



THE EFFECTS OF CUSTOMER RELATIONSHIP MANAGEMENT ON CUSTOMER SATISFACTION: A STUDY ON BANKING SECTOR IN BANGLADESH

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Abstract—The purpose of this study is to look into the theories around how customer satisfaction in Bangladesh's banking industry is affected by customer relationship management. Data from 260 respondents who are banking service recipients in Bangladesh was gathered using a standardized online survey questionnaire. A convenience sampling strategy that is non-probabilistic was employed. SPSS is utilized to examine the information gathered. To account for the variation in responses, demographic, descriptive, correlation, ANOVA, and regression analysis are performed. There is a general correlation between all of the independent factors and the dependent variable. The F-statistics calculated value (19.557), with 14 and 145 degrees of freedom and $p < .05$, is reported by ANOVA. This result is greater than the crucial value, indicating that independent variables appropriately contribute to defining the dependent variable and validating the model's fitness. All four of the supported hypotheses have a favorable and considerable impact on client satisfaction in Bangladesh's banking industry. In the context of Bangladesh's banking sector, the R-squared value indicates that 48.0% of the variance in "Customer Satisfaction" can be explained by differences in the independent variables "Service Quality, Employee Behavior, CRM based technology and Handling Complaints." Regression analysis results show that, in terms of relative strength, service quality is the most important independent variable. The study's findings also offer banking industry practitioners in Bangladesh a useful resource for understanding how CRM affects customer satisfaction and for enhancing client acquisition and retention tactics.

Keywords—Bank, Client Satisfaction, Customer Relationship Management, Service Quality, Handling Complaints, CRM Based Technology, SPSS, Bangladesh.

I. INTRODUCTION

CRM is essential for the growth of any organization. CRM's significance is increasing daily across all business sectors. The firm will not be able to adopt a customer service that meets

customer needs due to insufficient customer relationship management. Customer relationship management (CRM) is commonly considered the most efficient marketing solution that integrates human and technological elements and is extensively utilized. Customer relationship management combines technologies, procedures, and personnel to enhance customer service interactions and increase the bank's market share. CRM is utilized to enhance customer satisfaction and optimize the bank's service delivery [1]. Client relationship management is undeniably advantageous for fostering client loyalty within the firm. CRM is now well established and experimentally validated for organizations. Researchers are motivated to investigate the correlation between customer relationship management, customer loyalty, and satisfaction due to these facts [2]. The researcher is analyzing how the CRM approach and practices affect customer satisfaction and retention in a broad sense. Implementing CRM activities effectively throughout the firm enhanced customer satisfaction. Customers who were content with their previous shopping experiences and after-sales support from the company were more inclined to make repeat purchases through exchange offers and loyalty incentives [3]. CRM, like other management strategies, aims to boost revenues through client retention. CRM success in this scenario is mostly attained by providing customers with enhanced service quality [4]. This study aids scholars and business professionals in understanding which CRM tactics are effective in retaining consumers over an extended period. A thorough literature review was undertaken in customer experience management to fulfill the study's purpose. The study's objective is as follows:
A. To review the CRM effects on customer satisfaction in banking sector in Bangladesh.

II. LITERATURE REVIEW

A collection of relational strategies used by businesses to attract, hold onto, and strengthen their client connections is referred to as customer relationship management. It has become apparent that most firms in a variety of sectors can use it as a potential strategy to gain a sustained competitive advantage. Building strong customer relationships is not only

necessary given the recent uptick in competition, but it's also essential for differentiation—a critical strategic tool for customer management that emphasizes seeing customers as unique individuals rather than as parties to be packaged [5] [6]. CRM is used to discover and retain customers. It helps companies make their least profitable customers more profitable. CRM frameworks are advantageous to organizations because they enable them to produce more client data. Customer data is transformed into useful customer information that is utilized for market intelligence [7] [8]. Customer satisfaction is acknowledged as one of the most researched constructs in business literature. Due to its ability to both retain and draw in new clients, this is extremely important in the company's market [9]. "A person's feeling of pleasure or disappointment which occurs as a result of the comparison between product or service performance and expectation" is how Kotler defined satisfaction [10]. Oliver offered an alternative viewpoint, characterizing customer happiness as the "reaction of the consumer to fulfillment." It is an assessment of a feature of a good or service, or it is a determination of whether the good or service has truly fulfilled the desires of the customer to a satisfactory degree [11]. Understanding the elements that lead to client pleasure is the endeavor of providing service. Customer satisfaction is positively impacted by and significantly correlated with service quality [12]. Hanley lists several strategies for enhancing service quality, such as: satisfying client demands for excellent service and providing a large selection of products; providing premium goods at competitive prices; and addressing customer complaints about products [13]. The relationship between the company and its customers is more likely to improve when employees adhere to the organization's beliefs and habits. One should expect a reversal pattern of results when an employee acts independently [14]. In these circumstances, a consumer can think that the business does not offer the symbolic value benefits that s/he had anticipated, and s/he might form a bad opinion of the business. Put differently, under circumstances similar to the ones mentioned above, an employee is probably going to have a big impact on the perception and attitudes of the company [15]. Positive employee behavior can have the dual benefits of speeding up employee response times to customers and guaranteeing that staff members treat them with courtesy and respect, both of which raise client satisfaction levels [16]. A customer's dissatisfaction with a specific brand they have purchased might be characterized as a complaint. Consumer complaints may be caused by a variety of circumstances, including disagreements, ignorance, uncertainty, and overblown expectations [17]. The main topics covered in business literature are boosting purchase frequency, promoting brand switching, and attracting new customers. These interventions are more aggressive than defensive, with the exception of defensive marketing research, and there hasn't been much done to promote a company's loyalty through defensive marketing. Examining the interplay between

offensive and defensive strategies is their main objective in order to guarantee that market share and benefit are maintained and enhanced [18]. Because of this, the particular objectives were to highlight how crucial it is to infer customer unhappiness and prospective purchasing patterns, as well as to develop a model that would keep customers from switching to other businesses [19]. CRM-based technology refers to the degree to which a company uses critical information technology to establish and maintain relationships with potential and current customers [20]. Obtaining information technology has a significant impact on CRM practices by connecting front-desk, sales, and back-office operations, resulting in successful and efficient customer management through various channels such as the Internet, direct mail, sales calls, and so on [21]. CRM technology, in particular, aids businesses in developing appropriate marketing plans and implementing them at the appropriate times to ensure timely and efficient service to stakeholders. It also improves marketing capability by assisting managers and staff in achieving marketing goals [22]. Previous literature suggests that technology is one of the prerequisites for properly implementing CRM, but not the only one, as most recent studies on CRM implementation show. CRM research shows that it is a more systematic approach to building strong and efficient consumer relationship [23] [24].

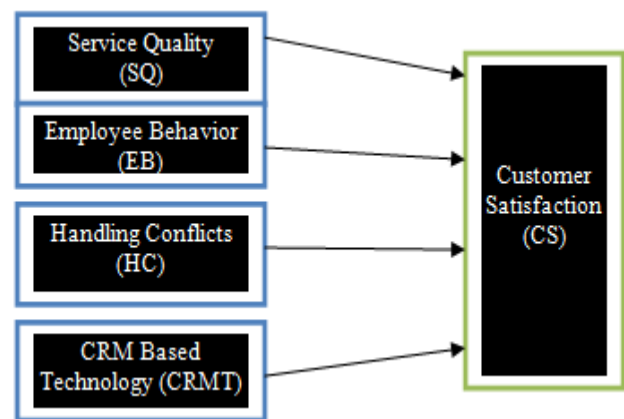


Figure.1. Conceptual Framework

A conceptual model is created using the prior literature review as a foundation. Within this conceptual framework, four independent variables are identified. They are CRM based technology, handling conflicts, staff behavior & service quality. The variable that is reliant is customer happiness. This model focuses on the notion that customer satisfaction in banking sector is impacted by CRM. This framework posits that a set of hypotheses should be produced.

H1: Service Quality (SQ) has a significant effect on customer satisfaction in the banking sector in Bangladesh.

H2: Employee Behavior (EB) has a significant effect on customer satisfaction in the banking sector in Bangladesh.

H3: Handling Conflicts (HC) has a significant effect on customer satisfaction in the banking sector in Bangladesh.
 H4: CRM based Technology (CRMT) has a significant effect on customer satisfaction in the banking sector in Bangladesh.

III. METHODOLOGY OF THE STUDY

The nature of this research is primarily quantitative. For this study, a descriptive research design was adopted. The perception of the event and experiential marketing among consumers has been ascertained using descriptive study. To get the necessary data, a quantitative survey was also employed as the main method. All people who receive banking services from Bangladesh make up the group under study in this study. This population's representative sample consists of city dwellers that previously relied on services from either public or private bank. A 260 person sample is used. The non-probability convenience sampling methodology

has been employed since it is the least costly and time-consuming method available. The survey ran from January-2024 to March-2024, for duration of three months. The survey questionnaire had been distributed via both online and offline means. Respondents were sent the survey URL and physical copy by Facebook Messenger, WhatsApp, bank employees, and mail. To gather information from the respondents for this study, a systematic questionnaire has been created. There were two sections on the questionnaire, A and B, each with a total of 23 questions. In Section A, the frequency distribution of the respondents' demographic profile is based on a nominal scale. The questionnaire was designed with a five-point Likert scale, from "strongly disagree=1" to "strongly agree=5", to assess the constructs of section B. Two software programs have been used to process the collected data: Microsoft Excel and SPSS (Statistical Package for Social Sciences) version 25. Microsoft Excel was used to arrange and code the collected data.

IV. DATA ANALYSIS

Table - 1 to Table -5 contains the detailed information of the respondents' demographic profile, including frequency and percentage.

Table - 1: Gender Analysis

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	186	0.72	0.72	0.72
	Female	74	0.28	0.28	100.0
	Total	260	100.0	100.0	

Source: Field Survey

Table - 2: Age Analysis

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 25 Years	52	0.20	0.20	0.20
	25 – 40 Years	150	0.58	0.58	0.78
	41 – 55 Years	38	0.15	0.15	0.93
	Above 55 Years	20	0.07	0.07	100.0
	Total	260	100.0	100.0	

Source: Field Survey

Table - 3: Education Level Analysis

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Higher Secondary	64	0.25	0.25	0.25
	Graduation	136	0.52	0.52	0.77
	Post-Graduation	47	0.18	0.18	0.95
	Others	13	0.05	0.05	100.0
	Total	260	100.0	100.0	

Source: Field Survey

Table - 4: Occupation Analysis

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Student	55	0.21	0.21	0.21
	Job Holder	112	0.43	0.43	0.64
	Businessman	75	0.29	0.29	0.93
	Others	18	0.07	0.07	100.0
	Total	260	100.0	100.0	



Source: Field Survey

Table - 5: Monthly Income Analysis

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 25000 BDT	77	0.30	0.30	0.30
	25000 BDT – 50000 BDT	93	0.36	0.36	0.66
	51000 BDT – 75000 BDT	66	0.25	0.25	0.91
	Above 75000 BDT	24	0.09	0.09	100.0
	Total	260	100.0	100.0	

Source: Field Survey

Table 6 reveals that "Customer Satisfaction" has the highest mean value of 3.5058 with a standard deviation of 0.61503 among all the variables included. The variable "Employee Behavior" has the lowest mean value of 3.2819 and a standard deviation of 0.54274 among all the variables entered. The descriptive statistics indicate that all variables have a mean value greater than 3, which is favorable for the analysis.

Table - 6: Descriptive Statistics

	N	Mean	Standard Deviation
Customer Satisfaction	260	3.5058	.61503
Service Quality	260	3.3817	.56714
Employee Behavior	260	3.2819	.54274
Handling Complaints	260	3.3752	.51184
CRM based Technology	260	3.4279	.59871

Source: Author Calculation

The correlation analysis findings are displayed in Table 7. The study analyzes the correlation coefficient between service quality, employee conduct, complaint handling, CRM based technology and customer satisfaction in the banking industry in Bangladesh. It also denotes the direction, strength, and relevance of the link between all variables. Table 7 indicates that all the factors have a positive correlation. A substantial

correlation exists between Service Quality and Customer Satisfaction. The correlation coefficient is 0.587. The correlation coefficients between Customer Satisfaction and Employee Behavior and between Customer Satisfaction and Handling Complaints and between Customer Satisfaction and CRM based Technology are 0.432, 0.298 and .529 respectively.

Table - 7: Correlation Analysis

		CS	SQ	EB	HC	CRMT
Pearson Correlation	CS	1.00	.587	.432	.298	.529
	SQ	.587	1.00	.179	.088	.213
	EB	.432	.179	1.00	.201	.096
	HC	.298	.088	.201	1.00	0.178
	CRMT	.529	.213	.096	0.178	1.00

Source: Author Calculation

Table 8 shows that the significance level (p-value) is 0.001. The predictors are significantly better than expected by chance, since the p-value is less than 0.05. There is a correlation between customer satisfaction in the banking industry of Bangladesh and the impact of customer relationship management. A lot of the variation in the independent variable can be explained by the regression line, which is set by the independent variables. The results can be reported similarly to previous ANOVA tests: F (14, 245) =

19.557; $p < .05$, indicating a good fit for the model with 14 and 245 degrees of freedom. The estimated F-statistic value of 19.557 exceeds the critical value, indicating that the independent factors significantly contribute to defining the dependent variable. An overall association exists between the dependent variable (Customer Satisfaction) and all the independent variables (Service Quality, Employee Behavior, Handling Complaints and CRM based Technology).



Table - 8: ANOVA Analysis

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	38.374	14	2.741	19.557	.001 ^b
	Residual	62.475	245	.255		
	Total	100.849	259			
a. DV: Customer Satisfaction						
b. Predictors: (Constant), Service Quality, Employee Behavior, Handling Complaints and CRM based Technology						

Source: Author Calculation

Table 9 illustrates that the R square value of 0.480 in the model summary indicates the proportion of variance in the dependent variable that can be accounted for by all the independent variables. Only 48.0% of the variation in "Customer Satisfaction (CS)" is attributed to changes in the independent variables "Service Quality (SQ), Employee Behavior (EB), Handling Complaints (HC) and CRM based Technology (CRMT)." The R-value of 0.693 represents the

multiple correlation coefficients, indicating the combined influence of the independent variables on the dependent variable. There is a moderate positive association between the independent variable (customer satisfaction) and the dependent variables (service quality, employee behavior, and handling complaints). The adjusted R-squared value of 0.453 indicates that the four variables can explain 45.3% of the variance in the motive for individual donations.

Table - 9: Model Summary

Model	R	R ²	Adjusted R ²	Sig.
1	.693 ^a	.480	.453	.001

Source: Author Calculation

Table 10 Coefficient compares the relative importance of each coefficient in the regression model. The Standardized Beta

Coefficient column displays the impact of each individual variable on the independent variable in the model.

Table - 10: Coefficients Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Hypothesis Result
		B	Std. Error	Beta			
1	(Constant)	.410	.523	-	.795	.502	-
	Service Quality	.275	.098	.271	2.771	.006	H1: Accepted
	Employee Behavior	.229	.073	.237	3.265	.003	H2: Accepted
	Handling Complaints	.213	.062	.284	3.537	.001	H3: Accepted
	CRM based Technology	.172	.068	.188	2.796	.000	H4: Accepted

Source: Author Calculation

The significance level is set at .05 and all predictors are statistically significant ($p < .05$). The multiple regression analysis results in Table 10 show that Service Quality (SQ) has a positive and significant effect on customer satisfaction in the banking sector of Bangladesh. Service Quality is considered an important predictor ($\beta_1 = 0.271$; t -value = 2.771; $p < .05$) and is accepted for this study. The multiple regression analysis results in Table 10 show that Employee Behavior (EB) has a positive and significant effect on customer satisfaction in the banking sector of Bangladesh ($\beta_1 = 0.237$; t -

value=3.265; $p < .05$). Employee Behavior is considered an important predictor and is accepted for this study. Table 10 shows the results of a multiple regression analysis indicating that Handling Complaints (HC) has a positive and significant effect on customer satisfaction in the banking sector of Bangladesh ($\beta_1 = 0.284$; t -value=3.537; $p < .05$). This variable is considered an important predictor and is accepted for this study. The multiple regression analysis results in Table 10 show that CRM based Technology (CRMT) has a positive and average effect on customer satisfaction in the banking sector



of Bangladesh ($\beta_1=0.188$; $t\text{-value}=2.796$; $p<.05$). CRM based Technology is accepted for this study.

V. FINDINGS

The descriptive statistics indicate that all variables have a mean value greater than 3, which is favorable for the analysis. Correlation indicates that all variables are positively connected. Service Quality and Customer Satisfaction are closely correlated. An overarching relationship exists between the dependent variable, customer happiness, and all independent factors, including service quality, employee behavior, addressing complaints and CRM based technology. 48.0% of the variance in "Customer Satisfaction (CS)" may be attributed to the fluctuations in the independent variables "Service Quality (SQ), Employee Behavior (EB), Handling Complaints (HC) and CRM based Technology (CRMT). All predictors are statistically significant ($p<.05$) since their p-values are below 0.05. All four hypotheses were found to have a favorable and considerable impact on customer satisfaction in the banking sector of Bangladesh.

VI. RECOMMENDATIONS

The study provides recommendations derived from the findings to help academics and business practitioners gain a deeper knowledge of customer experience management activities that impact customer satisfaction in the banking sector.

1. Banks were less focused on service quality in the past compared to their current emphasis on it. However, trends have shifted due to intense market competition and a wide array of options available to customers. Therefore, bank businesses need to improve their service quality to attract customers and thrive in an ever-changing climate.
2. Customer-friendly demeanor was completely lacking at one point. Banks were not very focused on how to manage customers. Banks have started to shift their focus towards providing excellent customer service. They have initiated the development of a specialized section to effectively handle client interactions. Therefore, banks should prioritize enhancing customer-friendly practices to meet client satisfaction.
3. Most banks are indifferent to their consumers' complaints. They make no effort to address consumer concerns. Customer satisfaction increases when banks address their concerns. Banks should prioritize effectively managing customers' complaints.

VII. CONCLUSION

After performing this research and validating it by different data and quantitative review, it can be effectively stated that CRM is needed in every bank and will result in the optimization of profitability, revenue, and clients satisfaction. Consumer satisfaction is the result of an excellent CRM, because once the customer is pleased, it leads to good word of

mouth and loyalty. This, in turn, aids in the leveraging of the company as well as the generation of additional sales and earnings. Thus, this research is an attempt by the researcher to acknowledge dependent variables and independent variables that effect CRM Customer satisfaction, service quality, employee behavior, handling complaints and CRM based technology. The results of the hypotheses analysis show that all of the predictors of customer satisfaction are significant and all of them are positively and significantly impacted on customer satisfaction in the banking sector of Bangladesh.

VIII. REFERENCE

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