

Impact of Covid-19 on the performance of Commercial Bank, benefits and physical and technological factors impacting customer relationship management - A study w.r.t. Bengaluru Commercial Banks

C. Nagaraja

M.Com., MBA, M.Phil., PGD (PhD), Assistant Professor of Commerce & Management GFGC, Yelahanka, Bangalore – 560064, Karnataka, India

Abstract

1. Abstract

Covid-19 impacted severely the customer relationship management in commercial banks. The lending process has to be redefined against the virus attack. Commercial banks are at the epicenter of Covid-19's economic storm, trying to assist business at the one hand and to continue their normal operations on the other hand. Banks are finding difficult and struggling to respond to the raising calls from small and mid sized business units who are expecting a quick response commercial banks in order to come out of financial difficulties.

As a consequence of global Covid-19 NPA's will surge since consumers and business houses are unable to meet regular EMIs. Further, there is a revenue compression and lack of personal interaction which leads to more opting digitalisation of bank activities. Germany plans Euro 822 billion economic aid package - amounting to 26% of Germany's GDP and proclaimed ready to meet any further assistance if needed. The Czech Republic plans to guarantee loans to the business to the tune of 19% of GDP and UK treasury introduced a £330 billion package - 15% of GDP to meet the situation (Thomas Zink et al. 2020).

In order to redefine the CRM in Commercial banks customer education, policy change, loan repayment schedule have to be redefined permanently. A global attention should be focused towards employment of non traditional techniques used now-a-days which is more danger than any other as the consequences are rapidly and badly impacting one and all. Investor sentiments are also at all time low and it is becoming very difficult for the global banks to maintain good assets and good earnings.

Banks in these days of competition has to attain significance towards customer satisfaction (Duygu Kocoglu et al. 2012). Customer relationship management is the strongest and the most efficient approach in maintaining and creating close relationship with customers in service sectors (Angamuthu, 2015). The CRM is all about managing the customer portfolio efficiently and effectively by designing business policies which focus around the customer (William George, A. J., et al. 2013). In this contest the paper looks into the strategies adopted to restore consumer relationship.

KEYWORDS : Covid-19, Impact, Relationship Strategies, Non traditional techniques, Attention.

2. Introduction:

Commercial banks play a decisive role in the development of industry and trade. They are not only the custodians of national wealth but also country's resources (Bandh

Kalpna et al. 2017). Without a sound and effective banking system no country can have a healthy economy. Banking sector play the role of backbone to the business. A well organised banking system is necessary for the economic development of a country (Chetan Dudhe 2017). With the introduction of LPG the role of commercial banks changed dramatically. But at present the Covid-19 has dampened all ambitions of greater attainment by the banks. Surging NPAs, physical distance, lay off of startups, reduced banking transactions leading to reduced revenue etc., have impacted banking industry severely. There is a greater necessity of redefining some policies against the Covid-19 pandemic. Relationship maintenance through the well defined strategies assumes paramount significance. Customer should be well convinced, retained and banks should meet all the need of customers. The strategies for a better CRM should be well defined against the background of traditional and non-traditional types of dangers.

3. Review of literature

Krishna Murty et al. (2010) in their empirical study aims to explore the reasons behind customer's loyalty and impact of customers retention strategies followed by financial exchange service organisations in Andhra Pradesh. The study concludes that the usage of products much depends upon satisfaction level.

Mehdi et al. (2011) conducted an investigation into the barriers for successful implementation of CRM and compare its practices in the public and private sector of Irania banking industry. The study reveals that inadequate supporting budgets, and senior management support lack of communication and technology advancement, lack of customer management skills etc., were the barriers of CRM implementation.

Rozita Shahbha (2012) highlights that the benefits of E-CRM like internet, up to date of financial institutions, service quality, international customer's satisfaction etc., have positive effect on customer satisfaction.

Priya et al. (2013) reveals that there is a significant difference towards use of CRM tool for measuring customer satisfaction among various groups. Further, the study reveals that there is a significance difference in the opinion of respondents about time of measuring.

Natalija Kunorolova et al. (2016) expressed that the differentiation in the methods employed in credit risk management in different groups of borrowers is due to the international standards and requirements of the Basel Committee and it will contribute to banks transition to the use of an internal rating approach in assessing and managing risk.

Zia ur Rehman et al. (2019) have expressed that several banks have failed in the past as they were not able to control their credit risk. The authors have recommended about diversification of their products and services, which is critical as it allows the bank to provide customers with manhy products and services.

4. Research Methodology

4.1 Scope - The study is confined only to Bengaluru Urban. A sample of 200 covering different kind of customers considered for the study.

4.2 Research Instrument - A questionnaire drafted in English was administered as schedule for the collection of data with an intention of avoiding non-response and possible delay questionnaire was administered as schedule.

4.3 Sources of data - The present study considers both the primary and secondary data. Through questionnaire the required primary data has been collected. The secondary sources include journals, websites.

4.4 Statistical Tools used - The bipolar options expressed by respondents are presented by means 3 point Likert scale and then the data was tabulated ANOVA quantitative metric was performed to know the good fit and variation of data.

4.5 Sample and sampling technique - Convenient sampling technique was adopted in approaching respondents. The respondents were requested to provide information and in certain cases to avoid meeting through E-mail contactless data was gathered. The sample banks includes nationalised, private and new generation private banks. The sample structure is as follows.

Type of respondents	Number	%
Startup entrepreneurs	45	22.5
Government employees	25	12.5
Private employees	35	17.5
College teachers	35	17.5
Self employed	20	10.0
Businessmen	40	20.0
Total	200	100.0

5. Objectives

- (1) To analyse the impact of Covid-19 on the information of commercial banks.
- (2) To know the benefits of CRM.
- (3) To analyse the factors impacting relationship development in the banks.
- (4) To analyse the physical environment impacting CRP practice.
- (5) To analyse the technology factors impacting CRM practice.

6. Hypotheses

- (1) Covid-19 is not impacting the performance of commercial banks.
- (2) There are no benefits from CRM.
- (3) There are no factors impacting customer relationship development.
- (4) There are no physical environment impacting CRM practice.
- (5) Technology factors are not influencing CRM practice.

7. Limitations

- (1) The study is confined to Bengaluru Urban.
- (2) Since the present study is only confined to Bengaluru any generalisation requires further in depth study.
- (3) The problem of transportation felt badly as it was restricted on account lockdowns. Data collected on lockdown free days conveniently.

8. Survey Findings

Table - 1 highlights about impact of Covid-19 pandemic on the performance of banks. 100 respondents out of 200 strongly agree over the impacts of Covi-19 followed by 70 agree and 30 some what agree. Variation analysis of 100 respondents who said strongly agree reveals that 25 spoke about physical distance and less recoveries, 20 each expressed about lay off / closure and postponement of EMIs, and restricted entry, 19 voiced about frequent lockdown and seal downs reduces margin and 16 felt about opting more digitalisation.

Variation analysis of 70 respondents who said agree reveals that 19 spokes about lay off / closure of units and postponement of EMI payments, 16 expressed about physical distance and less recoveries, 15 stated about frequent lockdowns and sealdowns reduces margin and 10 each felt about opting more digitalisation and restrict entry into bank. Variation analysis of 30 respondents who said some what agree reveals that 10 expressed about lay offs closure of units and postponement of EMIs, 6 said about physical distance and less recoveries, 5 each spoke about frequent lockdowns and scaledowns reduced marging and 4 pointed about restricted entry. ANOVA fails to accept H0 and accepts H1 and hence it is concluded that there exist significant variation in the data.

Table - 2 reveals data about benefits of CRM. 110 respondents out of 200 expressed strongly agree over the benefits followed by 60 agree and 30 some what agree. The variation analysis of 110 respondents reveals that 26 expressed about ability to form a close relationship, 25 stated about reduces customer disagreement, 24 felt about local customers may be a reference for the potential customers, 18 pointed about high level of customer satisfaction and loyalty and 17 said about reduction in procedural cost. Variation analysis of 60 respondents reveals that 19 respondents expressed about reduces customer disagreement, 12 spoke about ability to form a close contact and relationship, 10 each expressed about high level of customer satisfaction and local customers may be a reference for the potential customers and 9 voiced about reduction in the procedural cost. Variation analysis of 30 who said some what agree reveals that 8 stated about reduces customer disagreement, 6 each spoke about high level of customer satisfaction and local customers may be a reference for the potential customers, and finally 5 each pointed about ability to form a close contact and local customers may be a reference for the potential customers. ANOVA fails to accept H0 and accepts H1 and hence it is concluded that there exist significant variation in the data.

Table - 3 highlights data about factors impacting CRM. 108 respondents expressed strongly agree over the factors impacting relationship development followed by 68 agree and 24 some what agree. Variational analysis of 108 respondents reveals that 31 expressed about interaction process develops better conectivity, 30 stated about service maintaining and complaint management develops better relationship, 25 pointed about feed back from customers leads to better customers relationship development, and 22 voiced about relation development through commitment enhances customer and banker relationship.

Variationa analysis of 68 respondents who said agree reveals that 20 expressed about intention process develops better connectivity, 17 stated about feedback taking enhances customers relationship, 16 pointed about commitment enhances connectivity and 15 spokes about complaint management and service maintenance develops better

relationship. Variation analysis of 24 respondents who expressed some what agree reveals that 7 expressing about interaction process develops better connectivity, 6 each said about service maintaining and complaint management develops better relationship and feedback taking leads to better relationship development, and 5 said about commitment enhances relationship. ANOVA fails to accept H0 and accepts H1, and therefore it is concluded that there exist significant variation in the data.

Table - 4 highlights data about physical environment impacting CRM practices. 95 respondents out of 200 expressed strongly agree, followed by 70 agree, 35 some what agree. Out of 95 who stated strongly agree, 25 said about 24/7 potable water facility, 20 expressed about A/c, lighting, assistance and advice are given, 19 felt about business area is kept clean, 17 pointed about writing desks are placed at convenient place, and 14 voiced about provision of supplementary services. Variation analysis of 70 who said agree reveals that 18 stating about business area is kept clean. 16 expressed about regular drinking water facility, 15 voiced about provision of supplementary service, 13 felt about placement of writing desks, and 8 pointed about, A/c, lighting, assistance etc., Variation analysis of 35 respondents who said some what agree, 10 expressed 24/7 potable water facility, 9 voiced about A/c, lighting etc., 6 each stated about planning writing desks at convenient place and business area is kept clean and 4 indicated about provision of supplementary services. ANOVA fails to accept H0 and accepts H1 and hence it is concluded that there exist significant variation in the data.

Table -5 reveals data about technology factors influencing CRM practice. 90 respondents out of 200 expressed strongly agree over the drivers of technology factors impacting CRM practice followed by 70 agree and 40 some what agree. Out of 90 respondents 21 spoke about core banking, 20 about computerised banking transaction, 18 stated about SMS, mail and mobile banking. 17 felt about 24 their customer care center, and 14 pointed about digitalisation of transaction. Variation analysis of 70 respondents reveals that 16 spoke about core banking, 15 felt about digitalisation of transaction, 14 24 hour customer care, 13 felt about computerised banking transaction, 12 spoke about SMS, mail and mobile facilities, variation analysis of 40 who have said somewhat agree, 10 spoke about core banking, 9 felt about digitalisation of transactions, 8 indicated about SMS, mail etc., 7 voiced about 24 hour customer care center, and 6 stated about computerised banking transaction. ANOVA fails to accept H0 and accepts H1 and it is concluded that there exist significant variation in the data.

9. Conclusion

Customer relationship management has a significant effects on the customer satisfaction. Morer the stronger customer relationship management more is the customer satisfaciton and loyalty. The enhance customer satisfaction not only retains the customer but also make repeated use of banks products. There is a need of monitoring and talking action about use of both traditional and non-traditional methods creating bad effects.

Table - 1 : Impact of Covid-19 on the performance of banks

Impact of Covid-19	SA	A	SWA	T
Physical distance and less recoveries	25	16	6	47
Frequent lockdowns and sealdowns reduces margin	19	15	5	39
Move towards opting more digitalisation	16	10	5	31

Layoff closure of units and postponement of loan payments	20	19	10	49
Restricted entry into the bank	20	10	4	34
Total	100	70	30	200

Source : Field Survey

Note : SA - Strongly Agree, A - Agree, SWA - Somewhat Agree

Hypotheses

H0	There exist no significant variation in the data	Reject
H1	There exist significant variation in the data	Accept

ANOVA Table

Source of Variation	SS	d.f.	MS	F-ratio	5% F-limit
Between sample	493.3335	(3-1)=2	493.3335/2 = 246.67	246.67/10.5 = 23.49	(from the F-table)
Within sample	126.0000	(15-3)=12	126/12 =10.5		(2,12) =3.88
Total	619.3335	(15-1)=14			

Source : Field Survey

ANOVA Analysis

The calculated value being 23.49 higher than the TV = 3.88 @ 5% level of significance with df = V1 = 2, and V2 = 12 fails to accept H0 and accepts H1. Therefore it is concluded here that there exist significant variation in the data.

Table - 2 : Benefits of CRM

Benefits of CRM	SA	A	SWA	T
Reduces customer disagreement	25	19	8	52
High level of customer satisfaction and loyalty	18	10	6	34
Ability to form a close contact and relationship with in the customers	26	12	5	43
Reduction in procedural cost	17	9	5	31
Local customers may be a reference for the potential customers	24	10	6	40
Total	110	60	30	200

Source : Field Survey

Note : SA - Strongly Agree, A - Agree, SWA - Somewhat Agree

Hypotheses

H0	There exist no significant variation in the data	Reject
H1	There exist significant variation in the data	Accept

ANOVA Table

Source of Variation	SS	d.f.	MS	F-ratio	5% F-limit (from the F-table)
Between sample	653.3335	(3-1)=2	653.3335/2 = 326.67	326.67/9.33 = 35.01	
Within sample	112.0000	(15-3)=12	112/12 =9.33		(2,12) =3.88
Total	765.3335	(15-1)=4			

Source : Field Survey

ANOVA Analysis

The calculated value being 35.01 higher than the TV = 3.88 @ 5% level of significance with df = V1 = 2, and V2 = 12 fails to accept H0 and accepts H1. Therefore it is concluded here that there exist significant variation in the data.

Table - 3 : Factors impacting CRM relationship development

Drivers of relationship development	SA	A	SWA	T
It is an interaction process develops better connectivity	31	20	7	58
Service maintaining and complaint management develops better relationship	30	15	6	51
Feed back taking leads to better customer relation development	25	17	6	48
Relation development through commitment enhances customer and banker relation	22	16	5	43
Total	108	68	24	200

Source : Field Survey

Note : SA - Strongly Agree, A - Agree, SWA - Somewhat Agree

Hypotheses

H0	There exist no significant variation in the data	Reject
H1	There exist significant variation in the data	Accept

ANOVA Table

Source of Variation	SS	d.f.	MS	F-ratio	5% F-limit
Between sample	1064	(3-1)=2	1064/2 = 532	532/9.56 = 55.64	(from the F-table)
Within sample	86	(12-3)=9	86/9 =9.56		(2,9) =4.26
Total	1150	(12-1)=11			

Source : Field Survey

ANOVA Analysis

The calculated value being 55.64 higher than the TV = 4.26 @ 5% level of significance with $df = V1 = 2$, and $V2 = 9$ fails to accept H_0 and accepts H_1 . Therefore it is concluded here that there exist significant variation in the data.

Table - 4 : Physical environment impacting CRM practice

Physical environment drivers	SA	A	SWA	T
24/7 potable water facility	25	16	10	51
Writing desks are placed at convenient place	17	13	6	36
A/c, lighting, assistance and advice are given	20	8	9	37
Provision of supplementary services	14	15	4	33
Business area is kept clean	19	18	6	43
Total	95	70	35	200

Source : Field Survey

Note : SA - Strongly Agree, A - Agree, SWA - Somewhat Agree

Hypotheses

H_0	There exist no significant variation in the data	Reject
H_1	There exist significant variation in the data	Accept

ANOVA Table

Source of Variation	SS	d.f.	MS	F-ratio	5% F-limit
Between sample	363.3335	(3-1)=2	363.3335/2 = 181.67	181.67/12.33 = 14.73	(from the F-table)
Within sample	148.000	(15-3)=12	148/12 =12.33		(2,12) =3.88
Total	511.3335	(15-1)=14			

Source : Field Survey

ANOVA Analysis

The calculated value being 14.73 higher than the TV = 3.88 @ 5% level of significance with $df = V1 = 2$, and $V2 = 12$ fails to accept H_0 and accepts H_1 . Therefore it is concluded here that there exist significant variation in the data.

Table - 5 : Technology factors influencing CRM practice

Drivers of technology factors	SA	A	SWA	T
Core banking	21	16	10	47
24 hour customer care center	17	14	7	38
Computerised banking transaction	20	13	6	39
SMS mail and mobile facilities	18	12	8	38
Digitalisation of transaction	14	15	9	38
Total	90	70	40	200

Source : Field Survey

Note : SA - Strongly Agree, A - Agree, SWA - Somewhat Agree

Hypotheses

H_0	There exist no significant variation in the data	Reject
H_1	There exist significant variation in the data	Accept

ANOVA Table

Source of Variation	SS	d.f.	MS	F-ratio	5% F-limit
					(from the F-table)
Between sample	253.3335	$(3-1)=2$	$253.3335/2 = 126.67$	$126.67/4.17 = 30.37$	
Within sample	50.000	$(15-3)=12$	$50/12 = 4.17$		$(2,12) = 3.88$
Total	303.3335	$(15-1)=14$			

Source : Field Survey

ANOVA Analysis

The calculated value being 30.37 higher than the TV = 3.88 @ 5% level of significance with $df = V1 = 2$, and $V2 = 12$ fails to accept H_0 and accepts H_1 . Therefore it is concluded here that there exist significant variation in the data.

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