independent variables is not there as the values of Tolerance and Variance inflation Factor(VIF) are within the controllable limits (Less than 4 and 0.04). From all these it could be said that personal profile, CRM factors and SQM factors are significantly influence Customer Loyalty Realization in the order of their influence.

While Responsiveness & Recognition Factor, Accessibility Factor, Competency & Approachable Factor, Benevolence Factor, Responsiveness & Recognition Factor, Credence Factor, Monthly Income, Customer Deliberation Factor and Sustainability Factor are significantly and positively influencing the total Customer Loyalty and Realisation (CLR) and Education Qualification and Expediency & Assessment Factor are significantly and negatively influencing the total CLR of the respondent. Whereas customers with higher monthly family income realizing higher customer loyalty similarly customers with minimum educational qualification have higher realization of customer loyalty with banks.

4.6. Competency & Approachable Factor

Table 6 Perception of customer towards CRM factors

S.no	Factor	Factor Loading	Eigen value	Variance Explained
1.	Efficient work Environment	0.696	3.114	10.381%
2.	Display of pamphlets and banners for customer information and reference	0.671		
3.	User friendly website with latest features	0.625		
4.	Interruption free services	0.612		
5.	Useful contacts and informative information's	0.593		
6.	Assurance of quality service to customer	0.492		
7.	Vehicle parking outside bank premises	0.440		

Table 1.6 shows that variables such as Efficient work Environment followed by Display of pamphlets and banners for customer information and reference, User friendly website with latest features, Interruption free services, Useful contacts and informative information's, Assurance of quality service to customer and Vehicle parking outside bank premises are the variables with higher positive loading on Factor 1 and in their order of importance on their relative correlation with it, and it is named as "Competency & Approachable Factor". The Eigen value for the above Factor 1 is 3.114 and the percentage of variance explained is 10.381%. it could be concluded that Competency & Approachable Factor ranked as the most important aspect in CRM Factor. Among the 7 Competency & Approachable Factor, Efficient work Environment are the most important aspects which has high loading value.

5. Conclusion

The study conclude that adoption of modern innovative and customised products and services are the need for the hour. Customers of public sector banks are moving towards private banks because of better services in those banks. Also there are customers who prefer public sector banks because of security reasons. So in both the cases banks need to strengthen them in their respective areas in retaining their customers. RBI also need to formulate strong policies for the issues faced by technological crimes. Only if the banks satisfy the customer and developing a strong relationship with them can be able to develop loyal customers.

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