COMPARATIVE STUDY ON PUBLIC AND PRIVATE SECTOR BANKS IN CUSTOMER RELATIONSHIP MARKETING STRATEGIES AND CUSTOMER LOYALTY IMPACT WITH SPECIAL REFERENCE TO HYDERABAD CITY

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ABSTRACT

This article takes place a Comparative Study on Public and Private Sector Banks in Customer Relationship Marketing Strategies and Customer Loyalty impact with special reference to Hyderabad City. Marketing has made a paradigm shift from transactional approach to relational approach. We are living in a globalized world, where competition has become an unavoidable element of business and customers have become scarce. Today, financial institutions can no longer rely on these committed relationships or established marketing techniques to attract and retain customers. As markets break down into heterogeneous segments, a more precisely targeted marketing technique is required, which creates a dialogue with smaller groups of customers and identifies individual needs. This situation coupled with the pressures of competitive and dynamic markets has contributed to the growth of Customer Relationship marketing in the Financial Service Sector. This article was specially studied in Banking Sector how they are offering relationship marketing. And to study, this customer relationship marketing strategies are create any impact in the Hyderabad customer's mind to create good customer loyalty regarding their selected financial institutions. This study was carried out total of 300 customers. The results of this study clearly revealed that the CRM Strategy directly impact on Customer Loyalty. From the Discriminant analysis, Private Sector Banks maintaining better relationship marketing approaches comparatively Public Sector Banks.

KEYWORDS: Customer Relationship Marketing (CRM) strategy, Customer Loyalty (CL), Banking sector.

"Change" is a continuous process and Financial Institutions is no exception to this natural law. Change in the Indian banking is inevitable due to the implementation of the financial sector reforms and policies in the country. The main objective of financial sector reforms is to promote an efficient, competitive and diversified financial system in the country. Indian financial sector has undergone tremendous transformation after liberalization and globalization process initiated from 1991. These changes have forced the Indian financial sector to adjust the product mix to effect the rapid changes in their process to remain competitive in the globalised environment.

The biggest management challenge in the new millennium of liberalization and globalization for a business is to serve and maintain good relations with the king - the customer. Over the last two and a half decades, marketing has witnessed a paradigm shift. The literature reveals that marketing has shifted from "transaction marketing to relationship marketing" (Lindgreen 2011). Scholars have identified the need to retain customers to have a competitive advantage in the market. The challenge for a firm is to attract and retain loyal customers. Relationship marketing aims at building and maintaining long-term relationship with customers. A firm can exploit customer relationship to have information regarding customers' needs and wants so that a suitable strategy can be designed to serve the customers more efficiently and effectively than the competitors.

Marketing has made a paradigm shift from transactional approach to relational approach. We are living in a globalized world, where competition has become an unavoidable element of business and customers have become scarce. This has led to a situation where all the firms in the same industry are trying to attract the same customers in various ways, even while offering similar products and services. They are using relationship marketing approach to ensure that the customers remain loyal and come back to them for the same products and services.

Today, financial institutions can no longer rely on these committed relationships or established marketing techniques to attract and retain customers. As markets break down into heterogeneous segments, a more precisely targeted marketing technique is required, which creates a dialogue with smaller groups of customers and identifies individual needs. This situation coupled with the pressures of competitive and dynamic markets has contributed to the growth of Customer Relationship Marketing in the Financial Service Sector.

Customer Relationship Marketing

The term 'relationship marketing' was popularized by Berry (1983); he defined relationship marketing as "the process of attracting, maintaining and, in multi-service organizations, enhancing customer relationships". Gronroos (1990) defined relationship marketing as "the process of establishing, maintaining, and enhancing relationships with the customers and other

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partners at a profit, so that the objectives of the parties involved are met. This achieved by a mutual exchange and fulfillment of promises."

Relationship marketing can be understood as "an integrated effort to identify, maintain, and build up a network with individual customers and to continuously strengthen the network for the mutual benefits of both the sides, through interactive, individualized and value-added contacts over a long period of time (Shani and Chalasani 1992).

A Relationship-based Marketing approach over time, retail bank customers tend to increase their holding of the other products from across the range of financial products/services available. Long-term customers are more likely to become a referral source.

Marketing of Financial Products Services

Marketing of financial products services means organizing right activities and programmes in rendering right services to the right people at the right place, at the right time at the right price and with right communication and promotion. Marketing of financial product services embrace the following unique features

- Intangibility-they cannot be seen or possessed physically but can only be experienced.
- Inseparability-their production and consumption occur simultaneously.
- Variability-they are highly variable depending on the merit of customers.
- Perishability -they cannot be stored.

The entry of more and more foreign financial institutions and new private sector financial institutions, with lean and nimble footed structure, better technology, market orientation and cost effective measures, have intensified the competition in the Indian Financial sector industry. Financial Institutions have also started entering into the domain of banks. In recent years, the share of business of public sector banks has declined considerably. So there is a compelling need for the Indian Banking industry to modify its marketing strategy to attract the customers and to withstand the stiff competition from foreign financial institutions and new private sector banks.

Statement of the Problem

The financial institutions as exceedingly 'Customer Centric' offering what they believe to be highly personalized services to the High Net Worth Customers. However, changes in the customer behaviour and accumulation of wealth are resulting in the needs of HNW customers becoming more diverse and complex in terms of the sorts of products they want, the channels through which they want to access them and the associated range of advice. Customer loyalty and customer retention are the most important challenges faced by financial institutions.

Customer Loyalty and customer retention are the most important challenges faced by most of the Chief Executive Officers across the world. At the same time, it is also found that effective relationship marketing strategy helps the organization to understand customers' needs, so that the financial institutions can serve their customers better than their competitors, which finally leads to cost reduction and customer loyalty. The focus of this study is to empirically investigate Banking sector account holders in Hyderabad city the impact of Relationship Marketing variables on Customer Loyalty. The impacts of different demographical variables are also taken into consideration while examining the relationship between Relationship Marketing and Customer Loyalty.

Need for the Study

Indian financial system has undergone tremendous transformation after liberalization and globalization process initiated from 1991. In India, after globalization, number of new private, foreign banks, are launched their business in India. The customers had more number of options, so the financial institutions are to maintain customer loyalty is very difficult. At the same time, it is also found that effective relationship marketing strategy helps the organization to understand customers' needs, so that the financial institutions can serve their customers better than their competitors, which finally leads to maintain customer relationship and customer loyalty.

As the intense competition becomes a way of doing business, it is the customer who calls the shot in deciding the nature of products and services offered in the market. The customers are becoming demanding, dominant and selective. In fact the perceptions and the expectations of the customers have undergone a sea change, with the availability of financial institutions services to the customers at their door steps through the help of CRM.

The future of financial institutions business very much depends upon the ability of the institutions to develop close relationship with the customers. In this context, it is very important to empirically investigate the impact of Relationship Marketing on Customer Loyalty, so that financial institutions can use this type of information at the time of designing a relationship marketing strategy in order to gain a high level of loyalty among their customers in Banking sector in Hyderabad City.

Scope and Financial Sectors considered for the study

The main focus on attention of to compare Public and Private sector Banks CRMS and Customer Loyalty impact in Hyderabad city, Telengana state. Hence, the scope of the study is restricted only Banking sector in Hyderabad city only. The data is collected through questionnaire methods from 300 selected Public and Private sector Bank account holders in Hyderabad city.

Usefulness of the Study

Customer Relationships have developed into a major corporate strategy for many organizations. It is concerned with the creation, development and enhancement of individualized customer relationships with carefully targeted customers and customer groups resulting in maximizing their total customer life time value.

REVIEW OF LITERATURE

Lindgreen (2011) identified the need to retain customers to have a competitive advantage in the market. The challenge for a firm is to attract and retain loyal customers. Attracting new customer is costlier than serving an existing customer.

Bateson and Hoffman (2002) noted that firms must put in place effective tactics for retaining customers and subsequently making them loyal. They mentioned tactics such as maintenance of proper perspective, remembering customers between calls, building trusting relationships, monitoring the service delivery process, responding swiftly to customers in need and provision of discretionary effort. According to them despite that every customer is important, firms must not retain certain customers if they are no longer profitable, abusive to the extent of lowering the morale of employees, reputation is so bad that it tarnishes the image and reputation of the company should the firm associates itself with that customer.

Three major trends have led to the emergence of financial services alliances. First, customers increasingly demand that their financial requirements are comprehensively covered. This forces financial services companies to offer customer support for all their financial requirements, ranging from account management to life insurance and the granting of a home loan, thus realizing the "one-stop finance" idea. The integration of different financial services is often realized by specialized companies (relationship managers) which have direct contact with customers as distribution intermediaries (Lehmann 2000). Second, threats from new and aggressive market entrants as well as constantly growing customer requirements force financial services companies to focus on their core competencies to remain competitive (Alt and Reitbauer 2005). This development has given rise to a deconstruction of the industry, resulting in specialized companies or business divisions (product providers) that focus on the delivery of specific products and services.

Third, financial services companies increasingly outsource transaction processing to external transaction processors in order to focus on their core competencies (Homann et al 2004). All of these trends have resulted in the emergence of networks consisting of relationship managers, product providers and transaction processors (Heinrich and Leist 2002, Hagel and Singer 1999).

The compounded annual growth rate of internet banking has been 80% since 1994. In February 2003, more than 100 million households worldwide used online banking and 25% of the US households have adopted online banking (Community Banker 2003).

Bhat (2005), using SERVQUAL scale, studied the service quality of Indian banks and service quality variation across demographic variables. The study, conducted in four north Indian states of Jammu & Kashmir, Punjab, Haryana and Delhi, was restricted to five banks such as State Bank of India (SBI), Punjab National Bank (PNB), Jammu & Kashmir ank (J & K Bank), CITI Bank (CB) and Standard Chartered Grindlays Bank (SCGB). The results suggest that foreign banks are relatively close to the expectations of their customers in comparison with Indian Banks. The study confirmed that poor service quality among Indian banks is mostly due to deficiency in tangibility and responsiveness. The analysis of service quality across income variable shows that service quality of Indian Banks as vis-à-vis less variations across income segments as perceived by clients of foreign banks. The reason could be that proportion of transaction done through ATMs is higher across clients of foreign banks compared with Indian banks and ATM machines do not differentiate customers. The analysis of service quality as perceived by different age groups reveals that service quality of banks is comparatively better among higher age groups whereas reverse is the case among lower age groups. Service is perceived to be better in states where competition is higher and banks provide better quality service to business group customers in comparison with service group customers, as they are small in number but have higher income level.

The financial health of Indian Commercial Banks, in terms of capital adequacy, profitability, and asset quality, has improved significantly. This sector is experiencing major changes as a result of the economic reforms. The economic reforms have also created new and demanding customers (the ever-increasing Indian middle class) and the new mix of players consisting of the public sector units, private banks and the foreign banks. Because of this competition customers' expectations regarding service and innovative products have risen (Ravichandran 2003).

Research Methodology & Design

The methodology includes research framework; hypotheses formation; research instruments; sampling frame; and data analysis, results and discussions.

Objectives of the Study

To study the empirical investigation of Comparative study on Public and Private sector Banks in CRMS and Customer Loyalty in Hyderabad.

1) To identify the Customer Relationship variables to frame the CRMS to influence the Customer Loyalty.
2) To identify the comparative relationship marketing analysis between Public and Private Banking sector in Hyderabad.
3) To offer guidelines for the successful strategy implementation in relationship marketing by the Banking sector.

Research Framework

As stated earlier, the main objectives of this research are, first, are the Customer Relationship Marketing strategies adopted by Public and Private sector Banks in Hyderabad, Telengana state. Second, the Customer Relationship Marketing variables are influenced to Customer Loyalty in the respondents mind and third, the different demographical variables taken into consideration while examining the Customer Relationship Marketing and Customer Loyalty. In order to realize these objectives, the research framework is developed as shown in Fig. 1.

Hypothesis Testing

This research is empirical in nature and this characteristic stems from its objectives.

H_1: There is an impact between Customer Relationship Marketing variables and Customer Loyalty in Banks.

H_2: All Public and Private sector Banks are offering same type of Customer Relationship Marketing Variables.

Research Instrument

In order to achieve the research objectives, a survey instrument was developed by the researcher. A questionnaire is prepared for banking to identify the impact of Customer Relationship Marketing strategies and Customer Loyalty. The questionnaire is containing Trust, Employees, Communication, Security, Customer focus, Service level and Word of mouth – Relationship Marketing Factors, and each factor containing number of variables. Each variable using a five-point Likert scale was employed with a score of 1 relating to lowest value and 5 relating to highest value. A pilot survey of 30 respondents in each sector was conducted to check the validity of the questionnaire.

Instrument Validity and Reliability

Discriminant validity was assessed using factor analysis. In order to ensure the use of factor analysis, the Berlett Test of Sphericity (BTS) and Kaiser-Meyer-Olkin (KMO) Test of appropriateness were carried out accordingly. All the factors come under single component, proved through Confirmatory factor analysis. Discriminant validity was assessed using Discriminant analysis. All the factor variables measuring the CRM Strategies were subjected to Canonical Discriminant Function Coefficients. In order to ensure the use of variables, the Hit ratio Test of Cross validation were carried out accordingly.

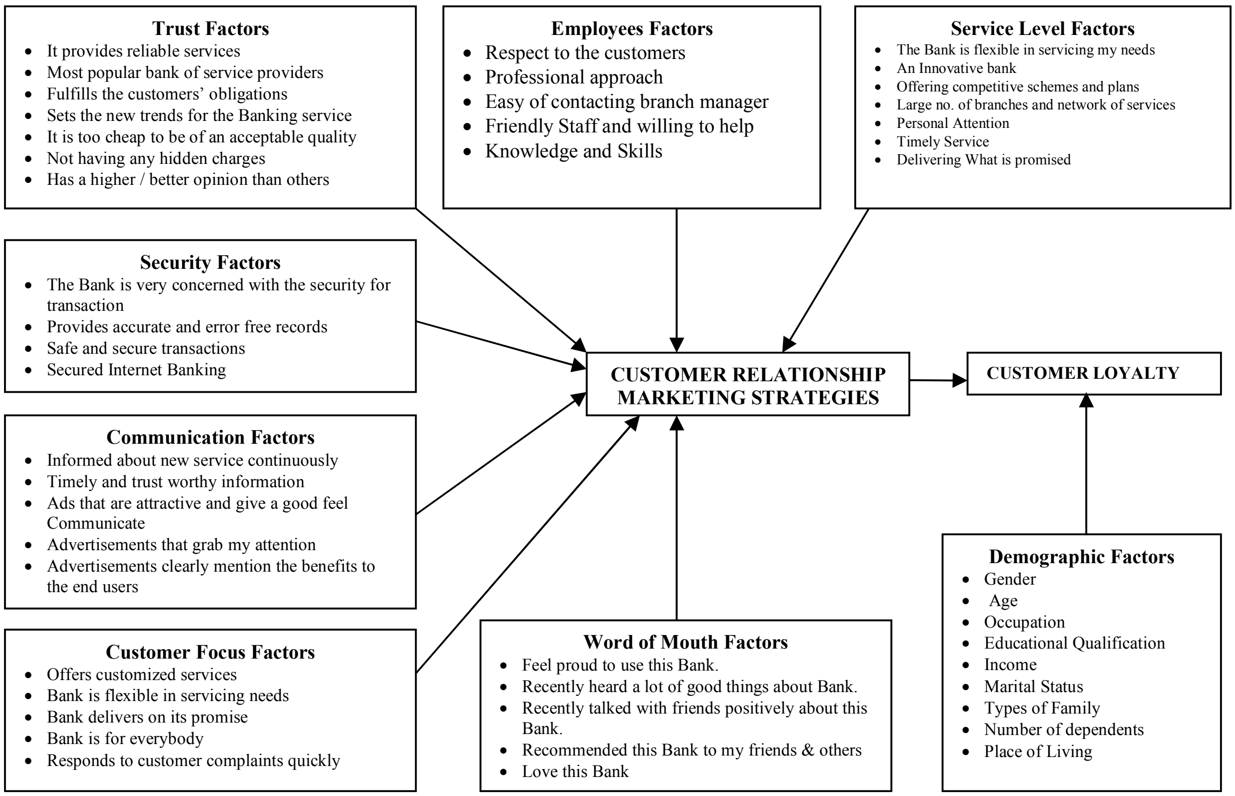

Figure 1: Research framework – Banking sector

DATA ANALYSIS AND INTERPRETATION

General Profile of Respondents

Demographic Variables					
Particulars	**No. of Respondents**	**Percentage of the Respondents**	**Particulars**	**No. of Respondents**	**Percentage of the Respondents**
Gender			**Educational Qualification**		
Male	166	55.70	Doctorate	34	11.41
Female	132	44.30	Post Graduate	91	30.54
Total	**298**	**100.00**	Under Graduate	96	32.21
Age Group			Diploma	28	9.39
UPTO 25	79	26.51	HSC/SSLC		
26-35	81	27.18	School	45	15.11
36-45	64	21.48	Incomplete	4	1.34
Above 45	74	24.83	**Total**	**298**	**100.00**
Total	**298**	**100.00**			
	Occupation		**Monthly Income**		
Student	33	11.07	Upto Rs.15,000	43	14.43
Govt. Employee	78	26.17	Rs.15,001-	59	19.80
Pvt. Employee	75	25.17	Rs.25,000	58	19.46

House wife	33	11.07	Rs.25,001-	62	20.81
Business man	39	13.09	Rs.35,000	76	25.50
Professional	40	13.42	Rs.35,001-	**298**	**100.00**
Total	**298**	**100.00**	Rs.45,000		
			Above Rs.45,000		
	Type of Family		**Total**	**Marital Status**	
Joint family	39	13.09	Unmarried		101
				33.89	
Nuclear family	114	38.25	Married	197	66.11
Total	184	61.75	**Total**	**298**	**100.00**

Source: Primary data

In Demographical analysis, the Gender wise classification, both Male and Female respondents are near to equal, i.e., 55.7% and 44.3% respectively. In Age group also maintain equal importance, i.e., Upto 25 years are 26.51%, 26-35 years are 27.18%, 21.48% are 36-45 years and 24.83% are Above 45 years. In educational qualification, Under Graduate (32.51%) and Post graduate (30.54%) are more comparatively other levels. In Occupational classification, Government Employees (26.71%) and Private Employees (25.17%) are more compared with others category. In the Income-wise classification, first Above Rs.45,000 per month (25.50%) followed by Rs.35,001 to Rs.45,000 (20.81) category. In Marital status point of view, Married category (66.11%) is high compare with Un-married (33.89%) respondents. In the family system, 61.75 % are Nuclear family and the balance 38.25% is under Joint-family system (Table 4.1).

Factor Analysis of Research Variables

Statistics for Construct Validity – Confirmatory factor analysis							
Customer Relationship Marketing variables	**Factors extracted with eigenvalue greater than One**	**Eigen Value**	**% of Variance Explained**	**KMO Statistic**	**Bartlett's Test of Sphericity**		
					Approx. Chi-Square	**Df**	**Sig. (p-Value)**
1.Trust	Single factor	5.755	82.210	0.933	2.452E3	21	0.000*
2. Employees	Single factor	4.395	87.898	0.893	1.952E3	10	0.000*
3. Communication	Single factor	4.117	82.345	0.882	1.602E3	10	0.000*
4. Security	Single factor	3.463	86.564	0.862	1.212E3	6	0.000*
5. Customer focus	Single factor	4.309	86.187	0.911	1.702E3	10	0.000*
6. Service level	Single factor	5.105	85.078	0.917	2.338E3	15	0.000*
7.Customer's word of mouth	Single factor	4.295	85.901	0.901	1.747E3	10	0.000*
Significance at 1% level * ($p<0.001$); df : degrees of freedom							

(Extraction Method: Principal Component Analysis, a. One Factor Extracted) (**Note:**KMO: Kaiser-Meyer-Olkin Measure of Sampling Adequacy)

According to the results in Table 4.2, the construct validity for all research constructs can be well justified. Each set of concept variables provides only one factor with eigen value greater than one. This justifies that each set of variables mainly belongs to one latent factor. The range between 82% - 88% of the variance is covered from this extract single factor for all the constructs. The KMO statistics, which are greater than 0.5, indicate the sampling adequacy under each construct, while the test statistics in Bartlett's Test of Sphericity provide enough evidence at 1% significant level that the correlation matrix of concept variables in each construct is not identical. Therefore, the factor analysis is appropriate for the data for the justification of the single component extraction.

Multiple Regression Analysis – Impact of CRMS And the Influence of Customer Loyalty

The multiple regression was performed to test the third hypothesis (H_1).The third hypothesis (H_1) of this study was framed to explore the CRMS of Trust, Employees, Communication, Security, Customer focus, Service level, Customer's word of mouth on the achievement of increasing Customer loyalty in Banking sector.

Impact of Customer loyalty = Constant + B_1Trust + B_2Employees + B_3 Communication + B_4 Security + B_5 Customer focus + B_6 Service level + B_7 Customer's word of mouth ε (4.1)

To investigate the hypothesis, entering all variables in a single block, we found that the proposed model explains a significant percentage of variance in the influence of Customer loyalty.

Table 4.3.1 Multiple regression results for the Impact of CRMS and the influence of customer loyalty

Summary of Multiple Regression					
Model	Multiple R	R^2	Adjusted R^2	Std. Error of the Estimate	Durbin-Watson
1	0.975^a	0.952	0.950	0.296	1.923
Note: a Predictors: (Constant), Customer's word of mouth, Security, Customer Focus, Trust, Service level, Employees, Communication b Dependent Variable: Customer Loyalty					

Table 4.3.1 clear that the R value (0.975^a) is a positive relationship on Customer Loyalty adopted by seven CRMS by the Banks. R square denotes that 95% of the observed variability in the influence of Customer loyalty is explained by the seven independent variables (R^2 =0.952 Adjusted R^2 = 0.950). The Durbin-Watson statistic for this model is 1.923. The desired value is in the range 1.5 to 2.5.

Table 4.3.2 ANOVA results on the impact of Customer Loyalty[b] towards overall CRMS

Summary of ANOVA[b]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	498.027	7	71.147	**813.299**	**0.000[a]**
	Residual	25.369	290	0.087		
	Total	523.396	297			
Note: a Predictors: (Constant), Customer's word of mouth, Security, Customer Focus, Trust, Service level, Employees, Communication b Dependent Variable: Customer Loyalty						

To test the equivalent null hypothesis that there is no linear relationship in the population between the dependent variable (Customer Loyalty) and the independent variables (Trust, Employees, Communication, Security, Customer focus, Service level, Customer's word of mouth), the ANOVA in Table 4.3.2 is used.

Results from Table 4.3.2 shows that the ratio of the two mean squares (F) was 813.299 (F-value = 813.299, P < 0.001). Since, the observed significance level was less than 0.001, the seven variables influence Banks attitudes toward implementing the Customer Relationship Marketing strategies.

From the significant value it is found that enough evidence to conclude that the slope of the population regression line is not zero and hence that these attributes are found to be useful to study the difference on perception in respect to CRMS influence the Customer Loyalty of the Banks.

To test the null hypothesis that the population partial regression coefficient for a variable is 0, t-statistic and its observed significance level were used. The results are shown in Table 4.3.3.

Table 4.3.3 Represents coefficients on overall CRMS towards customer loyalty

Customer Relationship Marketing Strategies	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	Beta (β)	Std. Error	Beta (β)		
(Constant)	-0.492	0.061		-8.086	**0.000***
1. Trust	0.182	0.023	0.187	7.827	**0.000***
2. Employees	0.253	0.026	0.252	9.822	**0.000***
3.Communication	0.153	0.028	0.138	5.479	**0.000***
4. Security	0.173	0.030	0.165	5.818	**0.000***
5. Customer focus	0.102	0.022	0.096	4.706	**0.000***
6. Service level	0.181	0.025	0.184	7.123	**0.000***
7. Customer's word of mouth	0.093	0.027	0.085	3.508	**0.001***
a Dependent Variable: Customer Loyalty * Reject at 1% (P < 0.001)					

Results from Table 3.3.3 indicate that we can safely reject the null hypotheses (H_o) that the coefficients for Trust (β = 0.182, t = 7.827, p <0.001), Employees (β = 0.253, t = 9.822, p < 0.001), Communication (β = 0.153, t = 5.479, p < 0.001), Security (β = 0.173, t = 5.818, p < 0.001), Customer focus (β = 0.102, t = 4.706, p < 0.001), Service level (β = 0.181, t = 7.123, p < 0.001) and Customer's word of mouth ($\beta = 0.093$, $t = 3.508$, $p < 0.001$) are 0. The estimated regressions equation is

Customer Loyalty = - 0.492 + 0.182 (Trust) + 0.253 (Employees) + 0.153 (Communication) + 0.173 (Security) + 0.102 (Customer Focus) + 0.181 (Service level) + 0.093 (Customer's word of mouth)

All the CRMS β weights show that, a strong significant positive influence on Customer loyalty. These results support the second hypothesis (H_1).

According to the Tables 4.3.1 to 4.3.3 results denote that positive sign of β values shows that there is a significant positive relationship between CRMS and Customer Loyalty in Banks.

Discriminant Analysis – CRMS between Public Sector vs. Private Sector Banks

Group Statistics

The two groups (Public/Private) are to be compared on the basis of eight groups of customer relationship factors of the Banking sectors. The mean scores, along with the standard deviations of the seven groups of the customer relationship factors.

Table 4.4.1 Mean and standard deviation of CRMS factors in Public and Private sector Banks

Mean and Standard deviation in Public/Private Banks			
Banks	**Customer Relationship Factors**	**Mean**	**Std. Dev.**
Public Sector	Trust Factor	2.62	1.177
	Employee Factor	2.75	1.179
	Service Factor	2.81	1.049
	Security factor	2.74	1.098
	Communication factor	2.87	1.135
	Customer Focus	2.52	1.044
	Word of mouth	2.85	1.038
Private Sector	Trust Factor	4.60	0.613
	Employee Factor	4.64	0.560
	Service Factor	4.38	0.740
	Security factor	4.59	0.545
	Communication factor	4.30	0.875
	Customer Focus	4.50	0.794
	Word of mouth	4.52	0.664

As per mean value, the Public sector banks mean value is less than the Private sector banks in all the factors. The standard deviation is also low in Private Banks comparatively Public sector Banks.

Table 4.4.2 Tests of equality

Tests of equality of group means			
CR FACTORS	**Wilks' Lambda**	**F Value**	**Sig.**
Trust Factor	0.472	331.712	0.000**
Employee Factor	0.488	310.936	0.000**
Service Factor	0.572	221.283	0.000**
Security factor	0.467	337.856	0.000**
Communication factor	0.666	148.245	0.000**
Customer Focus	0.466	339.708	0.000**
Word of mouth	0.519	274.128	0.000**
**1 % level of significant			

As per the one-way ANOVA a significant difference exists between Public and Private Banks. The significant difference in the mean exists for all the factors p value is less than 0.01 (the p value is 0.000).

Table 4.4.3 Eigen values and canonical correlation

Summary of Eigen values				
Function	**Eigen Value**	**Percentage of variance**	**Cumulative Percentage**	**Canonical Correlation**
1	1.822[a]	100.0	100.0	0.803
a. First 1 canonical discriminant functions were used in the analysis.				

A higher eigen value is always desirable in discriminant function, as per the analysis the eigen value is 1.822[a]. The simple correlation coefficient between the discriminant score and their corresponding group (Public/Private) is 0.803. The square of the canonical correlation is $(0.803)^2 = 0.6448$, which means 64.50% of the variance in the discriminating model between Public and Private Banks is due to the changes in the seven predictor variables.

Table 4.4.4 Significance of discriminant function model

Significance of discriminant function model				
Test of function(s)	**Wilks' Lambda**	**Chi-square**	**Df**	**Sig.**

1	0.354	303.415	7	**0.000***
*1% level significance				

The statistical test of significance for Wilks' lambda is carried out with the chi-squared transformed statistic is 303.415 with 7 degrees of freedom (Number of factors groups) and p value of 0.000. The p value is less than 0.01, it is inferred that the discriminant function is significant and can be used for further interpretation of the results.

Table 4.4.5 Standardized Canonical discriminant function co-efficients and structure matrix

CR FACTORS	Standardized canonical DFC	Structure matrix
Security factor	0.270	0.794
Trust Factor	0.318	0.792
Service Factor	0.013	0.784
Employee Factor	0.243	0.759
Word of mouth	0.121	0.713
Communication	0.052	0.641
Customer Focus	0.359	0.524
Pooled within-groups correlations between discriminating variables and standardized canonical discriminant functions, Variables ordered by absolute size of correlation within function.		

Table 4.4.6 Classification function coefficients

	Public/Private Banks	
	Public	**Private**
Trust Factor	0.629	1.541
Employee Factor	0.887	1.594
Service Factor	1.330	1.369
Security factor	0.684	1.521
Communication	0.511	0.648
Customer Focus	0.135	1.178
Word of mouth	1.547	1.920
(Constant)	-8.849	-22.507
Fisher's linear discriminant functions		

In Public banks,

$$\mathbf{Y = -8.849 + 0.629\,X_1 + 0.887\,X_2 + 1.330\,X_3 + 0.684X_4 + 0.511X_5 + 0.135\,X_6 + 1.547\,X_7}$$

In Private banks,

$$\mathbf{Y = -22.507 + 1.541\,X_1 + 1.594\,X_2 + 1.369\,X_3 + 1.521\,X_4 + 0.648\,X_5 + 1.178\,X_6 + 1.920\,X_7}$$

(Y is Discriminant Score, X_1 – Trust Factor, X_2 – Employees Factor,

X_3 – Service Factor, X_4 – Security Factor, X_5– Communication

Factor, X_6 – Customer focus factor, X_7 – Word of mouth factor)

From the above classification function coefficients (Fisher's linear discriminant functions) all Private sector factor variables scored high comparatively Public sector Banks.

Table 4.4.7 Classification results[c]

Classification results[c]					
		Public/ Private	**Predicted Group Membership**		**Total**
			Public	**Private**	
Original	Count (%)	Public	126 (84.6)	23 (15.4)	149 (100)
		Private	5 (3.4)	144 (96.6)	149 (100)
Cross-validated (a)	Count (%)	Public	124 (83.2)	25 (16.8)	149 (100)
		Private	5 (3.4)	144 (96.6)	149 (100)
Cross validation is done only for those cases in the analysis. In cross validation, each case is classified by the functions derived from all cases other than that case.					

$$\text{Hit ratio} = \frac{\text{No. of corrected predictions}}{\text{Total number of cases}} = \frac{126 + 144}{298} = 90.60\%$$

As per analysis, **90.60%** of original grouped cases correctly classified.

In Banking, the Public sector Banks mean value is less than the Private sector banks in all the factors. Higher the eigenvalue (i.e., > 1) is desirable in discriminant function, the eigen value is 1.822[a]. From canonical correlation, 64.50% of the variance in the discriminating model between Public and Private is due to the changes in the eight predictor variables. The one-way ANOVA a significant difference in the mean exists for all the factor variables p value is less than 0.01 (the p value is 0.00) exists between Public and Private Banks. All the Private sector CRMS factors Co-efficient values are higher than the Public sector Banks. As per Classification Function Coefficients (Fisher's linear discriminant functions) all Private sector factor variables scored high comparatively Public sector banks. From the analysis, the

Private sector Banks continuously identify the Customer attitude and to frame CRMS compare with Public sector Banks (Tables 4.4.1 to 4.4.7).

CONCLUSION

Discussions About Study

Having described the survey results, this section attempts to present a broad evaluation of the current status of CRMS amongst Hyderabad based Banks.

These results of the study are consistent with the findings from previous research done by Brown (2000). The survey findings, however, show that the importance of certain attributes is shared by many. According to him, Customer Relationship acquiring new customers, retaining the existence customers, and at the same time understands, anticipates and manages the needs of an organisation's current and potential customers. Furthermore, Mylonakis (2009) described Customer Relationship as an innovative process to create a long term relationship and gaining trust.

The findings of this study also support and confirm in Service Level and Customer's Word of Mouth factor by Phuong and Har (2000) one of the bank selection decisions in Singapore convenient location and overall quality of service. They are followed by the availability of self bank facilities, charges on service provided by banks, long operating hours, availability of students privileges and recommendations by friends and parents specifically. The respondents considered overall quality of service more than twice as important as recommendations by parents/friends. Quality guarantees are supposed to convince the potential customer (Moorthy and Srinivasan 1995). In addition, recommendation by other customers, such as using WOM communication achieves the same effect (Haywood 1989).

To sum up, the Banks in Hyderabad are driven to adopt the Customer Relationship Marketing Strategy to gains loyal customers. Previous studies assist us to interpret the findings of this research and to identify areas for future study. Most of the findings in this study were in tune with the previous research studies conducted across the world.

Managerial Implications

One of the main objectives of this study was to provide some guidelines that might be of importance to promote CRMS in Banks located in Hyderabad city. Based on the results of this study, the following managerial implications are drawn.

1) In financial market CRMS are highly correlated with Customer's Loyalty in Hyderabad city. So, the Public and Private sector Banks are continuously updated their Customer Profile, framing good CRMS and increasing their Customer Loyalty.

2) Both Public and Private sector financial institutions are framing strategies in maintaining Customer Relationship but the Private Sector Banks are continuously identify the Customers needs in services, compare with Public sector Banks the services what they offered, especially in Customer Focus, customized and flexible services, Customer care, solving customer complaints quickly, and in Communication, continuously informed new services, timely, trust worthy information and reachable advertisements to Customer's mind. So, the Public sector Banks needs more concentration and updating through different CRMS techniques.

CRMS has emerged as a result of many financial sector drivers. Firstly, the changes in the driving forces for Relationship Marketing strategy, from an initial push to improve current business processes to achieve Customer's Life time value and long-term relationship with customers. The Financial sectors have come to be driven by a desire for greater customer service in later implementation of CRMS which lead to the Customer Loyalty. Secondly, competitors' use of the CRMS techniques and response to customers also has a strong effect on the adoption of the most advanced Customer Relationship techniques for framing their Marketing Strategies. Thirdly, as a result of its growing ability to bring new opportunities and to facilitate the development of the new business forms and structures needed to meet the continuously emerging changes in business imperatives, the CRMS importance increases as it becomes involved in each task in today's Competitive Market. Finally, IT developments are also forcing financial companies to be up-to-date in their use of advanced technologies regarding delivery of speedy and high quality information, as well as facilitating greater degrees of communication.

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