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**CUSTOMER RELATIONSHIP MANAGEMENT WITH SPECIAL REFERENCE TO HDFC BANK**

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**ABSTRACT**

Private banking is a concept which is fast emerging in the world of banking where changes have become a necessity in order for banks to survive in this competitive environment with regards to not only from the public and private sector banks but also from the foreign banks.

Customer Relationship Management or CRM is a company-wide business strategy designed to reduce costs and increase profitability by solidifying customer loyalty. It's a strategy used to learn more about customers' needs and behaviours in order to develop stronger relationships with them. After all, good customer relationships are at the heart of business success.

Successful banks all over the world have invested considerably in customer relationship management technologies, which in turn would increase banks' profits considerably on one hand and improve the level of their customers in doing business with them on the other hand. The intense competition which banks have come to face, both as consequence of growth of non-banking financial institutions as well as securitization has created the fear of high risk and has increased the attention towards Customer Relationship Management.

**CRM IN HDFC BANK**

HDFC Bank Uses CRM to Achieve its "One Bank" Vision Boosting Profit and Customer Satisfaction.

Based in India, HDFC Bank is the largest private universal bank by market capitalization, with more than 25 million customers, an extensive distribution network of 2544 branches spread across 1399 cities and more than 55,000 employees. To maintain its leadership, HDFC Bank used CRMnext to establish a single platform for execution of its strategy across products, departments and channels. The result, over FY2008- 2011, bank's net profit has grown from USD 318 million to USD 1033 million at a consistent rate of 30% quarter-on-quarter for the last 3 years. During this period the banks customer base has grown by 113%, while the loyalty index has grown from 38 to 62 as opposed to industry average of 54.

**HDFC BANK HELPS TO UNDERSTAND HOW THEIR FINANCIAL PRODUCTS AND SERVICES WORK BY**

- HDFC Bank provides information about them in any one or more of the following languages: Hindi, English or the appropriate local language.
- Ensuring that their advertising and promotional literature is clear and not misleading.
- Ensuring that customers are given clear information about their products and services, the terms and conditions and the interest rates/service charges, which apply to them.
- HDFC Bank provides the customers information on what are the benefits for them through the bank.
- How the customers can avail of the benefits, and whom they can contact for addressing the queries.
- Advise the customers about what documentation they need.

**BEFORE WE BECOME A CUSTOMER HDFC BANK WILL**

- Give clear information explaining the key features of the services and products which we are interested in.
- Give information on any type of product and services which are offered by the bank and also suits the customer.
- Tell us if the offer products and services in more than one and guide about how to use them regularly.
- Tell us what information they need from us to prove identity and the address.

**DEALS QUICKLY AND EFFECTIVELY WITH THE CUSTOMERS QUERIES AND COMPLAINTS BY**

- Offering channels for the customers to route their queries.
- Listening to them patiently.
- Accepting their mistakes, if any.

- Correcting mistakes/implementing changes to address the queries raised.
- Communicating their responses to the customers promptly.
- Telling the customers how to take the complaint forward if they are not satisfied with the response.

### **CRITICAL SUCCESS FACTORS**

HDFC Bank believes several steps together led to its program success, including:

Top management vision and support -

- Understanding & communicating the vision of the program clearly.
- Driving it as a transformation rather than a technology project.
- Ensuring adequate resource allocation in term of time and money.

**Implementation methodology -**

- Creating a 3 year roadmap to achieve the full potential of the vision.
- Creating an internal CRM excellence team.
- Ensuring adequate multi-wave iterations for process unification.
- Taking quick decision during departmental conflicts.
- Understanding that user adoption is driven by value & not technology.

**Respecting technology complexities -**

- Creating reliable integrations because they must tested day-on-day.
- Ensuring right strategies to work with LOB system that are not open.
- Understanding scalability requirements is the key to decision making.
- Understanding the impact of reports and isolating the work load.

**Ownership experience -**

- Training production teams to own such a high impact CRM.
- Ensuring user training is part of the HR induction program.
- Ensuring adequate user feedback and improvement cycles.
- Using strong production change management practices to deliver always on availability.

**Selecting the right Partners -**

- Understanding that such transformation need practice specialists.
- Selecting a partner who can add value to the vision.
- Listening to the partner especially when the advice is counter intuitive.

### **CRM SOFTWARE USED BY HDFC BANK**

HDFC Bank uses CRM Next as CRM software while the cash management is done through using software from a Pune based company i.e. Cash Tech. Moreover the depository system of the bank runs on software provided by the Mumbai - based Kalptaru. Some of the other IT enabled initiatives are:

- 1) Nucleus Software for loans.
- 2) Mainframe - class UNIX machine (the E10000 system) from Sun Microsystems for its banking needs.
- 3) iFlex's Micro banker and Finware as a software for core banking operations.
- 4) Internet banking software for internet based channel.

### **CRM INITIATIVES BY THE BANK**

A customer is an asset if he/she is loyal to the organisation, HDFC bank has got majority of these assets in its customer base as 76% of its existing customers are found out to be loyal. This is attained due to holistic CRM approach adopted by the bank. As the bank's director himself mentions in his annual; report that "the bank's

data warehouse, customer relationship management and analytics solutions have helped it target its existing and potential customers in a cost effective manner and offer them products appropriate to their Profile and needs.” The Bank realises the value of CRM and IT initiatives offered to the customers for becoming more loyal to the bank. The frauds and credit losses are also lowered by imbibing this approach of CRM.

### **SOME OF THE MAJOR INITIATIVES TAKEN BY THE BANK FOR STRENGTHENING ITS CUSTOMER EXPERIENCE ARE**

1. The bank provides Highly IT enabled services in the form of Internet banking. It has been discovered that 60% of the registered bank's customers transact through online banking.
2. Mobile banking and ATM are also providing multi-channel service delivery system to the customers which are discovered to be 80% initiated by the customers which are serviced through non-branch channels.
3. Service quality projects are carried out by the bank using lean Sigma Tool-kit, 5S and other business excellence initiatives are undertaken by the bank just to deliver customer delight”. The service quality objectives and the business objectives are merged so that the customer delight and improved profitability can be obtained.
4. Customer service committee which monitors quality of services, formulates comprehensive deposit policy (in terms of issues arising due to death of a depositor for his account operations), gets approval for the products, and surveys customer satisfaction annually and triennially.
5. The bank also offers the customer helpdesk in case of any query, grievance, or direct contact to the bank, through call centres, in branch counters, email address, and through bank's website.

### **RESEARCH METHODOLOGY**

Research method to achieve the objective of the study is a way to organize. Research methodology is the specific procedures or techniques used to identify, select, process, and analyse information about a topic. In a research paper, the methodology section allows the reader to critically evaluate a study's overall validity and reliability.

### **RESEARCH AND SAMPLE DESIGN**

- Research Type: Exploratory research.
- Nature of Research: Quantitative Research.
- Type of Questions: Open Ended and Closed Ended.
- Type of Sampling: Convenience Sampling Method.
- Research Environment: Field setting.
- Sample Extent: HDFC Bank Nallasopara (East) Branch.
- Sample Size: 100 customers.
- Sample Element: HDFC Bank customers.

### **SOURCES OF DATA COLLECTION**

#### **PRIMARY DATA**

Primary data will be the data that you gather particularly with the end goal of your research venture. Primary data is otherwise called raw information; the information gathered from the first source in a controlled or an uncontrolled situation.

The source of primary data was collected through:

- (a) Questionnaires from bank manager and existing customers of HDFC Bank.
- (b) Inventory Records
- (c) Statement of profit and loss.

#### **SECONDARY DATA**

Secondary data are the data collected by a party not related to the research study but collected these data for some other purpose and at different time in the past. If the researcher uses these data then these become secondary data for the current users.

The source of secondary data was collected through:

- (a) Company database.
- (b) Reserve Bank of India (RBI) Website.
- (c) Books & Periodicals.

**OBJECTIVES OF THE STUDY**

1. Study of products and services offered to the customers.
2. Ascertaining the behaviour and perception of the existing customers towards products/services in banking.
3. Study the value of existing customers and reduce cost associated with servicing them and ways to increase the overall efficiency of bank performance.
4. Identifying the most and least profitable customer.
5. To identify and study the various ways of ensuring customer satisfaction adopted by HDFC Bank.
6. Receiving the customer feedback that leads to new and improved product and services.
7. To access the perception of the Bank Employees towards the implementation of Customer Relationship Management in the Bank.
8. To access the perception and satisfaction of the customers with the Bank.

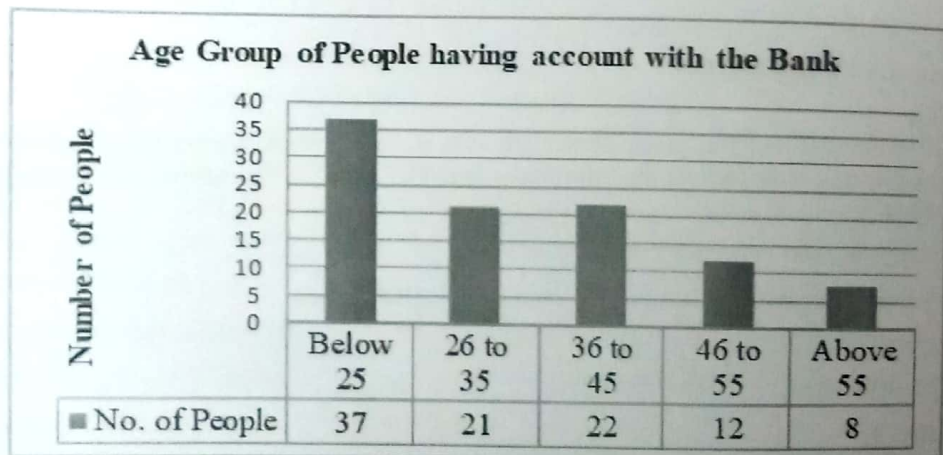
**LIMITATIONS OF THE STUDY**

During the project following limitations were known:

1. The area was large and it was not possible to deal with each and every customer.
2. Time was the major constraint as I have less days and the area is very vast. Even though I have put up the best of my efforts to cover all the areas given to me.
3. Many of the customers were not cooperative when they were asked for their time.
4. As HDFC Bank is a big brand, many times the answers of the respondent may be affected by his good or bad experience about some other product.
5. To convince the people for a proper interviewing process is also difficult.
6. Compilation of data on competitor analysis was difficult due to non-availability of correct information.
7. The results of this study may not apply to other areas based on data collected from the city.

**DATA ANALYSIS, INTERPRETATION AND PRESENTATION**

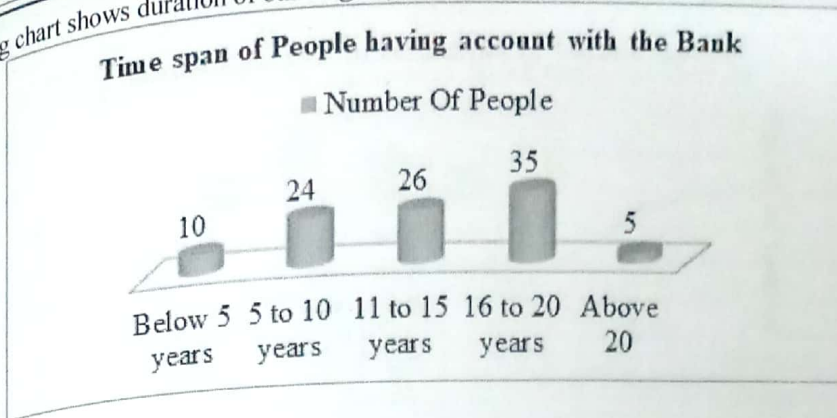
1. The following chart shows age group of people having account with the bank:



**INTERPRETATION**

Above graphical representation shows that the age group of people below 25 years are more directed towards the banking sector as compared to the people above the age of 55 years. This is because the young generation is nowadays more into investments through banks and also the bank has upgraded itself through CRM.

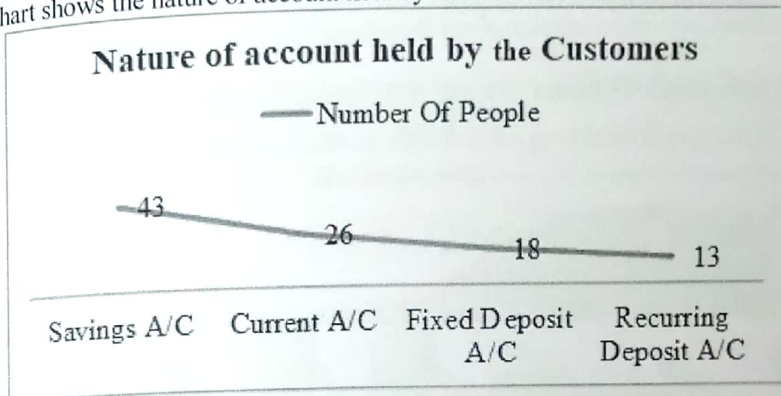
2. The following chart shows duration of banking experience of customers with the bank:



**INTERPRETATION**

Above graphical representation shows that more number of people have been in relationship with the bank for a longer period of time due to better practices carried out by the bank to retain its customers and increase customer loyalty.

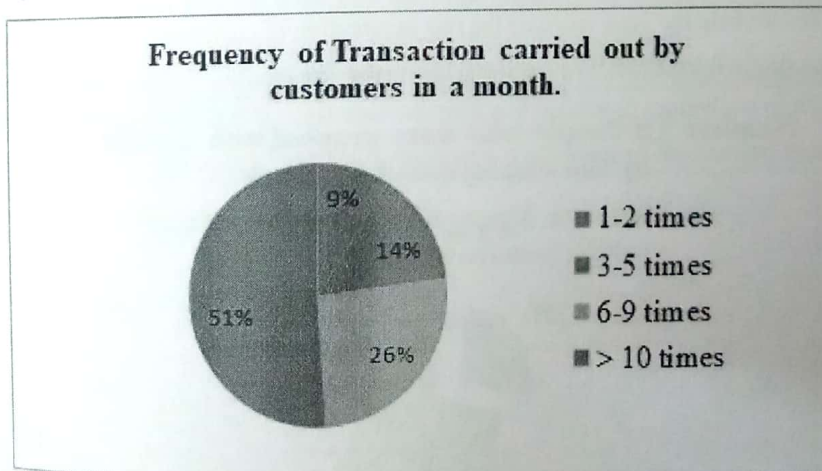
3. The following chart shows the nature of account held by the customers with the bank:



**INTERPRETATION**

Above graphical representation shows that most of the people hold savings account in HDFC Bank because more people opt for corporate jobs rather than businesses and savings account are specially designed for salaried people.

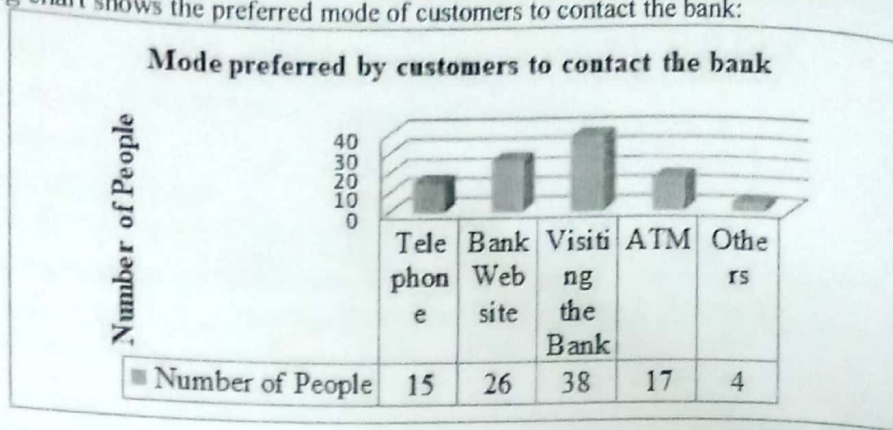
4. The following chart shows the frequency of transactions carried out the customers in the bank in a month:



**INTERPRETATION**

Above pie chart shows that people are more frequent in using the bank for transaction purpose i.e. 51% of the customers prefer using banking services for buying and selling goods and services as it is considered more safe and secure when compared to physical cash.

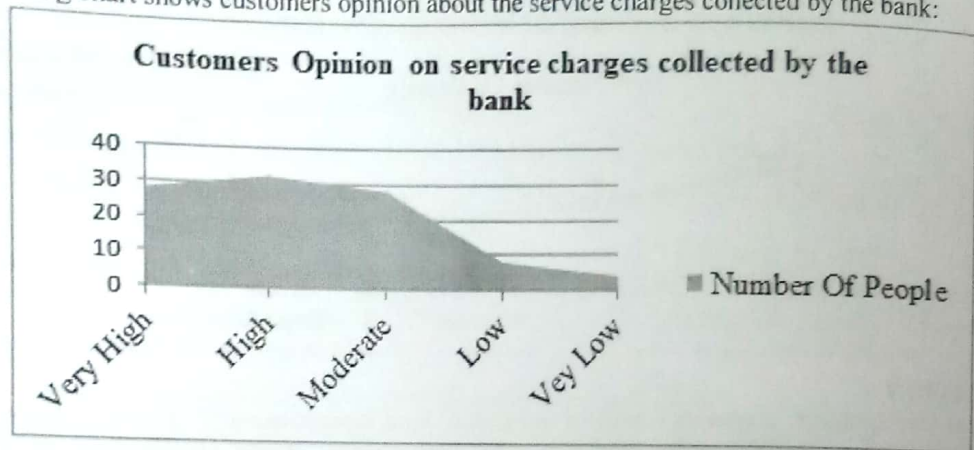
5. The following chart shows the preferred mode of customers to contact the bank:



**INTERPRETATION**

The above bar diagram shows that most of the customers in HDFC Bank prefer visiting the bank as they feel face to face interaction with the bank employees help them understand and operate with the bank more conveniently.

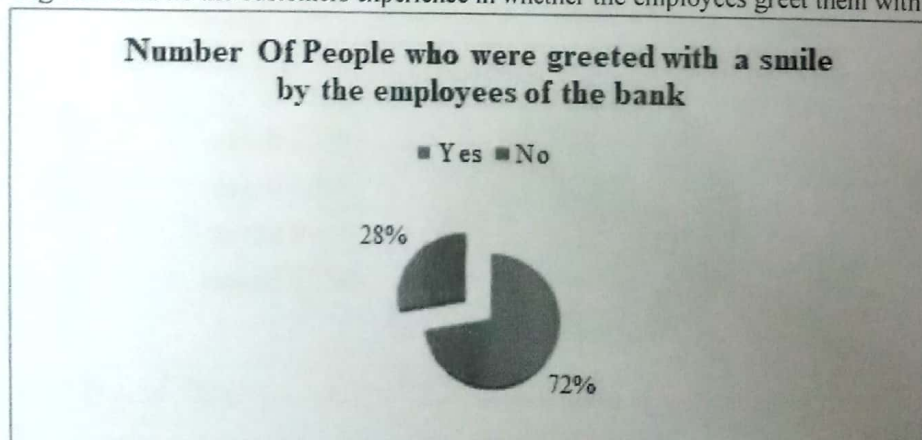
6. The following chart shows customers opinion about the service charges collected by the bank:



**INTERPRETATION**

As per the chart, a large number of customers believe that the service charges levied by the bank are too high as compared to the public sector banks. The bank must look into such matters and try to reduce the service charges. This would in turn help the bank increase the rate of retention of customers.

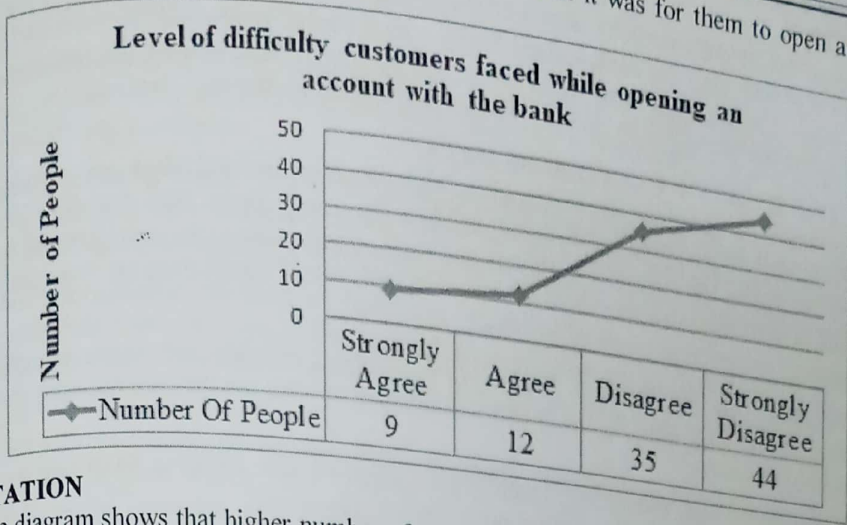
7. The following chart shows the customers experience in whether the employees greet them with a smile:



**INTERPRETATION**

The pie chart above depicts that 72% of the customers have experienced that they are greeted with a smile, their time is valued and all the queries have been attended as soon as possible.

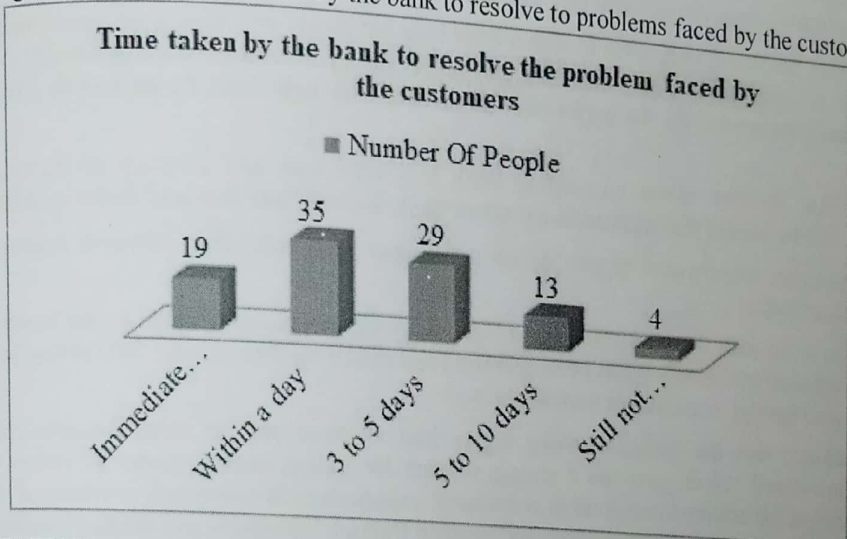
The following chart shows according to customers how difficult it was for them to open an account with the bank:



**INTERPRETATION**

The above line diagram shows that higher number of people feel that it took them less time to open an account with the bank, as limited number of documentations were required for the purpose of KYC. 44% of the people strongly disagree with the poor account opening process.

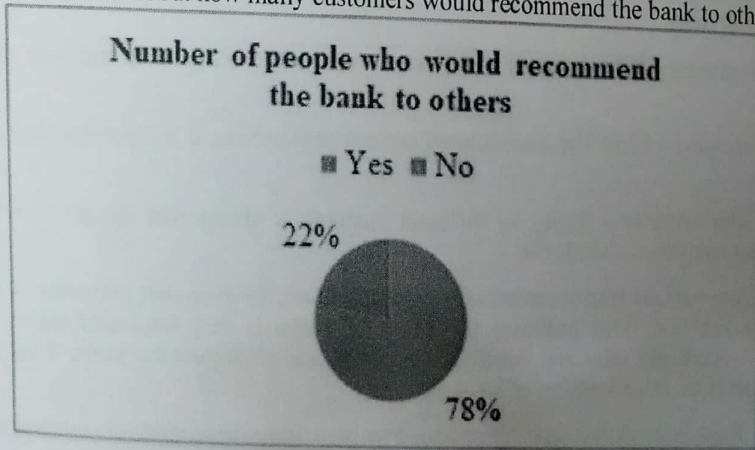
The following chart shows the time taken by the bank to resolve to problems faced by the customers:



**INTERPRETATION**

Above bar diagram shows that major customers fall in the category of the problems that were resolved within a day, as private bank such as HDFC is more customer-oriented and believe in immediate problem solving.

10. The following chart shows about how many customers would recommend the bank to others





### INTERPRETATION

The above pie diagram shows that 87% of the HDFC Bank customers would recommend the bank to their friends and relatives as they trust the bank and are happy with the services provided by the bank in the course of relation with the bank. On the other hand, remaining 13% may have faced some unfortunate experiences with the bank and that is the reason why they do not consider recommending the bank to others.

### FINDINGS ON THE BASIS OF CUSTOMERS DATA

As per the data collected via questionnaire prepared for both the customers and Managers one thing that is quite evident that both are fully aware about the customer relationship management. With the help of proper training, employees are able to handle the customer problems and their queries. Due to the emergency of the concepts of CRM one thing that is quite sure that they both are aware of their role. Though there are some problems but still they can be managed.

1. The study revealed that the 84% of the selected sample customers are aware of Information and Communication Technology used by the banks and others are aware but they are not using the same due to security aspects of the same.
2. The bank is providing ATM, e-banking, Telephone banking; Mobile Banking, SMS banking facilities out of which ATM and SMS banking are more popular among customers.
3. Among the four selected banks people are happy on the performance of ICICI Bank, As far as use of CRM is concerned.
4. Around 60% of the respondents are happy with the experience of CRM in banking and 71% are satisfied.
5. As per customer feedback, they have to wait a little long but that is only during weekends when there are a huge number of customers. Other than that as per the survey conducted there are hardly any problems regarding the management. As the banks have made necessary help desks for each of its services that are offered.
6. Customers share positive views concerning bank trustworthiness and accuracy of banking solutions. Therefore, it can be argued that customers trust their bank. Indeed, faith is crucial factor including CRM.
7. Bank employees are empowered to take decision that may positively affect customer satisfaction, in the absence of his superior.
8. This result has to do with the new system and technology-based process adopted by the banking sector. It has seen a revolution in the way it has been operating and rendering their service. Due to this, services have become easy and handy, in consumer banking sector.
9. It can be deduced that the Indian banking sector has not been able to value customer relationships. Therefore, the overall results provide a strong support for Indian banking sector to review its tactical strategies as far as the ability to respond to customers' expectations is concerned, provision of an excellent service at any point of contact, convenience and comfort through innovative and modern banking service.

### FINDINGS ON THE BASIS OF MANAGERS INTERVIEW

During the research to understand the importance of factors some were asked to respondents:

1. Interactive management - From the responses of various respondents shows that initiative taken for customers plays vital role.
2. Customer's empowerment - The response of different respondents shows that customer empowerment is still needed.
3. Expectation of Customers - From the responses of various respondents it is clear that they are moderately dissatisfied.
4. Internet services with security - Reply by different customer's shows that though now bank provides Internet services but risk plays a vital role.
5. Bank Initiative - From various responses initiative taken by Bank for customer play very crucial role. 71% of respondents are satisfied. This indicates that Bank initiative is very important aspect and demands attention by DENA Bank. As term and conditions are clear and all follow the same. Then also an undue emphasis is given on rules & procedures of Bank by staff.
6. Various Services - Reply shows that services provided by bank plays important role by retaining customers by providing diversified and personalized services to the customers.

7. Online service - According to the manager respondents are satisfied with the e-mail facility, online customer services, A/C information and online bulletin board, VOIP, online order within 3-clicks and information to the first time eservice users.
8. Trained Staff - In the view of the manager, the young employees in HDFC Banks are well trained with comparison of other banks but customers still found bank staff is experience to attend problematic situation with their efforts and experience.
9. Competition in Banking Sector - From the responses of respondents it is clear that banks are ready for competition, out of total respondents, 75% replies as YES. The manager of HDFC Bank felt that customers' expectations are higher. So, they require 100% accuracy to have long relationship with them.
10. Work flow - Young staff of the bank are faster and aggressive in the comparison to the aged employees in bank they are little slow. In Competitive Technological advance era in HDFC Banks are replacing their mind set of employees which adds to fare customer practices in and CRM utilization.

### **CONCLUSION**

This study shows a direct relationship between bank customers' sensibility and satisfaction. Banks are accepted that CRM is the magic stick, which helps banking sector to build closer and profitable relationships with customer. To achieve the customer relationships, success and the survival of the new paradigm, banks has to make CRM 17 approaches for recognizing a "share of customer" as a basis of strategy in their system. This will divert the bank strategy from developing product base strategy to focus on delivering to customers by having a brief and exact ways of delivering the services, through effective CRM solutions.