

Customer Relationship Management and Its Impact on Banking System Operations in Nigeria

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Abstract- *The advent of technology and incorporating it into business has brought about embracing software such as enterprise applications to boost business effectiveness and efficiency. Customer Relationship Management involves interacting with customer and focusing on customer so as to build, retain and maintain relationship. The level at which technology is on the increase have a significant positive impact to the banking system but is challenging when the technology is not properly implemented whereby the technology is not aligned with the business strategy. The study aimed to analyze the impact of customer relationship management in the banking system operations the case of First bank, Nigeria. Quantitative research techniques were used to analyze the impact of Customer Relationship Management in the banking system operations in which questionnaires were administered to both bank staff and its customer. The data collected were analyzed using statistical package for social sciences, analyzing using frequency, correlation, and regression analysis using linear regression. The correlation coefficient states clearly indicating that there is a positive relationship between Customer Relationship Management and customer satisfaction in the case of increased effective operations. Regression analysis states that Customer Relationship Management has 51.6 % impact on customer satisfaction and customer Relationship Management has 53.7% impact on increased effective operations.*

Keywords: *Customer Relationship, Management, Satisfaction, Banking System.*

I. INTRODUCTION

Today in banking system operations, a well-ordered Customer Relationship Management strategy will increase the bank reaching to its peak. Customer Relationship Management is a unique strategy that every organization needs to embrace in order to have a better way to interact with customers, Customer Relationship Management being an enterprise

application it's a multi task activities that organizations like banks should adopt. (Coltman T., 2007) in his study he said that for any business to be flourishing numerous section has to be considered such as "technology, technical, human and business capabilities" (Coltman T., 2007) with all the multi task put in place strategically customer Relationship Management will be significantly impactful leading to customer satisfaction and as well increase effective operations in business such as the banking system". Customer Relationship Management Strategy is seen majorly as focusing on customer (Rigby, 2004), its correlated with the realization and attainment of retaining customers and having good relationship, focusing on customers it's regarded as a competitive advantage for organizations especially the banking system (Slywotzky, 2003) because it has a significant positive impact on its effective operations (Deshpandé, 1993).

As the banking system it's a business to customer operation embracing Customer Relationship Management and putting into consideration all possible strategies on how to attract, build and retain customers it's quite challenging but much effort has to be put in place to maintain good relationship that will lead and enhance customer satisfaction and in turn yield effectiveness in its operations. In the 90s Nigerian banks begins to embrace Customer Relationship Management operation in not only acquiring a customer but also after acquiring, keep the customers through lasting relationship, improving in customer services, department and staffs, to satisfy customer, hence, Customer Relationship Management so far has being the important practice to successful means of attracting and maintaining customers and in turn increases value to the bank which is increased effective operations to the banking system (Onut S. E.,

2007) In order to meet customer's expectation and satisfy a customer, banks have to integrate analytical, operational, collaboration and e-Customer Relationship Management of which they all have their roles and it's beneficial to the banks operation for it to be successful. Customer Relationship Management is applicable to online services such as social CRM where most activities by customers are performed online using various social media, it can be complaints, online banking and also the face to face services applicable in individual marketing, visiting the customer care department desk for any related transaction.

(Laketa, 2015), in order to meet customer's expectation and satisfy customer, banks employing and integrating analytical, operational and organizational Customer Relationship Management it's beneficial to the banks operation for it to be successful adding that Banks in Europe, Asia and North America implemented it, and it was advantageous and increased effective operations to the banks. Customer satisfaction to any business as banking system it's very important (Jamal) because it determines customer loyalty (Fečiková, 2004) to the bank which increases banks operation in terms of profit and sells of its product (Hansemark, 2004) Customer satisfaction according to (Oliver, 1980) is 'cognitive' (Oliver, 1980) cognitive in terms of customers assessment of the supposed services or product, meeting the customers expectation, similarly customer's satisfaction can be seen as 'affective' (Oliver, 1980), affective whereby the customers express how they feel about the product or services, either happy, sad or disappointed (Oliver, 1980).

II. LITERATURE REVIEW

Customer Relationship Management it's a multi task business activities every organization has to embrace because of its significance and its increase in value and various strategies to be used for efficacy in operations of its day to day business activities. Customer Relationship Management in banking system operations it's of utmost importance because it's an organization that is operations its focused on customer and as such customer satisfaction its vital (Rababah, 2011) hence, this research it's of the opinion that Customer Relationship Management implementation

has impact to banking system operations in making use of the strategies and processes appropriately. In defining Customer Relationship Management several researchers have different ideas, and opinion.

(Sin, 2005), in his study said Customer Relationship Management is a complete approach and method that allows organizations to know how to get and keep customers that are profitable by establishing and safeguarding a long lasting relationship, in relations to banking operations customer Relationship Management operation in banks needs a relationship with customers that are long lasting. (Boulding, 2005), in his study says that Customer Relationship Management is in relation to strategies, customer and use of technology and data needs to be put in place for good and smooth business operations. Customer Relationship Management can be regarded as managing customers because it is a method that boosts relationship in an organization specifically in banking system operations in relation to technology as well to increase profitable lasting customer relationship. (Hsieh, 2009), in his study regarded "technology" as an effective tool for building relationship with customer furthermore, (Lun, 2008), added that technology it's a strategy to Customer Relationship Management, (Gartner, 2007), in his book pointed out that Customer Relationship Management it's a business plan that is to be customer focused, a perception given by a retail bank that Customer Relationship Management is seen as a business plan which is employed to establish relationship with customers that are cost-effective and also to managing the cost of the less profitable customer and that employing Customer Relationship Management in banking system increases the bank's effective operations in profits and customer based value.

(Buttle, 2009), in his study came up with the idea that Customer Relationship Management is described in three forms "the strategic, operational and analytical" (Buttle, 2009) Customer Relationship Management saying that strategic is seen as establishing a customer focused business values while operational as the automating customer facing as part of business and analytical Customer Relationship Management as manipulating customers data to escalate customer value and the organizations value. (Parvatiyar, 2001), idea about Customer Relationship Management is

strategy to gain and retaining customers creating value to the organization of which creating value to an organization such as bank it's of utmost impact to increased effective operations.

(Bihari, 2013.), in their study said that an effective Customer Relationship Management should first begin by focusing on establishing organizations business plan in alignment to serving the customers. (Laketa, 2015), said in other to meet customer's expectation and satisfy customers, banks have to integrate analytical, operational and organizational Customer Relationship Management of which they all have its role and it's beneficial to the banks operation for it to be successful adding that Banks in Europe, Asia and North America implemented it and it was advantageous to their banking system and increased its effectiveness in banking operations.

III. METHODOLOGY

For the purpose of this study, the researcher adopts the survey research design. Survey research design is one in which relative elements of the population with a common attribute are chosen with a view to representing the entire population. Ten commercial bank were randomly selected for this study. The employees and customers of these banks were investigated in this study. The population of the study was 100,000 respondents this include both employees and customers of the selected commercial bank. Yamane (1967) states the formula for determining the sample of the study as follow:

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

Where: n is sample size =?

N is population size = >100,000

e is acceptable sampling error = 5% at 95% confidence level

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

$$\frac{100,000}{1 + 100,000(0.05)^2}$$

$$\frac{100,000}{1 + 100,000(0.0025)}$$

$$\frac{100,000}{250.0025}$$

$$n = 399.9$$

$$n = 400$$

4.1 Data Presentation and Analysis

Table 1. Customer Relationship Management

Questions	SA %	A %	N %	D %	SD %
Customer Relationship Management sets up customer interaction	40.3 (137)	46.2 (157)	11.5 (39)	2.1 (7)	
Customer Relationship Management decreases customer dissatisfaction	13.8 (47)	52.1 (77)	14.1 (48)	15.9 (54)	4.1 (14)
Customer Relationship Management reveals the responsibility of the banking staff	33.5 (114)	36.8 (125)	20.0 (68)	7.6 (26)	2.1 (7)
Customer Relationship Management creates reliance to the Bank.	37.6 (128)	42.6 (145)	15.6 (53)	4.1 (14)	

Customer Relationship Management sustains and maintains customer relations.	40.0 (136)	46.5 (158)	11.5 (39)	2.1 (7)	
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Source: Field Survey, 2020.

Table one illustrates the percentage and frequency level of the respondent's agreement based on strongly agreed, agreed, neutral, disagree and strongly disagree regarding to questions in relation to Customer Relationship Management with 14 questions.

Question 1: Reflects that 157 of the respondents are great that CRM sets of customer interaction making it 46.2%, respondents strongly agree are 137 which makes 40.3%, the neutral respondents are 39, makes it 11.5%. The respondents that disagree are 7 with 2.1%, and no respondent strongly disagree to the question. Question 2: 77 of 52.1% of the respondents agrees that CRM decreases customer dissatisfaction, 54 of 15.9% of the respondent disagree, 48 of 14.1% of the respondents are neutral and 47 of 13.8% of the respondents strongly agrees, 14 of 4.1% of the respondent strongly disagree. Question 3: CRM reveals the responsibility of the banking staffs, 125 of 36.8% agrees 114 of 33.5% strongly agrees. 68 of 20.0% are neutral to the question, 26 of 7.6% of the respondent disagree while 7 of 2.1 percent strongly disagree. Question 4 CRM creates reliance to the bank. 145 of 42.6% agreed to the question, 128 of 37.6 percent strongly agrees to the question, 53 of 15.66% are neutral while 14 of 4.1% disagrees to the question. Question 5: CRM sustains and maintains customer relations. 158 of 46.5% agrees to the question, 136 of 40.0% strongly agrees to the question, 39 of 11.5% are neutral while 7 of 2.1% percent disagrees to the question and none of the respondent strongly disagrees to the question.

Table 2. Customer Satisfaction

Questions	SA %	A %	N %	D %	SA %
Customer Relationship Management provides prompt banking services and enhances customer satisfaction.	40.0 (136)	50.0 (170)	10.0 (34)		
Confidentiality in customer transaction increases customer satisfaction. in customer transaction increases customer satisfaction	41.8 (142)	40.3 (137)	11.8 (40)	6.2 (21)	
Sincerity in banking services leads to customer satisfaction	56.5 (192)	29.7 (101)	13.8 (47)		
Fulfilling services by bank increase customer satisfaction	40.0 (136)	48.2 (162)	11.8 (40)		

Source: Field Survey, 2020.

Table two illustrates the percentage and frequency level of the respondent's agreement based on strongly agreed, agreed, neutral, disagree and strongly disagree regarding to questions in relation to customer satisfaction with 14 questions.

Question 1: Customer Relationship Management provides prompt banking services and enhances

customer satisfaction. 170 of 50.0% of the respondents agrees to the question, 136 of 40.0% of the respondents strongly agrees to the question, 34 of 10.0% of the respondents are neutral to the question while none of the respondents disagree and strongly disagrees to the question.

Question 2: Confidentiality in customer transaction increases customer satisfaction in customer transaction increases customer satisfaction. 142 of 41.8% of the respondents strongly agrees to the question, 137 of 40.3% of the respondents agrees to the question, 40 of 11.8% of the respondents are neutral to the question, 21 of 13.8% of the respondents disagree to the question while none of the respondents strongly disagree to the question. Question 3: Sincerity in banking services leads to customer satisfaction 192 of 55.5% strongly agrees to the question, 101 of 27.7% agrees to the question, 47 of 11.8% of the respondents are neutral to the question while none of the respondents disagree and strongly disagrees to the question. Question 4: Fulfilling services by bank increase customer satisfaction. 12 of 48.2% of the respondents agrees to the question, 136 of 40.0% strongly agrees to the question, 40 of 11.8% are neutral to the question while none of the respondents disagree or strongly disagrees to the question.

Table 3. Increased Effective Operations

Questions	SA %	A %	N %	D %	SA %
Increase conducive business environment for staff and customer	37.9 (129)	54.1 (184)	7.9 (27)		
Provides service as promised	29.7 (101)	48.5 (165)	13.8 (47)	7.9 (27)	
Increases effective operations of customer care unit.	34.1 (116)	53.5 (182)	12.4 (42)		

Increase in number of bank branch locations and ATMs.	40.0 (136)	42.6 (145)	17.4 (59)		
Increase sales of banks product	23.8 (81)	49.7 (169)	22.4 (76)	4.1 (14)	

Source: Field Survey, 2020.

Table three illustrates the percentage and frequency level of the respondent's agreement based on strongly agreed, agreed, neutral, disagree and strongly disagree regarding to questions in relation to increased effective operations with 9 questions.

Question 1: Increase conducive business environment for staff and customer. 184 of 54.1% of the respondents agrees to the question, 129 of 37.9% strongly agrees to the question, 27 of 7.9% are neutral to the question while none of the respondents either disagreed or strongly disagreed to the question. Question 2: Provides service as promised. 165 of 48.5% of the respondents agrees to the question, 101 of 29.7% strongly agrees to the question, 47 of 13.8% are neutral to the question, 27 of 7.9% disagreed to the question while none of the respondents strongly disagreed to the question. Question 3: Increases effective operations of customer care unit. 182 of 53.5% of the respondents agrees to the question, 116 of 34.1% strongly agrees to the question, 42 of 12.4% are neutral to the question while none of the respondents disagreed or strongly disagreed to the question. Question 4: increase in number of bank branch locations and ATMs. 145 of 42.6% of the respondents agreed to the question, 136 of 40.0% strongly agrees to the question, 59 of 17.4% are neutral to the question while none of the respondents either disagreed or strongly disagreed to the question. Question 5: increase sales of banks product. 16 of 4.7% of the respondents agrees to the question, 81 of 23.8% strongly agrees to the question, 76 of 22.4% are neutral to the question, 14 of 4.1% disagree to the question while none of the respondents strongly disagree to the question.

4.2 Regression Analysis Result

Linear regression tests were done in order to test the hypothesis developed for this study in order to find the relationships among the dependent variable and the independent variables.

H₁: Customer Relationship Management has no impact on customer satisfaction.

H₂: Customer Relationship Management has impact on increased effective operations.

4.2.1 First Hypothesis

H₀: Customer Relationship Management has no impact customer satisfaction.

H₁: Customer Relationship Management has impact customer satisfaction.

Table 4. Model Summary of first hypothesis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.516 ^a	.267	.265	.39737

a. Predictors: (Constant), CS

Table four illustrates R as the correlation which is 0.516 showing the degree of correlation. R shows how much total variation of dependent variable Customer Relationship Management explained by independent variable customer satisfaction. .267 (26.7) which depicts that 26.7% of the total variance of Customer Relationship Management has been explained.

Table 5. ANOVA table of first hypothesis

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	19.415	1	19.415	122.957	.000 ^b
Residual	53.371	3	.158		
Total	72.786	3			

Dependent Variable

Predictors: (Constant), CS

Table five illustrates the result of Regression, the Anova represents how well the Regression equation its fitted predicting the dependent Variable which is significant of which if it's less 0.5, F= 122.957, df 1,338, P < 0.0005.

F=136.64, df 1, 338, P<0.0005.

Table 6. Coefficients table of first hypothesis

Model		Unstandardized Coefficients	Standardized Coefficients	t	Sig.
		B	Std. Error	Beta	
1	(Constant)	.805	.098		
	CS	.569	.051	.516	.000

a. Dependent Variable: CRM

Table six illustrates the Coefficients table showing the unstandardized and standardized coefficients contributing whether the model is statistically significant and predicting the variables. Beta standard coefficient is showing the estimate from the Regression analysis so that the variance of the dependent and independent variable will be close to 1. R square Coefficient of 0.516 indicates that Customer Relationship Management has 51.6% impact on customer satisfaction, showing the Beta=0.516.

Therefore, table 4., table 5., and table 6. Illustrates the data test carried out using Regression Analysis (Linear) between Customer Relationship Management and customer satisfaction. Customer Relationship Management has impact on customer satisfaction as indicated 0.516, which shows that Customer Relationship Management has 51.6% impact on customer satisfaction. Hence, H₁ states that Customer Relationship Management has relationship on customer satisfaction are significant and positive which is accepted thus, null hypothesis is rejected.

4.2.2 Second Hypothesis Regression Analysis

H₀: Customer Relationship Management has no impact on increased effective operations.

H₁: Customer Relationship Management has impact on increased effective operations.

Table 7. Model Summary of second hypothesis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.537 ^a	.288	.286	.39147

a. Predictors: (Constant), CS

Table seven illustrates R as the correlation which is 0.537 showing the degree of correlation. R shows how much total variation of dependent variable Customer

Relationship Management explained by independent variable increased effective operations 0.288 (28.8) which depict that 28.8% of the total variance of Customer Relationship Management has been explained.

Table 8. ANOVA table of second hypothesis

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	20.989	1	20.989	136.964	.000 ^b
Residual	51.797	38	.153		
Total	72.786	39			

a. Dependent Variable

b. Predictors: (Constant), IEO

Table eight illustrates the result of Regression, the Anova represents how well the Regression equation its fitted predicting the dependent Variable which is significant of which if it's less 0.5, F= 136.964, df 1,338, P < 0.0005.

F=136.964, df 1, 338, P<0.0005.

Table 9. Coefficients table of second hypothesis

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
	B	Std. Error	Beta	
1 (Constant)	.875	.087	10.014	.000

CS	.5	.0		11.	.0
	5	47	.537	70	0
	3			3	0

a. Dependent Variable: CRM

Table nine illustrates the Coefficients table showing the unstandardized and standardized coefficients contributing whether the model is statistically significant and predicting the variables. Beta standard coefficient is showing the estimate from the Regression analysis so that the variance of the dependent and independent variable will be close to 1. R square Coefficient of 0 .537 indicates that Customer Relationship Management has 53.7% impact on increased effective operations, showing the Beta=0.537.

Therefore, table 7, table 8; table 9 illustrates the data test carried out using Regression Analysis (Linear) between Customer Relationship Management and customer satisfaction. Customer Relationship Management has impact on increased effective operations as indicated 0.537, which shows that Customer Relationship Management has 53.7% impact on increased effective operations. Hence, H₁ states that Customer Relationship Management has relationship on increased effective operations is significant and positive which is accepted thus, null hypothesis is rejected.

4.2.3 Summary Result of Tested Hypothesis

Table 10 Results summary

Hypothesis	Result
H ₁ : Customer Relationship Management has impact on customer satisfaction	Accepted– Reject the null hypothesis and accept the alternate hypothesis
H ₂ : Customer Relationship Management has impact on increased effective operations	Accepted– Reject the null hypothesis and accept the alternate hypothesis

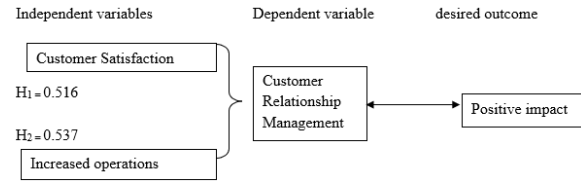


Fig 1. Results summary model

Fig 1. Illustrate the result summary of the tested hypothesis. The results analysed by the regression analysis (Linear regression) tests indicate a significant relationship between the dependent variable (Customer Relationship Management) and the independent variables (customer satisfaction and increased effective operations). Hence, the two hypothesis was accepted, that is null hypothesis was rejected and the alternate hypothesis accepted. The study attained its desired outcome which is result to significant positive impact; this indicates that Customer Relationship Management has a strong positive relationship in the banking system operations in relation to customer satisfaction and increased effectiveness in its banking operations.

IV. CONCLUSION

The analysis carried out from this research it finds out that Customer Relationship Management is important for a successful operation to the bank and leads to customer satisfaction for the customer relation to other related literatures with examples states clearly that Customer Relationship Management it's very significant and it enhances their business efficiencies through profit, expansion of branches and competency of the staffs. The two hypothesis was accepted, that is null hypothesis was rejected and the alternate hypothesis accepted. The study attained its desired outcome indicating that Customer Relationship Management has a strong positive impact in the banking system operations in relation to customer satisfaction and increased effectiveness in its banking operations. The study also found out that Customer Relationship Management gives room for customer interaction, accuracy, commitment and competency of the staff and as well interaction with customers, getting feedback from the customers through that customer can be satisfied and increase value to the bank and the customer. It boosts the banking system operations effectively whereby, it challenges the staff to enhance the customer care capability and offering

services as promised, through this effectiveness it enhances the banks expansion of branches, Automated Teller Machine points.

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