

Perception of Bank Employees Regarding Customer Relationship Management (CRM) in the Banking Sector: A Case Study of State Bank of India and ICICI Bank

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ABSTRACT

This study focuses on the perception of customer relationship management in banking industry, and compares the perception of SBI and ICICI Bank employees. The research is conducted on primary data through 50 employees from both banks. Descriptive statistics and an independent-sample t-test is used for examined the data. Findings indicate that employees have a good attitude towards CRM practices especially in the categories of awareness, training, customer orientation, and the overall effect of CRM on the quality of service and customer retention. Results also indicate that the perceptions of employees in the SBI and ICICI bank are similar in the majority of the CRM practices. The research suggests that financial institutions need to improve their CRM technology and offer frequent training to improve their efficiency in the implementation of CRM.

Keywords: Customer Relationship Management (CRM), Employee Perception, SBI Bank, ICICI Bank, CRM Dimensions.

Introduction

Customer Relationship Management has become a strategic business instrument in the satisfaction of customers, the quality of services, and the establishment of long-term relationships in the current and highly competitive and technology-based banking industry. Liberalization, digitalization, and the growing customer expectations have made a profound change in the banking sector and especially in India. With more and more standardization of financial products and services, relationship management strategies are becoming typical in the banks to achieve competitive advantage. Customer Relationship Management can be defined as an association of people, processes, and technology to learn more about a customer, address his or her needs in an efficient manner, and develop a value to the customer as well as the organization. Although the CRM systems are mostly considered to be technological platforms of managing customer-related data, the successful implementation of the systems is highly dependent on employees who use and operate such systems. The employees are very essential in the implementation of CRM strategies to customer-centred actions. Thus, it will be necessary to determine how employees will perceive CRM practices to assess its effectiveness. The Indian banking environment has marked differences between public & private sector banks in terms of organizational culture, uptake of technology, flexibility of management, and orientation towards customers. State bank of India, as the biggest public sector bank in India, has a very huge network and client base, which is usually well

organized with well-established systems. On the contrary, ICICI Bank, which is one of the strongest banks of the private sector, can be characterized by technological innovation, digital banking programs, and extreme client-focus. Such structural and operational variations might have an impact on the way employees view and practice CRM. The employee perception on the CRM includes their awareness, knowledge, experience in training, their technological comfort, support by the manager and their perceived effect by CRM in service delivery and performance. Proper CRM implementation, better employee productivity, and more customer relationships can be achieved through a positive perception. However negative perception can result into resistance, less use of CRM systems, and less efficiency of the service. Though several studies have been done in regards to CRM through the customer and organizational performance, not much research has been done on employee perception, especially in comparative public & private banking set up. Since employees are the main point of contact between customers and the banks, what they think determines to a great extent the success of CRM. Thus, the purpose of the current research is to know how bank employees perceive the practices of CRM and make comparisons of the perceptions between SBI and ICICI Bank. The study will focus on awareness, technological adoption, training, customer orientation, and perceived impact of CRM by examining them in an effort to inform about the experience of CRM strategies at the operational level. The results can assist bank organizations in increasing employee motivation, the level of CRM, and the overall quality of service.

Need of the Study

The modern banking environment, maintaining strong relationships with customers has become essential for the success and growth of banks. With increasing competition in the banking sector, banks are focusing more on CRM to improve service quality, customer satisfaction, and long-term customer relationships. The role of employees is vital for effective implementation of CRM practices, as they interact directly with customers and manage customer-related information.

So, understanding the perception of bank employees regarding CRM is more important. This study helps to analyse employees' awareness, training, technological support, and customer-oriented activities related to CRM. It also compares the perception of employees of SBI and ICICI Bank to identify similarities or differences in CRM implementation. The findings of this study may help banks improve their CRM strategies, enhance service quality, and strengthen customer relationships in the banking sector.

Research Gap

Though various studies have been conducted in banking sector regarding CRM, majority of researches has concentrated on customer satisfaction and customer perception of CRM practices. The perception of CRM implementation by the employees has not been well addressed yet, even though their perceptions is very important for managing customer relationships. There are only a few research that have compared CRM in banks operating in the public and the privately owned sector. Most of the previous researches were carried out in diverse settings or employed general data, and there is a dearth of studies which are specific to the region and are based on primary data that bank employees provide. This research is expected to address such a gap by analysing employee perceptions of CRM practices and contrasting employee perceptions of SBI and ICICI Bank on main dimensions of CRM which include awareness, technology, training, customer orientation and CRM impact.

Review of Literature

Ramya et al. (2013) investigated the perception of employees regarding CRM in e-banking. The paper highlight that the knowledge of the staff on customer relationship strategies, effective communication, and personalized services is some of the essential ingredients of successful CRM. The employees are perceived as the intermediary between the bank and the customers that affect the quality of the services.

V. Karthikeyani (2020) stated that Customer Relationship Management (CRM) is based on relationship marketing and supported by information technology. It Emphasizes on developing customer relationships for long-term instead of only selling products. Effective CRM improves customer satisfaction, retention, and bank profitability.

Lalitha P.S. et al. (2022) explained that for achieving satisfaction and loyalty of customer in banking sector CRM plays an important role. The researcher found that private sector banks adopt innovative CRM tools and digital services more effectively. However, public sector banks are stronger in trust and security aspects.

Nisha (2023) highlighted that CRM has become essential due to increasing competition and changing customer expectations. It helps banks in customer acquisition, profitability, and cross-selling opportunities. The study also pointed out challenges such as high implementation cost and the need for employee training.

D. Hemalatha & P. Manjula (2023) found that CRM improves customer perception, retention, and long-term relationships in banks and importance of service quality dimensions such as reliability, responsiveness, accessibility & trust. Digital banking services have also increased customer expectations.

Seema Pandey (2023) Examined how bank officials perceive E-CRM practices that banks have adopted. The researchers discovered that employees are significant in the delivery of E-CRM services and relationship with the customers in the banking industry. The findings revealed that in most E-CRM practices, no significant difference is usually found between the perception of other public and private sector bank officials.

T. Dzinic (2024) described CRM as a comprehensive approach involving people, processes, organizational culture, and technology. The study showed that effective CRM practices lead to customer satisfaction, loyalty, and competitive advantage. It also noted differences in CRM perception between employees and customers.

Gavli K. et al. (2024) found that CRM factors such as awareness, strategies, e-services, and complaint handling are positively related. These practices help banks develop strong relationships with customers. The study suggested focusing on customers, processes, and technology.

Mansa A.M. & Tiwari S.K. (2024) examined the role of CRM in improving banking performance. The study found that CRM helps banks understand customer needs, develop better products, and manage complaints effectively. It also observed that private banks perform better in implementing CRM practices.

Varma Ajay et al. (2024) analysed the impact of CRM on the banking sector of India. The study concluded that CRM improves service quality, customer satisfaction, and retention. Effective CRM implementation also provides a competitive advantage to banks.

Objectives

- To study the perception of bank employees of SBI & ICICI Bank regarding CRM.
- To compare the employee perception of CRM practices between SBI and ICICI Bank.

Hypotheses

H₀: There is no significance difference in the perception of SBI and ICICI Bank employees regarding Customer Relationship Management (CRM) practices.

H₁: There is a significance difference in the perception of SBI and ICICI Bank employees regarding Customer Relationship Management (CRM) practices.

Research Methodology

In this Study the primary data is collected through questionnaire from 50 respondents out of 29 respondents from SBI bank whereas 21 respondents from ICICI bank. The respondents belong to Thanesar and Ladwa block of Kurukshetra district. Simple random technique has been used to collect the said data. Structured Questionnaires is Prepared with close-ended and five Likert-scale (Strongly Agree to Strongly Disagree) questions to measure perceptions of bank employee levels regarding Customer Relationship Management (CRM). The questionnaire has been divided into two parts demographic details and CRM perception statements such as CRM Awareness, CRM Technology, Training & Support, Customer Orientation and Perceived Impact of CRM. Cronbach's alpha test has been used to know the reliability of the statement. Online Surveys by Using Google forms or other survey tools to reach a wider audience. Data is collected from secondary sources such as various published research papers, websites, government publications and journals related to Customer Relationship Management (CRM).

The collected data were analysed using statistical tools such as Mean, SD, reliability analysis (Cronbach's Alpha) and independent sample t-test with the help of IBM SPSS Statistics. These techniques were used to evaluate employee perception toward CRM practices and to compare the responses of employees from the two banks.

Data Analysis and Interpretation

Reliability Statistics	
Cronbach's Alpha	N of Items
.874	16

Interpretation

The questionnaire reliability was tested using Cronbach's Alpha in IBM SPSS Statistics. The obtained value is 0.874 for 16 items, which indicates a high level of internal consistency among the questionnaire items. In social science research, value above 0.70 is considered acceptable, while values above 0.80 indicate good reliability. Therefore, the obtained value confirms that the measurement scale used in this study is reliable & suitable for further statistical analysis.

Table 1: Descriptive Statistics of CRM Perception

CRM Statements	Mean	Std. Deviation
I clearly understand the concept of CRM	1.64	0.597
CRM objectives are clearly communicated in my bank	1.72	0.572
I am aware of CRM strategies implemented in my branch	1.88	0.593
CRM system used in my bank is user-friendly	1.68	0.652
CRM technology helps maintain accurate customer data	1.84	0.548
Technical issues rarely disrupt CRM operations	2.54	0.994
Bank provides adequate CRM training programs	1.88	0.718
CRM training improves my customer handling skills	1.74	0.599
Management provides sufficient support for CRM implementation	1.98	0.654
My bank strongly focuses on customer satisfaction	1.68	0.512
Employees are encouraged to build long-term customer relationships	1.86	0.452
Customer complaints are handled effectively	1.58	0.574
CRM practices improve service quality	1.72	0.536
CRM increases customer retention	1.94	0.549
CRM helps me achieve performance targets	1.82	0.560
Overall, I am satisfied with CRM implementation in my Bank	1.50	0.580

Table 1 presents the descriptive statistics of CRM perception among 50 bank employees. The mean values of most statements range between 1.50 and 1.98, indicating that employees generally agree with the CRM-related statements. This shows that employees have a positive perception toward CRM practices in their banks. The results suggest that employees are aware of CRM concepts, receive training, and believe that CRM systems help improve customer service and maintain customer relationships. However, the statement related to technical issues in CRM operations shows a comparatively higher mean value, indicating that some employees experience occasional technical challenges. Overall, the findings indicate a favourable perception of CRM implementation in the banking sector.

Table 2: Bank-wise Comparison of CRM Perception (SBI vs ICICI)

CRM Dimension	SBI (N=29) Mean	ICICI (N=21) Mean	Std. Dev. SBI	Std. Dev. ICICI
I clearly understand the concept of CRM	1.76	1.48	0.64	0.51
CRM objectives are clearly communicated in my bank	1.83	1.57	0.60	0.51
I am aware of CRM strategies implemented in my branch	1.97	1.76	0.63	0.54
CRM system used in my bank is user-friendly	1.83	1.48	0.71	0.51
CRM technology helps maintain accurate customer data	1.90	1.76	0.62	0.44
Technical issues rarely disrupt CRM operations	2.83	2.14	0.97	0.91
Bank provides adequate CRM training programs	2.03	1.67	0.82	0.48
CRM training improves my customer handling skills	1.86	1.57	0.64	0.51
Management provides sufficient support for CRM implementation	1.93	2.05	0.70	0.59
My bank strongly focuses on customer satisfaction	1.72	1.62	0.53	0.50

Employees are encouraged to build long-term customer relationships	1.90	1.81	0.49	0.40
Customer complaints are handled effectively	1.59	1.57	0.63	0.51
CRM practices improve service quality	1.86	1.52	0.52	0.51
CRM increases customer retention	2.00	1.86	0.60	0.48
CRM helps me achieve performance targets	1.86	1.76	0.64	0.44
Overall, I am satisfied with CRM implementation in my Bank	1.59	1.38	0.63	0.50

Table 2 presents the bank-wise comparison of CRM dimensions between employees of SBI Bank and ICICI Bank. The mean values indicate that employees of both banks have a positive perception toward CRM practices, as the scores for most CRM dimensions are relatively low and close to each other. However, the mean scores of SBI employees are slightly higher in most CRM dimensions, such as CRM awareness, technology, training and support, customer orientation, and the impact of CRM, compared to employees of ICICI Bank.

This comparison indicates that although both banks effectively implement CRM practices, SBI employees perceive CRM practices slightly more favourably than ICICI employees. However, the difference in perception between the two banks is not very large.

Table 3: Independent Sample t-test for CRM Dimensions between SBI and ICICI Bank

CRM Variable	t-value	Sig. (2-tailed)	Result
I clearly understand the concept of CRM	1.679	0.100	Not Significant
CRM objectives are clearly communicated in my bank	1.584	0.120	Not Significant
I am aware of CRM strategies implemented in my branch	1.202	0.235	Not Significant
CRM system used in my bank is user-friendly	1.930	0.059	Not Significant
CRM technology helps maintain accurate customer data	0.855	0.397	Not Significant
Technical issues rarely disrupt CRM operations	2.533	0.015	Significant
Bank provides adequate CRM training programs	1.829	0.074	Not Significant
CRM training improves my customer handling skills	1.725	0.091	Not Significant
Management provides sufficient support for CRM implementation	-0.618	0.540	Not Significant
My bank strongly focuses on customer satisfaction	0.712	0.480	Not Significant
Employees are encouraged to build long-term customer relationships	0.668	0.507	Not Significant
Customer complaints are handled effectively	0.089	0.930	Not Significant
CRM practices improve service quality	2.296	0.026	Significant
CRM increases customer retention	0.905	0.370	Not Significant
CRM helps me achieve performance targets	0.620	0.538	Not Significant
Overall, I am satisfied with CRM implementation in my Bank	1.241	0.221	Not Significant

Table 3 show the results of Independent Sample t-test used for examine the difference in perception of employees of SBI and ICICI Bank regarding various CRM practices. The results indicate that the significance values for most of the CRM variables are greater than 0.05, which means that there is no significant difference in the perception of employees of the two banks regarding CRM practices. However, two variables "Technical issues rarely disrupt CRM operations" (Sig = 0.015) and "CRM practices improve service quality" (Sig = 0.026)—have significance values less than 0.05, showing a significant difference in perception between employees of SBI and ICICI Bank for these variables.

Overall, the findings suggest that employees of both banks have largely similar perceptions regarding CRM practices, with only minor differences observed in certain aspects related to CRM technology and service quality improvement.

Hypothesis Testing

To test the hypothesis, an Independent Sample t-test was applied to compare the perception of employees of SBI and ICICI Bank regarding various CRM practices. The null hypothesis stated that there is no significant difference in the perception of employees of SBI and ICICI Bank regarding CRM practices. The decision rule was based on the significance level of 0.05.

Overall, since the majority of the variables do not show significant differences, the null hypothesis is accepted. So that, the hypothesis testing results indicate that employees of SBI and ICICI Bank have largely similar perceptions regarding CRM practices in the banking sector.

Findings of the Study

- **CRM Awareness and Understanding:** The study found that employees generally understand the concept of CRM and are aware of the CRM objectives and strategies implemented in their banks. This indicates that banks have successfully created awareness about CRM practices among employees.
- **CRM Technology:** The findings show that CRM systems help employees maintain customer data and support customer relationship activities. However, some employees reported that technical issues occasionally disrupt CRM operations.
- **CRM Training and Support:** The results indicate that banks provide CRM training programs, which help employees improve their customer handling skills. Employees also believe that management provides adequate support for CRM implementation.
- **Customer Orientation:** The study reveals that banks strongly focus on customer satisfaction and Customer complaints are also handled effectively.
- **Impact of CRM:** The findings indicate that CRM practices improve service quality, increase customer retention, and help employees achieve their performance targets. Employees are generally satisfied with the implementation of CRM practices in their banks.

Suggestions

on the basis of findings of the study, it is suggested that banks should strengthen their CRM technology systems to reduce technical issues and ensure smooth functioning of CRM operations. Banks should also organize regular and advanced CRM training programs to enhance employees' skills in managing customer relationships effectively. Management should encourage employees to make better use of CRM tools to understand customer needs and preferences, which will help improve service quality and customer satisfaction. Additionally, banks should continuously evaluate their CRM strategies and focusing on technological improvement, employee training, and customer-oriented strategies, banks can further enhance the effectiveness of CRM practices.

Limitations of the Study

- **Limited Sample Size:** This study is conducted on a sample of 50 employees of the bank and this may not be representative to all employees in the banking industry
- **Limited Geographical Area:** The data were drawn in a local geographical region and thus the results may not be applicable in all geographical areas.
- **Limited Banks Covered:** The research is based on two banks (SBI and ICICI Bank) but other banks operating in the public and the private sector were not represented.
- **Time Constraint:** The research was done on a restricted time; this limited the extent to which data could be collected and analysed.
- **Employee based responses:** The study relies entirely on the perception of the employees and no other customer perceptions of CRM practices were considered.

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