

Customer Relationship Management In The Case of Financial Service Sector

Nidhi Pandey

Department of Humanities and Management
Manipal Institute of Technology, Manipal, India

RajeshR. Pai

Assistant Professor

Department of Humanities and Management
Manipal Institute of Technology, Manipal, India

Vasanth Kamath

Assistant Professor

Department of Humanities and Management
Manipal Institute of Technology, Manipal, India

Abstract. Customer Relationship Management (CRM) and Service Quality (SQ) are considered to be very important factor for the company today to sustain in competitive business environment. Companies try to identify different tools and methods to measure the constructs of CRM from the customers, so as to have a better understanding about the customer requirement about the product or services offered by the company. On the other side, Service Quality also measures the company quality of service by providing good quality services by reducing the cost parameters, and to maintain customer loyalty and retention. In this paper, an attempt has been made to find out the satisfaction level of customer in the case of service sector and applied the SERVQUAL model for measurement of service quality. In order to support this research, questionnaire was developed from SERVQUAL instrument and distributed using convenience sampling technique to customers of the company. Analysis is done for the sample size of 200 customers and concluded that, there is no proper interaction was happening with the company and the customers which is reported as not significance from hypothesis tests.

Index terms –Customer Relationship Management, Service Quality, Financial Service Sector, SERVQUAL Model.

I. INTRODUCTION

A. Customer relationship management in finance.

Customer Relationship Management (CRM) focuses on the creation, development and enhancement of the relationships of carefully targeted customers and customer groups with an emphasis on maximizing their total customer life-time value. It is a business philosophy which provides a vision for the company to deal with customer in terms of delivering value added service and to make profits. The strategy of CRM, gives the shape for sales marketing to provide customer service by collecting and analysing the data which is very much essential for the most companies to plan for their future improvement. Indeed, it came in to practice at about 1990's. Many authors have tried to define the role and importance of CRM in the context of service sector. Liberalization and Deregulation of financial sector have opened multidimensional growth opportunities for the financial service providers same time it has provided more profitable investment chances to the

investors to invest their money in diversified range of product. Reason behind it is the availability of multifaceted information to provide faster and speedier rate of information transfer through better communication technology such as mobile banking, internet services, online trading etc. and changed the investor's investment attitude. At the same time, improved earning capacities of Indians have also increased along with their investment capacity. So the financial services providers develop new set of products, services and ideas for their business improvements.

The efficiency in the service delivery to multi product on customized basis is playing very important role in financial services which includes personalized consulting and problem specific answers to individual investor's investment and financial planning issues. Due to this, only stock brokerage agencies focus on client value and found that it costs five times more to attract a new customer than to retain an existing customer.

B. E- Service Quality

Web services increase at a faster rate than the offline-based service because the online service provide customer with convenient interaction with relatively low cost and achieving the higher degree of customization which will increase the customers satisfaction and retention. To verify their investment in the case of online services many organizations are trying to measure the quality of their online services and investigate the relationship between service quality and customer satisfaction. So with all these parameter taking in to consideration it can be said that E - Service Quality is considered to be more important so as to provide goods and service which satisfies the customer needs and wants irrespective of the industry or scale of the business in which a firm is operating.

II. RELATED WORK

According to Christopher Bull (2003), implementing CRM requires effective leadership, sourcing, targeting and evaluation strategic [1] and it is highly exploded situation with different things to different people. One view of customer relationship management is the utilisation of customer related

knowledge to carriage applicable product or services to customers. CRM progress from business process such as relationship marketing and increased significance on improved customer retention by using the concept of effective management of customer relationship.

Elizabeth A. Sear, Trevor G. Hartland, Mohamed S. Abdel-Wahab and Christopher G. Miller (2007), suggested that success factor of CRM is the customer focused business strategy, organizational structure, organizational culture, management commitment and concluded that the successes of the firm depends on developing a customer-focused business as it is only at this point that mutual benefits for both the organization and customer becomes evident [2].

Parvatiyar, A., & Sheth, J. N(2001), presented that customer relationship management is a comprehensive strategy focus on acquiring, retaining, and partnering with selective customer to create superior value for the company and customer by identifying factors growing to de-intermediation process in many industries due to the advent of world-wide computer and telecommunication technologies that allow producers to directly interact with end-customers [3].

Verhoef, P. C (2003), investigated that the effect of relationship perceptions on customer loyalty and concluded that commitment is essential for successful relationships between the customer and the firm [4].

Injazz J. Chen and Karen Popovich (2003) suggested that managing a successful CRM implementation requires an integrated and balanced approach to technology, process, and people [5].

Reiny Iriana Francis Buttle (2006) suggested that an organizational environment gives flexibility for customer-focused behavior and information sharing across functional team performance which is based on rewards, supportive relationships, and also with adoptive and responsive attitudes, which is necessary for the firm to change and attain higher degree of risk-taking and innovation through successful CRM implementation [6].

Chanka Jayawardhena (2004), stated that the measurement of service quality by using web service and identified that service quality is very important to measure the performance quality of web service and concluded that with the help of technique such as e-SERVQUAL model and considers parameters such as convenience, involvement, attributes of the web site and merchandising have direct influence on return and also found that E-shopper excitement leads to positive word-of-mouth which increases the intent to return [8].

III. OBJECTIVES & PROBLEM DEFINITIONS

A. Objectives

- To find out the level of perception of customers from the service quality offered by finance firm.
- To identify which dimension of service quality needs improvements so that the quality of service provided by the finance firm is enhanced.

- To find out the significance of service quality dimension of SERQUAL model.

B. Problem definitions

Even though the finance firm is providing good service they are facing problems of losing few clients and their relationship with the firm. So, in this research paper an attempt is made to overcome the factors by using questionnaire surveys and expert interviews the recommendations are given so as to improve the service quality of the financial firm.

C. Research questions

- Are the customers satisfied with the service quality provided by the financial firm?
- How do customers perceive service quality in financial firm?
- What are the relations between six dimension of service quality and customer satisfaction?

IV. RESEARCH METHODOLOGY

SERVQUAL Model (Figure 1) is used in case to test the relationships between the factors and also to identify the level of significance for each of these factors by framing the hypothesis which is explained in the next section.

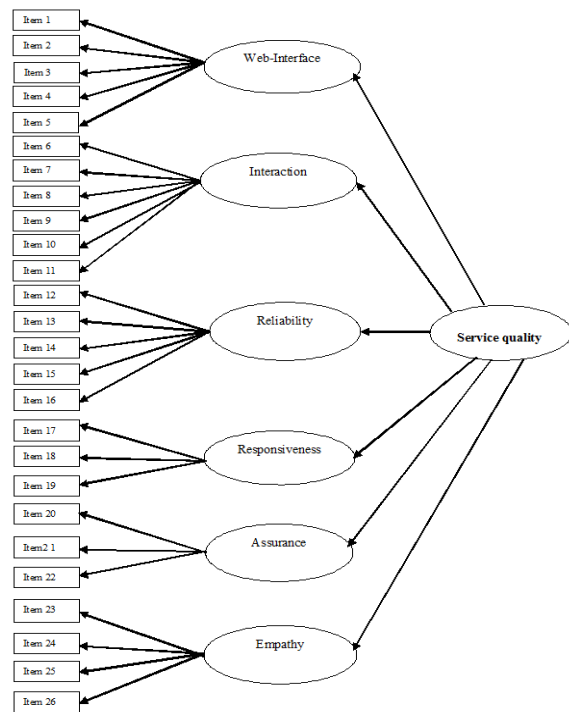


Figure 1: SERVQUAL Model for Service Quality

Source: (Parasuraman, A., Zeithaml, V. A., & Berry, L. L., 1988)

A. Development of hypothesis

Web Interface

H0: There is no significant influence of Web interface on Service quality level amongst the firm customers.

Ha: There is a significant influence of web interface on service quality level amongst firm customers.

Interaction

H0: There is no significance influence of Interaction on service quality level amongst firm customers.

Ha: There is a significance influence of Interaction on service quality level amongst firm customers.

Reliability

H0: There is no significance influence of Reliability on service quality level amongst firm customers.

Ha: There is a significance influence of Reliability on service quality level amongst FIRM customers.

Responsiveness

H0: There is no significance influence of Responsiveness on service quality level amongst firm customers.

Ha: There is a significance influence of Responsiveness on service quality level amongst firm customers.

Assurance

H0: There is no significance influence of Assurance on service quality level amongst firm customers.

Ha: There is a significance influence of Assurance on service quality level amongst firm customers.

Empathy

H0: There is no significance influence of Empathy on service quality level amongst firm customers.

Ha: There is a significance influence of Empathy on service quality level amongst firm customers.

B.Development of survey Instrument

The survey instrument which was a standard questionnaire.

Questionnaire Design:

The questionnaire used here is a standard questionnaire. The questionnaire consisted of 31 questions out of which 2 questions correspond to demographic details of the respondents and the rest 29 are the questions related to variables for measuring customer satisfaction. The questions were formed. A five point Likert scale ranging from strongly Agree (1) to strongly disagree (5).

SPSS (Statistical Package for the Social Sciences)

SPSS is a software used for statistical analysis and is acquired by IBM. It is used to perform a variety of statistical procedures. Data manipulation performing of statistical techniques varying from means to regression and drawing of graph can be done using SPSS.

Data collection

Data collection means gathering of information need for the study. The data collection instrument used in this study is questionnaire. The questionnaire was distributed to the respondents manually by interviewing the clients.

V RESULT AND ANALYSIS

This section shows the final outcomes of the research work which explains the relationship between the different variables on the service quality of the firm offered to its customers. The T-paired sample test is been conducted and the result are shown in the table below.

Table1: Results of T -paired sample test –Web Interface

Web Interface	N	Mean	SD	t	p-value
	199	-19263	.51404	.5286	0.000**

Since p value is less than 0.05 the alternative hypothesis is accepted at 5% significance level.

Hence we conclude that the Web Interface has no significant influence on customer satisfaction.

Table 2 Result of T-paired sample test-Interaction

Interaction	N	Mean	SD	t	p-value
	199	.00335	.47080	.100	.920

Since p value is greater than 0.05 the null hypothesis is accepted at 5% significance level. Hence we conclude that the Interaction has no significant influence on customer satisfaction. Secondary data analysis revealed that, the interaction parameter found negative effect on customer of the financial firm. There are many reasons behind this, which is discussed below.

- For the transaction or trading purposes, the customers are provided with a valid user id and password. Suppose if the customer loses the password, he/she has to wait until a new password is communicated to their cell phone after resetting the password.
- Customers are not able to download the trading information from the website, as a result they cannot get the clear information regarding which transaction to be done or not. i.e. about the SENSEX, NIFTY, NSE, and BSE.
- Due to increase in the mobile technology, customers are expected to provide mobile application facilities so that they can do the trading with the help of their phone but the company doesn't have any mobile application to provide this facilities which may disappoint customers.

Table3 Result of T-paired sample test -Reliability

Reliability	N	Mean	SD	t	p-value
	199	.45059	.64934	9.789	0.000**

****Denotes significance at 5%**

Since p value is less than 0.05 the alternative hypothesis is accepted 5% significance. Hence we conclude that the Reliability has significant influence on customer satisfaction.

Table 4 Result of T-paired sample test-Responsiveness

Responsive- Ness	N	Mean	SD	T	p-value
	199	.44054	.70329	8.836	0.000**

**Denotes significance at 5%

Since p value is less than 0.05 the alternative hypothesis is accepted 5% significance .Hence we conclude that the Responsiveness has significant influence on customer satisfaction.

Table5 Result of T-paired sample test-Assurance

Assurance	N	Mean	SD	T	p-value
	199	.32161	.75014	6.048	0.000**

**Denotes significance at 5%

Since p value is less than 0.05 the alternative hypothesis is accepted 5% significance .Hence we conclude that Assurancehas significant influence on customer satisfaction.

Table 6 Result of T-paired sample test-Empathy

Empathy	N	Mean	SD	T	p-value
	199	.45184	.69385	9.186	0.000**

**Denotes significance at 5%

Since p value is less than 0.05 the alternative hypothesis is accepted 5% significance.Hence we conclude that Empathy has significant influence on customer satisfaction.

VI. CONCLUSION

The aim of the study is to find the impact of the SERVQUAL dimensions such as Work Interface, Interaction, Reliability, Responsiveness, Assurance and Empathy on the service quality of financial firm. With the sample size of 200 numbers, an analysis is carried out and the results shows that all other dimensions *excluding Interaction* is having a close relationship on service quality.Secondary research was conducted for *interaction parameter* and found that customers are not able to get complete information about trading from their website, which create dissatisfaction for the customers during the transactions and alsothey observed that there is a delay in resetting the password which created lost customers (Table 2). By improving this dimension the company can improve upon customer quality and satisfaction level.

REFERENCES

[1] Bull, C. (2003). Strategic issues in Customer Relationship Management (CRM) implementation. *Business Process Management Journal*, 9(5), 592-602.
 [2] Sear, E., Hartland, T., Abdel - Waharb, M., & Miller, C. (2007). Customer Relationship Management

Implementation: A Case Study in the Construction Sector.

[3] Parvatiyar, A., & Sheth, J. N. (2001). Customer Relationship Management: Emerging Practice, Process, and Discipline. *Journal of Economic & Social Research*, 3(2).
 [4] Verhoef, P. C. (2003). Understanding the effect of customer relationship management efforts on customer retention and customer share development. *Journal of marketing*, 67(4), 30-45.
 [5] Chen, I. J., & Popovich, K. (2003). Understanding customer relationship management (CRM): People, process and technology. *Business process management journal*, 9(5), 672-688.
 [6] Iriana, R., & Buttle, F. (2006). Customer relationship management (CRM): system implementations. *The International Journal of knowledge, culture and change management*, 6(2), 138-147.
 [7] Jayawardhena, C. (2004). Measurement of service quality in internet banking: the development of an instrument. *Journal of Marketing Management*, 20(1-2), 185-207.
 [8] Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988), "SERVQUAL: A Multiple Item Scale for Measuring Consumer Perceptions of Service Quality," *Journal of Retailing*, 64(1), pp. 12-40.

Authors Profile



Nidhi Pandey received the B.E. degree in Information Technology at Amity University, Lucknow, India, in 2012. Currently doing M.Tech in Engineering Management in Manipal University, India.



Mr. Vasanth Kamath received B.E.degree in Mechanical Engineering, M.Tech in Manufacturing Engineering and M.B.A in Human Resource from Manipal University, and currently pursuing Ph.D. in Knowledge Management and Innovation at Manipal University.Currently working as a faculty in the Department of Humanities and Management, Manipal Institute of Technology, Manipal.



Mr. Rajesh R. Pai received B.E. degree in Mechanical Engineering from VTU, Belgaum, and M.Tech in Engineering Management from Manipal University. Currently working as a faculty in the Department of Humanities and Management, Manipal Institute of Technology, Manipal.