Effect of Customer Relation Management on Performance of Deposit Money Banks in Umuahia, Abia State. (A Study of First Bank Plc. and Guarantee Trust Bank (Gtb) Plc, Umuahia, Abia State, Nigeria.

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Abstract: *The study investigated the impact of Customer Relationship Management (CRM) on performance of deposit money banks in Abia State. The study adopted a random sampling technique which made it possible for all the workers to have equal opportunity to being selected as the representative sample based on the total population of the two hundred and ten (210), a normal confidence level of 95% and error tolerance of 5% was used. ANOVA showed a large F-statistics of 509.23 coupled with a significant value of less than 0.005 which indicated that there was a 95% confidence interval that the difference was accepted. The regression gave the value 0.564. The value using 2-tailed analysis was flagged as being significant with a 0.001 sig. value. Equally implied that there was a more than 95% confidence interval. More so, Since the p-value 0.154 was greater than 0.059 that was (real 0.154 > rtab 0,059). Therefore, the researcher found that there was relationship between CRM practice and customer satisfaction of First bank and GT Bank Plc. in Abia state. Also that there was an influence of CRM practice on profitability in First Bank and GT Bank Plc. in Abia state. Finally that there was an influence of CRM practice on the market share of First bank and GT bank plc in Abia state.*

Keywords: Customer Relationship Management (CRM), Bank Growth, Profitability, Market Share and Customer's Satisfaction.

1. INTRODUCTION

Background of the Study

General speaking, all businesses and particularly financial institutions have been affected to some degree in what is happening in the global market place, not only the organizations aim to satisfy the customers but they attempt to do this more efficiently and effectively than their rivals in the competitive market place in order to attain their goals, (Zakaria 2014). Banking industry is facing an ever increasing level of competition around the world as the dynamics of the business change, technology, complexity, innovation and globalization forever change the face of banking in Nigeria, (Joyner 2002).

Customers has graduated from being the "king" to being the "business" which if ignored is at the bank peril, (Oladele 2009). Customers are the only reason facilities are built, employees are hired, meetings are scheduled, business activities are engaged and without customers there is no business because the purpose of a business is to create customers and banks have understood the need to capitalize on gaining advantage in the competition by exploiting their customer base, brand value and costly infrastructure investments in order to increase profits, as there is a direct link between the customer relationships management and bank growth, (Peppers and Rogers 1995).

Over the years, the Nigeria banking industry has been largely product oriented. Most customers were made to have the impression that they were privileged to enjoy the services of a bank. Until recently, customer care was grossly neglected in our banks. However, upon the deregulation of the sector in 2004 coupled with the wave of globalization. Bank customers in Nigeria now demand services value for their money.

The 1990's witnessed advances in CRM practice in Nigeria banks, which goes beyond gathering customer information to include improvements in customer services, maintaining viable long term customer relationships with a view to courting customer's loyalty and minimizing customer lifetime value. It is a business strategy to identify a firm's most profitable customers and prospects in order to develop and expand relationship with those customers through individualized marketing, (Onut, Erdem and Hosver, 2007).

Hence, today, due to the competitive pressure and full deregulation of the financial sector in the Nigerian economy, there exist a vast array of goods and services, prices or suppliers, such that the customer is not in any way limited by the number of available options to choose from. Thus, any form of negligence of the customers by any banking institution in a competitive economy like Nigeria will yield a disastrous end for such organization. As businesses enter the 12st century, customer services has become a fundamental factor for business success and profitability.

It is important also to note that designing and managing effective customer relationship is not only limited to "caring for the customers" it includes "care for the employees" as

well (Eastern 2009). Good "customer care" comes only by providing for good "staff care". For Nigerian banks this will make it possible for every individual within an organization to make significant impact, not only on the customer experience, but also on the organizational service reputation in the market place.

Given the competitive dynamics in the Nigerian banking sector, and the shift towards Customer Relationship Management (CRM), this study intends to examine how commercial banks in Abia state have applied themselves to the concepts and practice of Customer Relationship Management (CRM) in their operative for improved customer services delivery and bank growth.

Statement of Problem

Recently, the Nigerian banking sector had operated like a "monopoly". The bottom-line figure was on profit maximization while customer satisfaction was secondary. Thus banks saw their existence and services as a privilege to their customers, (Anuforo *et al* 2015). Most Nigerian banks traditionally laid more emphasis on attracting and prospecting for new customers rather than striving to retain old ones as well as charging their customers unnecessarily, (NTA, 2016).

However, it has become clear that the deregulation of the sector in 2004 and the attendant competitive pressure have shifted the emphasis towards customer loyalty and retention. The industry is therefore, in urgent need to reposition itself towards the customer oriented doctrine in order to achieve positive growth. Consequently Nigerian banks are now re-strategizing to meet current customers expectations and possible exceed such expectation through robust Customer Relationship management (CRM) policies and programmes to remain in business, brain (2011). Raza and Hanif (2013) and Ali and Raza (2015) had emphasized that the marketing concept teaches us that "to succeed in any business the customer must be the centre piece of organizational activities.

Today's customers are becoming harder to please, smarter, more price conscious, more demanding, less forgiving and are being approached by many competitors with equal or even better offers at cheaper prices. The challenge therefore, is not to provide satisfied customers, but to produce delighted and loyal customers (Kotler and Armstrong, 2010).in the face of all these challenges how will First Bank and GT bank record a positive growth?. Hence, the motivation to study the application of CRM by commercial banks in Abia state for improved customer satisfaction, enhanced profitability and consequent bank growth.

Objectives of the study

The broad objective of this study is to examine the impact of Customer Relationship Management (CRM) on performance of deposit money banks in Abia State while the specific objectives are to;

i. Examine the relationship between CRM practice and customer satisfaction of First bank and GT Bank Plc. in Abia state
ii. Determine the influence of CRM practice on profitability in First Bank and GT Bank Plc. in Abia state.
iii. Ascertain the influence of CRM practice on the market share of First bank and GT bank plc. in Abia State.
iv. Access the impact of customer relationship management on productivity of deposit money banks.

Research Questions

In carrying out this study, the following questions were formulated:

i. What is the relationship between CRM practice and customer satisfaction in First Bank and GT Bank Plc in Abia State?
ii. To what extent does CRM practice influence profitability in First bank and GT Bank Plc in Abia State?
iii. To what extent does CRM approach influence the market share of First Bank and GT Bank Plc in Abia State?
iv. What is the relationship between customer relationship management on productivity of deposit money banks?

Research Hypothesis

The following hypotheses were formulated in the null form which were tested;

$H0_1$: There is no significant relationship between CRM practice and satisfaction in First
Bank and GT Bank Plc in Abia State.

$H0_2$: There is no significant relationship between CRM practice and profitability in First
Bank and GT Bank Plc. in Abia State.

$H0_3$: There is no significant relationship between CRM practice and market share in First
Bank and GT Bank Plc in Abia State.

$H0_4$: There is no significant relationship between customer relationship management on productivity of deposit money banks.

2. REVIEW OF RELATED LITERATURE

Conceptual Framework

The main focus of Customer Relationship Management (CRM) is the formulation of relationship with customers with the intention of improving customer satisfaction and maximizing profit. Customer Relationship Management is comprised of three (3) parts, customer, relationship and management (Al-Badawi and Enayat Tabar, 2006). Concept of customer is the ultimate consumer who has a supporting role in valuable relationships. Concept of relationship is to build loyal and profitable customer relationship through the learning relationship. Management is creating and guiding of

a customer-oriented business process and placing the customer at the centre of procedures and experience of the organization. Experts and theorists have different definition for customer relationship management, the views are as follows;

Kotler and Armstrong (2004) specifies CRM as a special software programmes and analytical techniques that serve for integration and utilization of vast amount of data about individual customers stored in database.

Mojtaba (2009) professed that CRM is a strategy for companies to build and manage long-term relationships with their customers.

Oghojafor *et al.,* (2011) conceptualized CRM as a process companies utilize to understand and react to customers evolving desires, utilizing detailed customer acquisition, loyalty, satisfaction and profitability.

Turban *et al*., (2003) deposited that CRM is a part of the organization for identifying and keeping customers satisfied and converting them to repeat customer. In addition, it helps the company in order to maximize the value every customer.

Burnett (2001) asserts that CRM is a set of methodologies, processes, software and systems that helps institutions and companies tin creating effective and organized customer relationship.

Feinberg and Romano (2003) portrayed CRM as a comprehensive business and marketing strategy that integrates process technology and all business activities around the customer.

Byun (2001) expound CRM as an abbreviation for Customer Relationship Management, not customer relationship market. Management is a broader concept than marketing because it covers strategic management, human resources management, marketing management, since management, knowledge management, sales management and research and development management. Therefore CRM requires organizational and business level approaches, which are customer centric to doing business rather than a simple marketing strategy.

Faed (2010) asserts that CRM amplifiers the relationships of customers and competitors in a firm to increase the share of the organization in market place by integration technology, procedures and people. The aim of CRM is to maintain the customers and increase their satisfaction, loyalty and organization profit.

Ramaseshan (2006) defined CRM from the employment point of view as a process of achieving a continuous dialogue with each customer or their own, using all the available means to know the quantitative expected response of that customer as a result of practicing marketing activities to the degree that maximize the general profitability of the organization.

Mickenziel (2001) is of the opinion that CRM is a combination of strategy and information system that focus attention on customers in order to serve them better.

Customers affect a bank's success, therefore the winners will be institutions that succeed in managing their relationship with customers in an effective manner and quick time (Mylonakis, 2009).

Theoretical Framework on Customer Relationship Management

In the words of Kotler and Armstrong (2010), the first step every firm should take towards its corporate goal attainment is to ask the following questions; who is the customer? Where is he? What does he buy? How can he be reached? How can his loyalty be assured and sustained?. Obviously the answers can be when a firm adopts the strategy of staying close to its customer through robust customer relationship. Emphasizing the importance of customers Alis Karakart and Melli (2002) stated the focus of all the activities in the marketing function is the customer. Thus the sayings "customer is king and that customer is always right are borne act of his philosophy.

There are theories underlying the concept of Customer Relationship Management:

    i.   Marshalian theory of customer behaviour
    ii.   Pablo Barros theory of customer behaviour

Marshalian demand function named after Alfred Marshall specified what the consumer would buy in each price and income or wealth situation, it emphasis is on consumer motivated by the economic usefulness of the goods and services, it sees the consumer as an economic man who is conscious of economic calculations and consequences of his behaviour and decision. In line with the concept of CRM, Peppers and Rogers (1999) posited that the following steps should be taken in customers relationship management;

    i.   Identify your customers in as much detail as position, including demographics, psychographics, habits and preferences.
    ii.   Differentiate among them (i.e. mostand least profitable).
    iii.   Interact with your customer (make this interaction cost effective through customization).
    iv.   Customize your offerings to fit eachcustomers need through mass customization or individual tailoring.

Pablo Barros model of customer behaviour is of the view that buying is a learning process and learning process itself is association process. He went further to say that buying of today is as a result of experience of yesterday and the society is undergoing a process of unprecedented change. This underlines the concept of CRM as its believed that today's customers are smarter, more price conscious, more demanding of great service and are being approached by many competitors with smarter innovations, equal or even better offer at cheaper prices. Therefore, banks in order to retain their customer should focus on what their customers are asking from them and not the demand of the banks.

Empirical Review

Several studies have been carried out on Customer Relationship Management and they includes;

Rasheed Saeed *et al*, (2013) conducted a study fitted impact of Customer Relationship management on customer satisfaction revealed that stronger relationship with customers have a great impact in order to satisfy their customers. The study adopted survey research design with a population of 10 deposit money banks. The study shows a positive and significant relationship between Customer Relationship Management and customer satisfaction.

Yau KokWei Khong (2011) conducted a study on the topic effectiveness of Customer Relationship Management on customer satisfaction in commercial banks of Taiwan indicates that the implementation of CRM is positively associated with customer satisfaction and customer knowledge for a variety of different reasons helps forms customize their offerings to suit the individual tastes of their customers, enhances the perceived quality of product and services which directly affects customer satisfaction.

Reinchheld and Sasser (1990) work estimated that the retention of an additional 5% of customers can increase profit by nearly 100%. Maintenance of the customer relationship is therefore cost-effective marketing and has become a key aspect of most firm's business strategy promotion extensive deployment of Customer Relationship Management systems.

Khaugh *et al*., (2012) investigated the impacts of CRM on customer loyalty and retention in the telecom industry in Iran and findings shows that commitment and vision of the management system is highly required for a successful CRM implementation.

According to research by Bhattachanya (2011) CRM is implemented in an organization to reduce cost and increase company performance which means profitability result through customer loyalty. The findings showed that the customer perception and treatment given to each customer individually assist in solving many customer's problems. Thus, customer satisfaction and loyalty would be achieved through a successful CRM implementation.

Faed (2010) Customer Relationship Management amplified relationships of customers and competitors in a firm to increase the share of the organization in market place by integrating technology, procedures and people.

Morris (1999) satisfied and loyal customers tend to spend more money and purchase repeatedly are less price sensitive, have higher intensions to refer others and are more economical to maintain.

Rahman (2005) loyal customers are vital to the survival and success of many service industries, especially in the hospitality, insurance and financial sector. Also a slight change in the percentage of loyal customers is said to bring about a huge change in profits and also the overall value of the company.

In the work of Coulter (2002) the effect of positive employees behaviours could be increasing speed of response to customers and ensure employees are friendly and respectful to customers which enhance customer satisfaction towards the service provided.

Banks are realizing that CRM is the backbone that helps financial institutions to build stronger and more profitable relationships. Hence, banks should focus on delivering to customers by having a concise and precise ways of doing things through effective CRM solutions.

3. METHODOLOGY

Research Design
This research adopted the survey research design which suits the research due its descriptive nature. Thus, the research instrument used to carry out these study is the questionnaire method. Extensive use was made of the questionnaire as a basic tool. More so, multiple choice questions were used in designing the questionnaire in an attempt to exhaust all the possible responses which is relevant to the work.

Sources of data collection
Both primary and secondary source of data were utilized in gathering the information relevant for this work.
Primary data: Primary data Primary data consist the use of questionnaire and oral interview. The researcher decided to employ these technique due to its importance to the research.
Secondary data: Secondary data were also adopted in this research work especially in its reference in order to back up the theoretical work. Some of the secondary sources utilized includes textbooks, lecture material, seminar paper and related articles in academic journals and from the internet.

Population of the Study
A population is made up of all conceivable elements or observations relating to a particular phenomenon of interest of the research subject or element. The population of this study comprised the staff of the two selected financial institution (First Bank and GT Bank Plc in Abia state), totaling 158 staff (Annual Year book, 2017).

Sample Size Determination
For the purpose of this study, the researcher determined the sample size using Taro Yamane formula:

$$n = \frac{N}{1 + N(e)^2}$$

Where n = sample size
N = population
e = level of significant error at 0.05
Substituting:

$$n = \frac{158}{1 + 158\,(0.05)^2}$$

$$\frac{158}{1.395}$$

n= 113

Therefore, the sample size for this study is 113 staff. The study also made use of simple random sampling because it is distinguished by the fact that each population element has not only a known but equal chance of being selected.

Sampling Technique
This research study adopted a random sampling technique which made it possible for all the workers to have equal opportunity to being selected as the representative sample based on the total population of the two hundred and ten, a normal confidence level of 95% and error tolerance of 5% was used.

Description of the Instrument
The instrument for collection of data for this research study is questionnaire, as this is used to obtain the necessary data from the respondents. And also from the annual financial First Bank and GT Bank Plc in Abia state, through their website. The extent of existence for all variables in the research area was measured on a five-point Likert scale ranging from strongly disagree to Strongly Agree, ranging from 1 -5. Where Strongly Disagree (SD) =1; Disagree (D) =2; Neutral (N) = 3, Agree (A) =4 and-Strongly Agree (SA) = 5.

Method of data Analyses
Data for the study were analyzed using frequency distribution table, and percentages will be used to analyze the data from the questionnaire, while simple regression and correlation with the use of SPSS were used to analyze the hypotheses.

Distribution of questionnaire and response rate

Total copies of questionnaire	Respondents	Percentage (%)
Number returned	102	90.0
Number not returned	11	10.0
Total	113	100

Source: Field survey, 2018

From table 4.1, out of 113 questionnaires issued to the respondents 102 representing 90.0% were completely filled and returned while 11 questionnaires representing 10.0% were not returned. This implies that good number of the questionnaire was attended to by the respondents.

Result and Discussion
Table 3.10.1

	Mean of squares	Df	Mean Square	F	Sig.
Between Groups Within Groups Total	14.692 1.875 16.567	9 71 80	14.692 .029	509.328	.000

Source: Field Survey, 2018

Table 3.10.2 Model Summary

model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.878[a]	.772	.754	.25144

a .Predictors: (Constant), technology

Data Presentation and Discussion of Findings

Table 3.10.3 Coefficients [a]

	Unstandardized Coeffcients		Standardized Coefficients		
Model	B	Std. Error	Beta	T	Sig.
1. (Constant)	-.137	.718		-.191	.852
Technology	.534	.081	.878	6.629	.000

a. Dependent variable: bank customer relationship

Table 3.10.3 Correlations

	Market share	CSM
Services received by Persons from the banks Correlation Sig. (2-tailed) N	1 80	.564** .001 80
Satisfaction Persons Correlation Sig. (2-tailed) N	.564** .001 80	1 80

Correlation is significant at the 0.01 level (2-tailed).

From table 3.10.1 the ANOVA table shown, it can be seen that there is a significant relationship between CRM practice and satisfaction in First Bank and GT Bank Plc in Abia state. This is shown by the large F-statistics of 509.23 coupled with a significant value of less than 0.005. This implies that there is a 95% confidence interval that the difference is to be accepted. From the foregoing the alternative hypothesis is accepted that there is a significant relationship between CRM practice and satisfaction in First Bank and GT Bank Plc in Abia state.

Furthermore, from table 3.10.2 and 3.10.3, the above regression table it can be observed that the relationship between CRM practice and profitability in First Bank and GT Bank Plc. in Abia state, the value is given as 0.564. This value using 2-tailed analysis is flagged as being significant with a 0.001 sig. value. This implies that there is a more than 95% confidence interval and for this reason the hypothesis will be rejected and it will be accepted that there is a significant relationship between CRM practice and profitability in First Bank and GT Bank Plc. in Abia state.

More so, Since the p-value 0.154 is greater than 0.059 that is (real 0.154 > rtab 0,059), the researcher reject Ho and accept the alternative hypothesis thereby concluded that There is no significant relationship between CRM practice and market share in First Bank and GT Bank Pic in Abia state. This means that there is positive significant relationship between CRM practice and market share. This result is in support of Okafor (2015) who opines that the value of stock or shares of a financial institution increases proportionate with the increase of the shareholders which is attributable to customer.

Findings

Based on the topic which dwells on the Impact of Customer Relationship Management (CRM) on performance of money deposit banks in Umuahia Abia State with special focus made on First bank and GT bank. The following findings were made from our analysis:

i. That there relationship between CRM practice and customer satisfaction of First bank and GT Bank Plc. in Abia state

ii. That there is an influence of CRM practice on profitability in First Bank and GTBank Plc. in Abia state.

iii. That there is an influence of CRM practice on the market share of First bank and GT bank plc in Abia state.

4. CONCLUSION

In conclusion customer relationship should not be taken lightly but should be given higher attention as this is a way to improve the loyalty of a bank's customer and to bring in new ones.

It is equally concluded that there relationship between CRM practice and customer satisfaction of First bank and GT Bank Plc. in Abia state. That there is an influence of CRM practice on profitability in First Bank and GT Bank Plc. in Abia state. That there is an influence of CRM practice on the market share of First bank and GT bank plc in Abia state.

Furthermore, it is also seen that the benefit of customer relationship management is that it reduces organizational cost in form of (advertisement and promotions) as a result of records of transaction history of the customer, which has been kept in the organization's database. It should be noted that much emphasis should be placed on treating customers like king, because customers today are exposed to so much choices, such that customers who are not satisfied are more likely to switch to other telecommunications companies.

5. RECOMMENDATIONS

Based on the findings of the study, the researcher recommends the follow:

1. Banks should try as much as possible to bring in new ideas and seek the consent of their customers so as to make them participate in giving them a complete service leading to satisfaction.

2. In the formal teaching given by the banks to the workers, they should not be taught to be rigid in handling the' consumers as if the consumers are robots but rather they should try to be flexible.

3. The customer services section of the bank should be equipped with more personnel to make it easy for the bank to attend to the needs of all their clients in a speedy time.

4. Other factors that must have led to the satisfaction enjoyed by the consumers such as friendliness, good, advertising to create positive image in the minds of the consumers and publicity should continue to be done, this will have the effect of keeping their customers loyal even when there exists complains on the part of the consumers

5. More research should be done by the marketing members of the organization on what the teaming population making up the banks wants and a team to act quickly to fulfill this need should be made available.

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