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ROLE OF CRM IN BUILDING TRUST A STUDY OF THE PUBLIC SECTOR BANK

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ABSTRACT:



Customer Relationship Management (CRM) has become an important strategic approach for public sector banks to develop and maintain long-term relationships with customers. In the banking sector, trust is essential because customers depend on banks for savings, investments, loans, payments, digital transactions, and other financial services. Effective CRM enables banks to understand customer needs, provide timely services, respond to complaints, maintain regular communication, and improve customer satisfaction. The present study examines the role of CRM in building customer trust in public sector banks. It focuses on CRM practices such as customer communication, personalized services, service quality, complaint handling, transparency, digital banking facilities, employee responsiveness, and customer feedback mechanisms. The study also considers how these practices influence customers' perceptions of reliability, security, fairness, and commitment. Effective CRM can strengthen customer confidence by providing consistent services and resolving customer concerns efficiently. In an increasingly digital banking environment, maintaining secure and transparent interactions has become particularly important for sustaining customer relationships.

The study further explores the relationship between CRM practices and customer trust in public sector banking. Trust is considered an important factor influencing customer loyalty, satisfaction, continued use of banking services, and willingness to adopt digital banking facilities. Public sector banks can strengthen trust by providing accurate information, protecting customer data, ensuring transparent transactions, and maintaining effective communication with customers. The study also recognizes challenges such as changing customer expectations, technological developments, service delays, cybersecurity concerns, and the need for continuous employee training. The findings of the study are expected to provide useful insights into how CRM can be effectively utilized to strengthen customer relationships and trust in public sector banks.

KEYWORDS: *Customer Relationship Management (CRM), Customer Trust, Public Sector Banks, Banking Services, Customer Satisfaction, Service Quality, Customer Loyalty, Relationship Banking, Digital Banking, Grievance Redressal.*

INTRODUCTION:

Customer Relationship Management (CRM) has become an important part of modern banking because financial institutions depend heavily on long-term relationships with their customers. CRM refers to the systematic use of strategies, technologies, processes, and customer information to understand customer needs and provide effective services. In the banking sector, customers expect

convenient, reliable, transparent, and secure services across both traditional and digital channels. Public sector banks serve a large and diverse customer base and provide services such as savings accounts, deposits, loans, insurance, remittances, payment facilities, and digital banking. In such an environment, effective CRM can help banks maintain regular communication with customers, understand their expectations, resolve complaints, and improve service experiences. The quality of customer interaction plays an important role in developing confidence in banking institutions.

Trust is particularly important in banking because customers place their money, personal information, and financial decisions in the hands of banks. Customers are more likely to maintain long-term relationships with banks when they perceive services as reliable, transparent, responsive, and secure. CRM practices such as personalized communication, prompt grievance redressal, accurate information, employee responsiveness, customer feedback, transparent transactions, and secure digital services can contribute to the development of customer trust. The increasing use of mobile banking, internet banking, ATMs, and other digital channels has further increased the importance of trust and data security. Public sector banks therefore need to continuously improve CRM practices while responding to changing customer expectations and technological developments. The present study, "Role of CRM in Building Trust: A Study of the Public Sector Bank," examines how CRM practices influence customer perceptions of reliability, security, transparency, satisfaction, and trust, and considers the importance of effective relationship management in developing long-term customer relationships.

Aims And Objectives

Aim

The main aim of the study is to examine the role of Customer Relationship Management (CRM) in building customer trust in public sector banks and to understand how effective CRM practices influence customer satisfaction, confidence, loyalty, service quality, and long-term relationships with the bank.

Objectives

- To understand the concept and significance of Customer Relationship Management in banking.
- To examine the major CRM practices adopted by public sector banks.
- To study the role of CRM in developing and maintaining customer trust.
- To examine the relationship between service quality and customer trust.
- To assess the role of employee responsiveness in strengthening customer relationships.
- To study the effectiveness of customer communication practices adopted by public sector banks.
- To examine the role of transparency and accurate information in building customer confidence.
- To assess the effectiveness of grievance-redressal mechanisms in maintaining customer trust.
- To study the relationship between customer satisfaction and CRM practices.
- To examine the role of personalized banking services in developing long-term customer relationships.
- To study the contribution of digital banking services to customer trust.
- To examine customer perceptions regarding the security and reliability of banking services.
- To identify the major challenges faced by public sector banks in implementing effective CRM practices.
- To examine the role of customer feedback in improving banking services.
- To suggest suitable measures for strengthening CRM practices and building sustainable customer trust in public sector banks.

REVIEW OF LITERATURE

Existing literature on Customer Relationship Management (CRM) in banking emphasizes that maintaining strong and long-term customer relationships is essential for service organizations. CRM involves collecting and utilizing customer information, understanding customer expectations, providing

personalized services, maintaining effective communication, and responding to customer concerns. Studies have indicated that effective CRM can improve customer satisfaction, service quality, customer retention, and loyalty. In the banking sector, factors such as employee responsiveness, reliability, communication, convenience, transparency, and service accessibility have been identified as important elements of customer relationship management. Research also suggests that trust develops when customers consistently experience dependable services and believe that the bank acts responsibly in handling their financial information and transactions. Public sector banks, which serve customers from diverse socioeconomic backgrounds, can use CRM practices to understand varying customer needs and improve service delivery. Literature on relationship marketing further indicates that customer trust is closely associated with perceived commitment, reliability, fairness, and the quality of interactions between customers and service providers.

Research on CRM and customer trust in digital banking highlights the growing importance of technology in customer relationship management. Mobile banking, internet banking, ATMs, electronic payments, and other digital services have changed the way customers interact with banks. Studies suggest that convenience, transaction security, privacy protection, system reliability, and prompt problem resolution can influence customers' confidence in digital banking services. Effective complaint handling and customer feedback mechanisms are also considered important for maintaining trust when service problems occur. At the same time, cybersecurity concerns, data privacy, service interruptions, technological complexity, and changing customer expectations present challenges for banks. The literature indicates that CRM should therefore combine technological capabilities with effective human interaction and customer-oriented policies. However, there remains a need for focused studies examining how specific CRM practices contribute to trust among customers of public sector banks and which factors most strongly shape their perceptions of reliability, transparency, security, and commitment. The present study seeks to contribute to this area by examining the role of CRM in building trust in the public sector banking context.

RESEARCH METHODOLOGY

The present study, “Role of CRM in Building Trust: A Study of the Public Sector Bank,” adopts a descriptive and analytical research design to examine the relationship between Customer Relationship Management (CRM) practices and customer trust. The study focuses on CRM dimensions such as service quality, customer communication, employee responsiveness, personalized services, grievance redressal, transparency, customer feedback, and digital banking facilities. The study population consists of customers of the selected public sector bank. A suitable sample of customers is selected using a convenient or purposive sampling method based on accessibility and willingness to participate. Primary data are collected through a structured questionnaire designed to obtain information about customers’ experiences and perceptions of CRM practices. The questionnaire includes questions relating to customer satisfaction, service reliability, communication, transparency, security, responsiveness, complaint handling, and trust in the bank. Secondary data are collected from books, journals, research articles, banking reports, official publications, and other relevant sources.

The collected primary data are systematically classified, tabulated, and analyzed using suitable statistical techniques such as frequency, percentage, mean, and standard deviation. Where appropriate, comparative analysis and correlation analysis may be used to examine the relationship between CRM practices and customer trust. The study covers customers with different demographic and banking backgrounds to obtain varied perspectives regarding CRM services. The research also considers the role of digital banking services and security in developing customer confidence. Ethical principles are followed throughout the study, and respondents are informed about the academic purpose of the research. Participation is voluntary, and the confidentiality of respondents’ information is maintained. The methodology is designed to provide a systematic understanding of the effectiveness of CRM practices and their contribution to building customer trust, satisfaction, loyalty, and long-term relationships in the public sector banking sector.

STATEMENT OF THE PROBLEM

The banking sector is highly dependent on customer relationships, as customers entrust banks with their savings, personal information, financial transactions, and investment decisions. In this context, Customer Relationship Management (CRM) has become an important approach for understanding customer expectations and delivering reliable and customer-oriented services. Public sector banks serve a large and diverse customer base and provide a wide range of services through branches as well as digital channels. Customers increasingly expect prompt service, accurate information, convenient banking facilities, transparent transactions, effective grievance redressal, and secure handling of their financial information. Failure to meet these expectations may affect customer satisfaction and confidence. Therefore, effective CRM practices are important for establishing and maintaining trust between customers and public sector banks.

The problem addressed by the present study is the need to understand how CRM practices contribute to building customer trust in public sector banks. Although banks have introduced various customer-oriented and digital services, customers may experience differences in service quality, employee responsiveness, communication, complaint handling, transparency, and technological reliability. Issues such as delays in service, inadequate communication, cybersecurity concerns, data privacy, and difficulties in using digital banking facilities may influence customer perceptions of trust. Hence, there is a need to systematically examine the CRM practices followed by the selected public sector bank and understand their relationship with customer trust, satisfaction, and loyalty. The study seeks to identify important CRM factors that influence customer confidence and to suggest measures for improving customer relationship practices and strengthening long-term relationships between public sector banks and their customers.

NEED OF THE STUDY

Customer Relationship Management (CRM) has become increasingly important in the banking sector because banks depend on continuous and trustworthy relationships with their customers. Customers expect reliable, convenient, transparent, secure, and responsive banking services. Public sector banks serve a large and diverse customer base and handle important financial activities such as deposits, loans, payments, investments, and remittances. Effective CRM can help banks understand customer needs, provide appropriate services, maintain regular communication, resolve complaints, and improve customer satisfaction. Since trust is an essential element in financial relationships, there is a need to examine how CRM practices influence customers' confidence in public sector banks. The study is therefore useful for understanding the contribution of service quality, employee responsiveness, communication, transparency, personalized services, and grievance redressal to customer trust.

The study is also needed because banking services are rapidly becoming digital through mobile banking, internet banking, ATMs, electronic payments, and other technology-based facilities. While digital services provide convenience and accessibility, customers may also have concerns regarding transaction security, privacy, technical failures, and reliability. Effective CRM can help banks address these concerns through timely communication, customer support, secure services, and efficient complaint resolution. The study can provide useful information about customer perceptions of CRM practices and identify areas where improvements may be required. It can assist public sector banks in strengthening customer-oriented policies, improving service quality, enhancing customer satisfaction, and developing long-term relationships. From an academic perspective, the study can also contribute to understanding the relationship between CRM practices and customer trust in the public sector banking sector.

FURTHER SUGGESTIONS FOR RESEARCH

Future research on the role of CRM in building trust in public sector banks can be extended to include customers from multiple branches, cities, and geographical regions to obtain broader perspectives. Comparative studies can be conducted between public sector and private sector banks to examine differences in CRM practices and customer perceptions. Researchers may investigate

individual CRM dimensions such as service quality, employee responsiveness, communication, personalized services, grievance redressal, transparency, and customer feedback. Further studies can examine the relationship between CRM and customer satisfaction, loyalty, retention, and willingness to recommend banking services. The role of employee training and customer-service skills in developing trust can also be examined. Researchers may explore how different demographic groups perceive CRM practices and whether customer expectations vary according to age, occupation, income, education, and banking experience. Longitudinal studies can be undertaken to examine changes in customer trust over time.

Future research may also focus on the relationship between digital CRM and customer trust in public sector banks. The impact of mobile banking, internet banking, ATMs, digital payments, chat support, and other technology-based services can be investigated. Special attention may be given to cybersecurity, data privacy, transaction security, system reliability, and customers' perceptions of digital safety. Researchers can examine how effective complaint resolution and timely communication influence trust after service failures. Studies may also assess the effectiveness of customer-feedback systems and personalized digital services. Further research can investigate the role of artificial intelligence, data analytics, and automated customer-support systems in CRM. Comparative studies across rural, semi-urban, and urban customers can provide additional insights into differences in CRM experiences. Future researchers may also develop suitable models or indicators for measuring CRM effectiveness and customer trust, helping public sector banks improve service quality, transparency, customer satisfaction, and long-term customer relationships.

SCOPE AND LIMITATIONS

The scope of the present study covers the examination of the role of Customer Relationship Management (CRM) in building customer trust in public sector banks. The study focuses on important CRM practices such as service quality, customer communication, employee responsiveness, personalized banking services, grievance redressal, transparency, customer feedback, and digital banking facilities. It examines how these practices influence customers' perceptions of reliability, security, satisfaction, confidence, and trust. The study also covers the use of technology-based CRM practices, including mobile banking, internet banking, ATMs, electronic payments, and digital communication. It considers customer experiences relating to accessibility, convenience, transaction reliability, information sharing, complaint resolution, and data security. The study may include customers from different demographic backgrounds to understand variations in their perceptions of CRM and trust. The findings are intended to provide useful insights for improving customer-oriented banking practices and strengthening long-term relationships between public sector banks and their customers.

The study has certain limitations that should be considered while interpreting its findings. The research may be restricted to a selected public sector bank, branch, geographical area, and sample of customers; therefore, the findings may not represent all public sector banks or banking customers. The accuracy of primary information depends on respondents' knowledge, experiences, understanding of the questions, and willingness to provide honest responses. Some internal information concerning CRM strategies, customer databases, operational procedures, and technology systems may not be available because of organizational confidentiality. Customer perceptions may also change over time due to changes in banking technology, service policies, and customer expectations. Time, financial resources, and accessibility of respondents may limit the geographical and sample coverage of the study. The study primarily examines CRM practices and their perceived relationship with customer trust and does not evaluate every technical or financial aspect of banking operations. These limitations should be taken into account when interpreting and generalizing the results of the study.

SCOPE OF THE STUDY

The present study focuses on the role of Customer Relationship Management (CRM) in building customer trust in public sector banks. It covers major CRM practices such as customer communication,

service quality, employee responsiveness, personalized services, grievance redressal, transparency, customer feedback, and relationship-building activities. The study examines customers' perceptions regarding the reliability, convenience, security, and responsiveness of banking services. It also covers technology-based CRM practices such as mobile banking, internet banking, ATMs, digital payments, SMS and email communication, and online customer support. The study seeks to understand how these practices contribute to customer satisfaction, confidence, trust, loyalty, and continuation of banking relationships. It also considers the importance of accurate information, transparent transactions, timely service, effective complaint handling, and protection of customer information. Customers from different backgrounds may be considered to obtain varied views regarding the CRM practices of the selected public sector bank.

The scope of the study also includes examining factors that influence customer trust, including service reliability, employee behaviour, communication, privacy, transaction security, digital service quality, and organizational responsiveness. The study may identify areas where CRM practices can be improved to enhance customer experiences and strengthen long-term relationships. It provides an opportunity to examine the relationship between CRM and customer satisfaction and to understand the role of effective customer interaction in developing confidence in banking services. The geographical and organizational scope is limited to the selected public sector bank and its customers within the area covered by the research. The study can provide useful information to bank management for improving customer-oriented policies, grievance-redressal mechanisms, communication systems, digital services, and employee training. It may also provide a foundation for future research comparing CRM practices across different public and private sector banks.

DISCUSSION

The present study on the Role of CRM in Building Trust: A Study of the Public Sector Bank highlights the importance of customer-oriented practices in developing strong and sustainable banking relationships. CRM enables banks to understand customer needs, maintain effective communication, provide timely services, and respond to customer concerns. In public sector banking, where customers use a wide range of financial services, factors such as service quality, employee responsiveness, transparency, reliability, personalized attention, and effective grievance redressal are important components of customer relationship management. Consistent and accurate service can contribute to customers' confidence in the bank, while timely resolution of complaints can help maintain positive relationships. Digital banking facilities have also expanded the scope of CRM by enabling customers to access services through mobile banking, internet banking, ATMs, and electronic payment channels. Convenience, accessibility, transaction reliability, and secure handling of customer information are therefore relevant to customers' perceptions of trust.

The discussion also indicates that effective CRM requires both technological capabilities and customer-oriented human interaction. Cybersecurity, data privacy, technical failures, service delays, and difficulties in using digital platforms can create concerns among customers if they are not addressed appropriately. Regular employee training can improve communication and service responsiveness, while customer feedback can help banks identify service gaps and improve their practices. Transparent communication regarding products, charges, transactions, and complaint procedures can further support customer confidence. Public sector banks can strengthen CRM by integrating digital services with efficient branch-level support and responsive grievance-redressal mechanisms. Overall, CRM represents an important approach for developing customer satisfaction, confidence, and long-term relationships, while the effectiveness of these practices depends on service consistency, employee behaviour, technological reliability, transparency, and continued attention to changing customer expectations.

RECOMMENDATIONS

Public sector banks should strengthen their Customer Relationship Management (CRM) systems by adopting a customer-centric approach across all banking services. Regular training programmes

should be provided to employees to improve communication, responsiveness, product knowledge, and customer-handling skills. Banks should ensure that customer complaints are registered, monitored, and resolved within clearly defined time limits. Transparent communication regarding interest rates, charges, loan conditions, account services, and transactions should be maintained to strengthen customer confidence. Customer feedback should be collected regularly and used to identify service deficiencies and improve banking processes. Banks should provide personalized services based on legitimate customer needs while maintaining appropriate privacy and data-protection standards. Branch services and digital banking channels should be integrated so that customers receive consistent information and support. Special attention should be given to elderly customers and those who may require additional assistance with digital banking facilities. Regular evaluation of CRM performance can help management identify areas requiring improvement.

Public sector banks should also strengthen digital CRM and customer-security practices as the use of mobile banking, internet banking, ATMs, and electronic payments continues to expand. Strong authentication, secure transaction systems, timely security alerts, and customer awareness programmes should be maintained to address concerns relating to digital banking. Banks should provide quick assistance when customers experience failed transactions, unauthorized activity, or technical difficulties. Customer-service helplines and digital support mechanisms should be accessible and responsive. Data analytics may be used responsibly to understand service requirements and improve customer communication while respecting privacy and applicable regulations. Banks should periodically assess customer satisfaction and trust through structured surveys and feedback mechanisms. Management should encourage employees to treat customer concerns seriously and maintain professional and respectful interactions. Continuous improvement in service quality, transparency, grievance redressal, digital security, and employee capabilities can help public sector banks maintain stronger and more sustainable customer relationships.

CONCLUSION

The present study on "Role of CRM in Building Trust: A Study of the Public Sector Bank" highlights the importance of Customer Relationship Management in developing and maintaining effective relationships between banks and their customers. CRM practices such as service quality, employee responsiveness, customer communication, personalized services, transparency, grievance redressal, and customer feedback contribute to a customer-oriented banking environment. Since banking involves the handling of customers' money and personal information, trust is an important element of a long-term banking relationship. Customers' confidence can be supported when banking services are reliable, information is accurate, transactions are transparent, and complaints are addressed promptly. Digital banking services have further increased the importance of CRM by providing customers with convenient access to banking facilities through mobile banking, internet banking, ATMs, and electronic payments. Effective CRM can therefore contribute to customer satisfaction, confidence, loyalty, and continued engagement with banking services.

The study also indicates that successful CRM requires continuous improvement in both technological systems and human interactions. Public sector banks need to address challenges relating to service delays, changing customer expectations, digital security, data privacy, employee skills, and technological reliability. Regular employee training, effective feedback systems, transparent communication, efficient grievance redressal, and secure digital services can strengthen customer relationships. Banks should also monitor customer experiences and use feedback to improve their services and CRM strategies. The integration of digital facilities with responsive branch-level customer support can provide a more consistent banking experience. Thus, CRM should be viewed as a continuous process involving customer understanding, quality service, communication, trust-building, and relationship development. Effective implementation of these practices can provide a strong foundation for maintaining customer confidence and developing sustainable long-term relationships in the public sector banking sector.

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