Impact of Service Quality Towards Customer Relationship – A Study with Reference to Banks of Kanchipuram District, Tamil Nadu

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Abstract:

Indian Banking Industry is growing in an enormous phase; the penetration of banking in India is increasing after Prime Minister of India Mr. Narendra Modi introduced “Jan Dhan Yojana” on August 28, 2014. Nearly one and half crore bank accounts were opened all over India in a single day; Department of Financial Services was recognized by Guinness Book of World Records stating that “Most bank accounts opened in one week as part of the Financial Inclusion Campaign is 18,096,130”. Thus PMJDY was expected to act as a game changer of Indian Economy and ensures that every household in India will have at least one bank account. But the recent research report titled “Barriers to basic Banking” from the National Stock exchange and Institute of Financial Management and Research states that there are of quality related issues in newly opened bank accounts. It makes clear that the responsibility of bankers did not stop with opening new bank accounts alone, it continues further; that is maintaining and retaining the new as well as existing customers. Thus the definition of Customer Relationship Management (CRM) will be complete with the help of buzz words acquiring, maintaining and retaining the customers. The pre requisite for CRM in case of banking industry is having robust service quality. Thus the major dimensions of service quality such as Reliability, Assurance, Tangibles, Empathy and Responsiveness related to banks are analyzed in this article and an attempt has been made to derive the relationship between service quality dimensions and its impact on customer relationship. Six banks in Kanchipuram District were chosen for this research study and snowball method of sampling was followed. The service quality of the banks quality of the banks was measured with the help of well-structured questionnaire. The analytical tools used in the study are ANOVA, correlation analysis, Multiple Regression analysis and factor analysis. Results of this study can be used for enhancing the quality of service by the bankers; the major contributing factors towards CRM were identified from the analysis. Thus the bankers can serve the customers in a better way resulting in enhanced customer satisfaction and customer retention.

Key Words:Customer Relationship Management, Indian Banking Industry, Service Quality, Customer retention, customer satisfaction.