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Customer Relationship Management and Its Impact on Customer Loyalty in Selected Private Banking Institutions of Hyderabad District

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Abstract

This study investigates the impact of customer relationship management (CRM) on customer loyalty in select private sector banks of Hyderabad. Customer loyalty is essential for bank reputation because a bank's reputation largely depends on customer satisfaction. Therefore, the current study is conducted in the Hyderabad context to examine the customer beliefs regarding the bank reputation. To achieve the main objective of the study, data were collected from selected banks in Hyderabad. Structured questionnaires were employed and total 265 questionnaires were distributed among the bank customers and 232 responses were received. After excluding those responses which were missing and not correctly completed, the remaining were used for final analysis. For hypothesis testing, AMOS was used. Hence, our findings suggest that customer relationship management has a positive and significant impact on customer loyalty. Hence, this study offers some suggestions to policymakers and practitioners. They should build deep trust among the bank customers, which will become a good source of company reputation. In addition, different steps such as advertising, public relations and marketing campaigns are significant in changing customer's behaviors.

Keywords: *Customer Relationship Management, Customer Loyalty, Retention, Private Banks.*

1.Introduction

CRM is a holistic approach to creation; while maintaining and expanding the customer relationship ensures smooth coordination between customer service, marketing, information technology and other customer-related functions. It integrates people, processes and technology to maximize relationships with all customers.

Customer relationship management (CRM) has become a critical strategic approach for businesses across various industries, including the banking sector. In today's highly competitive market, banks are increasingly recognizing the importance of establishing and nurturing strong relationships with their customers to drive customer satisfaction, loyalty, and ultimately, business growth.

The banking sector, being a service-oriented industry, heavily relies on building trust and delivering personalized experiences to customers. With the rise of digitalization and changing customer expectations, traditional banking practices are evolving, and banks are leveraging CRM to adapt to these shifts. CRM in banking goes beyond transactional relationships and focuses on understanding and addressing the unique needs and preferences of individual customers.

The marketing expert is enforcing to gain customer loyalty for the long term in-service industry.

2.Review of Literature

G. Sujatha, L. Ramanjaneya, Bathula Ramu, (2026) The high rate of digital technology and internet penetration has greatly impacted the buying habits of consumers, especially in the area of online purchasing. Through this research, the study intends to examine the most important factors that drive consumers' attitudes toward online shopping, with a special emphasis on demographic profiles, security and privacy issues, and the influence of social influence like social media and word-of-mouth. A systematic questionnaire was utilized to gather primary data through online questionnaires. Descriptive statistics, correlation, chi-square tests, and linear regression analysis were utilized using SPSS and Excel to examine the data. The study findings indicated that demographic factors like age and education play a significant role in the perception of online shopping. In addition, privacy and data security concerns have a negative influence on consumers' intentions to shop online, whereas social word-of-mouth and peer recommendation highly influence the decision to purchase online. The research offers insights of value to e-commerce sites to formulate strategies that respond to consumer fears and exploit social influence in order to enhance online interaction. The limitations are the relatively limited sample size and geographical concentration, which can influence the generalizability of the findings.

L. Ramanjaneya, G. Sujatha, J. Chandrakanth, (2026) It was investigates the extraordinary capability of Man-made consciousness in customizing showcasing systems. It digs into the hypothetical underpinnings of customer association sand researches how Man-made reasoning can be utilized to foster designated and pertinent promoting encounters. Man-made consciousness can customize messages in view of buyer conduct and socioeconomics, affecting the handling course and expanding contribution. This hypothesis investigates the utilization of game mechanics to inspire and connect with clients. Artificial intelligence can customize showcasing encounters, fitting prizes and difficulties to individual purchaser inclinations, driving further inclusion. Calculations can dissect huge measures of client information to foresee individual inclinations and ways of behaving. This considers designated promoting, item suggestions, and content that resounds with explicit purchaser portions. Regular Language Handling, Computerized reasoning - fueled

apparatuses break down client surveys, virtual entertainment discussions, and different types of unstructured information. This permits brands to grasp client opinion and customize correspondence styles for ideal contribution. Computerized reasoning - controlled talk bots and remote helpers can give customized client assistance and item proposals progressively, cultivating a more intelligent and connecting with brand insight. Likely Advantages and Contemplations Customized advertising messages and encounters take care of individual requirements and inclinations, prompting higher fulfillment and reliability.

L. Ramanjaneya, Priyanka Samuel Ebenezer, (2025) This study finds out how influencer marketing and online customer reviews influence Generation Z consumers' buying behaviour in Hyderabad, India. Being digital natives, Gen Z (people born from 1997 to 2012) strongly depend on social media and peer comments for purchasing decisions. The study finds that influencer credibility, authenticity, and content reliability greatly influence Gen Z's trust and buying intentions. Similarly, review volume, tone, and regency powerfully drive their product perceptions. With a quantitative approach utilizing standardized questionnaires, the study examines the effect of these digital tools using regression and correlation analysis. The results are intended to inform marketers on how to develop effective digital initiatives for involving Gen Z in urban India. Keywords: Influencing market, Digital market, Customer online Reviews, Hyderabad

Ramanjaneya, L., & Sirajuddin, M. (2023). The point of the scrutiny is to concentrate on the present situation of Rural Marketing in India, the provincial market gives its different open doors and difficulties, considering how differently populated the country purchasers in India are. The country's rural market comprises of 73m cr individuals and this draws in advertisers to enter in this market. To showcase in the domain of provincial promoting enterprises should comprehend the rustic purchaser. There is a shift approaching from metropolitan to the provincial advertising as the turn of events and levels of education and mindfulness among the rustic purchasers is rising and these shoppers need an incentive for their cash. Advertisers while taking special care of country customers need to associate with them and furthermore embrace exhibits for the better comprehension of the rustic individuals. Numerous advancements of methodology to advertise into the country markets have been embraced in the previous years. This paper plans to comprehend these developments and techniques and to comprehend the country customer of India. The eventual fate of country advertising and the improvement in rustic regions is capable of being developed provincial economies and for individuals living in these provincial regions a superior life. Reason - the motivation behind this study is to discover the innovations in the rural marketing in India, particularly while the whole world is confronting extreme monetary emergency and product distribution assumes a critical part. Information/Design/Methodology/Approach - the information gathered and treated appropriately by utilizing measurable devices. Discoveries rural marketing is great yet hypothetically just, for all intents and purposes it requires significant activities. Creativity/Value - the examination was led remembering the exploration morals, and seen that information gathered is certifiable and legitimate

Herman, L. E., Sulhaini, S., & Farida, N. (2020) in previous literature has been highlighted the significance of customer loyalty but still, it is one most tackling factor for the service sector to overcome. The main reason for top management failure to gain loyalty is due to high uncertainty in the market (Aramburu & Pescador, 2019). Loyalty broadly refers to customer actions that show a desire to strengthen an ongoing relationship with a business.

Ang & Buttle, (2006) Customer Relationship Management (CRM) is a basic business strategy that combines internal processes and activities with external networks to generate and provide value to targeted customers profitably. It is based on high-quality client data and is supported by technology"

Ahmed (2023).The study found out that labor, material, equipment, finance, design, and project management related factors had a positive and significant effect on the time overrun of the project. Whereas, external environment-related factors found were insignificant for time overrun

According to Prof. Sandeep Kumar (2020), one of the main issues facing the Indian banking industry is customer relationship management, particularly for public sector banks where customer satisfaction is lower than it is for private sector banks.

Lili Tan, (2019) Customer relationship management (CRM) is a core and important term in the organizational process which mostly focuses on establishing, maintaining, and enhancing long-term connection with customers. Furthermore, CRM is used within and organization to manage customer information in customer relationship management

Jacob & Kumar (2017) CRM is an excellent tool for acquiring new consumers as well as increasing customer happiness and loyalty. Up-selling and cross-selling can also be utilized to increase sales by leveraging existing customer relationships. Customers who are the most "value" must be identified, attracted, and maintained"

Kamrul Islam Shaon, (2015) Customer relationship management (CRM) ensures the relationships between customers and organization to increase the organization's market share by integrating technology, procedures and employee. CRM is to maintain and expand the customers and increase their satisfaction and the organization's profit. Customer satisfaction is the main element in a successful CRM implementation for retaining customers

Francis Buttle, (2015)Customer relationship management is an information industry concept used in methodologies, software and usually Internet capabilities which help a firm or an enterprise manage customer relationships in an organized way to enhance the customer satisfaction and retention

According to Dahistrom et al. (2014), trust is a critical component of the banking industry since building relationships between customers and banks can be a two-sided issue because different approaches can be taken by each party based on their degree of trust in the other.

Salimon, Yusoff, & Abdullateef, (2013) Customer loyalty is critical in banking, as it is in any other industry, for the sustainability of the business, especially given the high level of rivalry among banks. It is

frequently related with brand, which denotes what a firm stands for in terms of a name, product, service, symbol, pricing, and so on, and which frequently distinguishes one service provider from another.

Objectives of the Study

1. To explore the relationship between communication, customization, interaction, SERVEQUAL Factors and customer loyalty.
2. To examine the structural association between relationship with the customers loyalty in private banking sector.

Hypothesis of the study

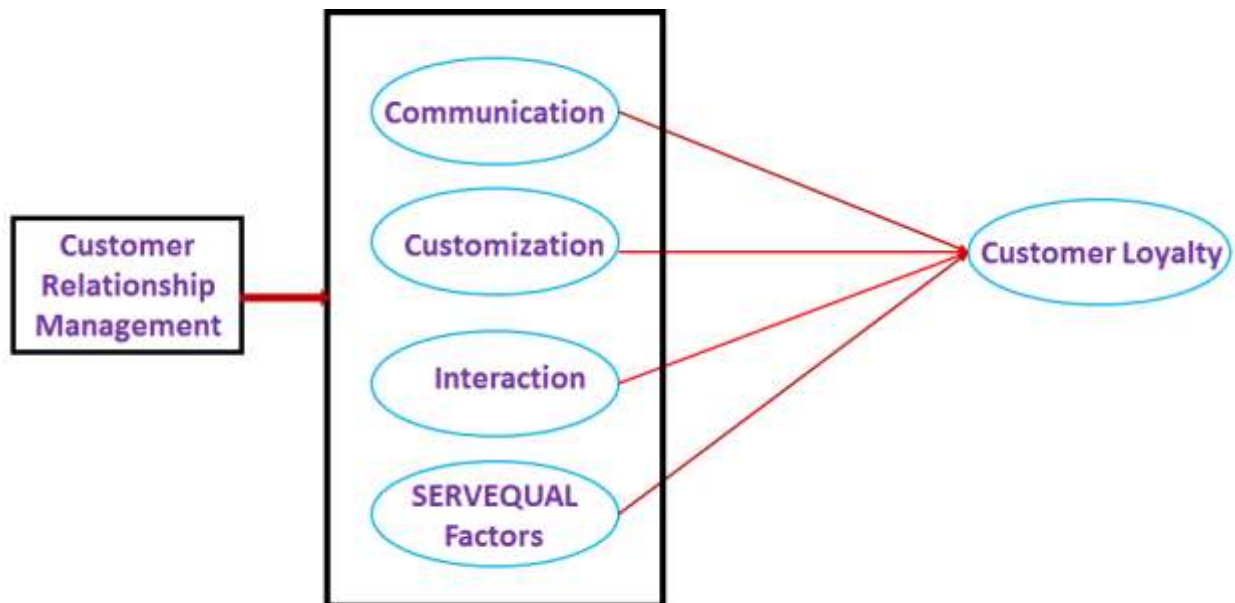
H1: Communication has a significant positive impact on customer loyalty in select private banks of Hyderabad.

H2: Customization has a significant positive impact on customer loyalty in select private banks of Hyderabad.

H3: Interaction has a significant positive impact on customer loyalty in select private banks of Hyderabad.

H4: SERVEQUAL Factors has a significant positive impact on customer loyalty in select private banks of Hyderabad.

Conceptual Framework



The model of this research article is developed based on the above presented literature review. The suggested conceptual framework contains customer loyalty as a dependent variable and four CRM determinants (Communication, customization, Interaction, SERVEQUAL Factors) as independent variable. The hypothesized relationship between variables is handed out in Figure1.

3. Research Methodology

The bank customers participated in this study were considered both male and female bank customers. The study carried out in the different private banks of Hyderabad district. The data was collected using a

purposeful convenient sampling technique. A total of 232 private bank customers like ICICI bank, HDFC bank, AXIS bank and Kotak mahendra bank as made up the sample. Bank customers in the age range of 22 to 55 years old, including employees and non-employees and business people customers also participated in the study.

Data collection and sample size

Following an assessment of the literature, the CRM survey items were chosen. The questionnaire consists of 21 questions that are designed to be easily understood and provide the necessary instructions. It tackles the issue in a concise and efficient manner. Using a Likert scale that included the following options: highly disagree, strongly disagree, agree, neither agree nor disagree, agree, and strongly disagree, highly disagree, respondents were asked to indicate how much they agreed or disagreed. The survey consisted firstly questions about the respondents' history and demographics; the second asked about the elements or aspects of Customer Relationship Management. 285 people were given the questionnaire; 265 of them returned it, with 7 containing partial responses. Thus, 232 out of 258 respondents were selected for further analysis

4. Analysis and hypothesis testing

Confirmatory factor analysis (CFA)

Confirmatory factor analyses (CFA) were used in this study to verify the construct validity and reliability of the measurement models for the communication, customisation, interaction, SERVEQUAL factors, and customer loyalty.

Table 1

Reliability and convergence validity

S. No	Construct	Reliability Values of Initial stage	Dimension	Loadings	Reliability Values	CR	AVE	No. of dimensions
1	Communication	0.816	CM1	0.816	0.816	0.903	0.654	4
			CM2	0.727				
			CM3	0.732				
			CM4	0.795				
2	Customization	0.892	CU1	0.892	0.892	0.827	0.549	4
			CU2	0.856				
			CU3	0.857				
			CU4	0.836				
3	Interaction	0.890	IT1	0.857	0.890	0.894	0.680	4
			IT2	0.859				
			IT3	0.839				
			IT4	0.876				
4	SERVEQUAL Factors	0.888	SF1	0.836	0.888	0.893	0.676	4
			SF2	0.863				
			SF3	0.875				
			SF4	0.850				

5	Customer loyalty	0.893	CL1	0.890	0.893	0.897	0.637	5
			CL2	0.848				
			CL3	0.877				
			CL4	0.880				
			CL5	0.852				
Total number of Dimensions								21

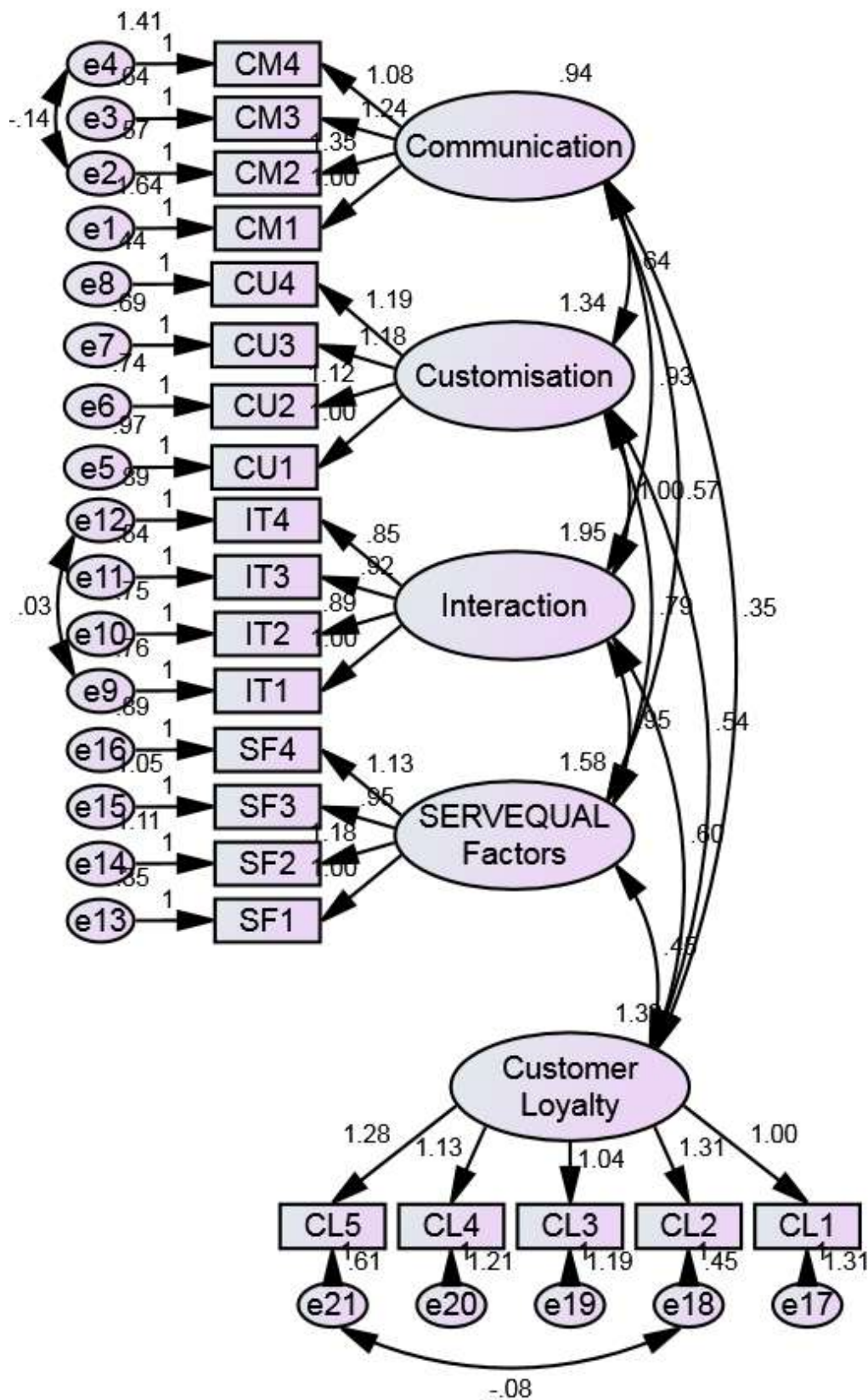
The degree of consistency or dependability of a construct's measure is known as reliability (C.R. Kothari, 2004). Using Cronbach's Alpha, it was computed for the designed and adopted scale items. All five variables have Cronbach's alpha coefficients (Table 1) ranging from 0.816 to 0.893, which is considerably higher than the necessary threshold of 0.7 (J.C. Nunnally, 1978) (A.P. Field, 2005). Additionally, the CFA was used to compute the composite reliability (CR) values for five variables. The results ranged from 0.827 to 0.903 (Table 1), which is much higher than the 0.6 minimum required value (M.R.F. Parvar, S.M. Allameh, R. Ansari, 2013) (J.F.J. Hair, W.C. Black, 2010). The modified scales were therefore determined to be reliable and consistent.

Convergent validity

The degree of agreement between several items used to measure the same concepts is known as convergent validity. Convergent validity is thus not an issue if the average variance extracted (AVE) value was more than 0.5, the factor loadings for every item surpassed 0.5, and the composite reliability values were over 0.7 (J.F.J. Hair, W.C. Black, 2010). All of the item factor loadings in Table 1 are above the suggested range of 0.5, falling between 0.549 and 0.680.

Between 0.827 to 0.903, which is significantly higher than the suggested value of 0.7, are the composite dependability values for a communication, Customisation, Interaction, SERVEQAL factors, and Customer loyalty. Additionally, Table 1 shows that the average variance extracted values for all variables are 0.654, 0.549, 0.680, 0.676 and 0.637 above the suggested threshold of 0.5. Consequently, this conclusion suggests that the validity of convergence is unaffected.

CFA OVERALL PATH MODEL



Discriminant validity

The degree to which items distinguish between different constructs or measure unique concepts is measured by the discriminant validity, which also looks at correlations between constructs and the square root of the

average variance retrieved for that construct. Table 2 shows that there was sufficient discriminant validity because the average variance retrieved (the diagonal values) was greater than the correlation values in the row and the column. As a result, the measurement model showed no evidence of discriminant validity issues.

Discriminant validity was defined as "the degree to which any given construct is different from others" by **Barclay et al.**

One could argue that the model's component factors' discriminant validity values. Each of these values is higher than the select factors' corresponding correlation coefficients. Therefore, every aspect of the study can meet the validity constructs. As a result, the structural model incorporates the current measurement model.

Table 2

	CL	SF	IT	CU	CM
CL	0.803				
SF	0.410	0.839			
IT	0.380	0.619	0.832		
CU	0.321	0.544	0.542	0.830	
CM	0.327	0.573	0.694	0.469	0.744

Structural Equation Modeling

The values of the SEM regression coefficients are shown in this section in order to test the study's hypotheses. The structural model is evaluated for fitness using chosen fit indices such as CFI, GFI, and RMSEA; the findings are displayed in Table 3.

Table 3 Fit indices values of structural model

	$\chi^2(df)$	χ^2/df	CFI	GFI	RMSEA
Model results	9.310(5)	1.551	0.886	0.812	0.028

STRUCTURAL ANALYSIS MODEL

The model's fit indices' evaluated values fall within an acceptable range. Therefore, there is high structural model match. Figure 2 shows the structural model's path diagram together with its regression coefficients.

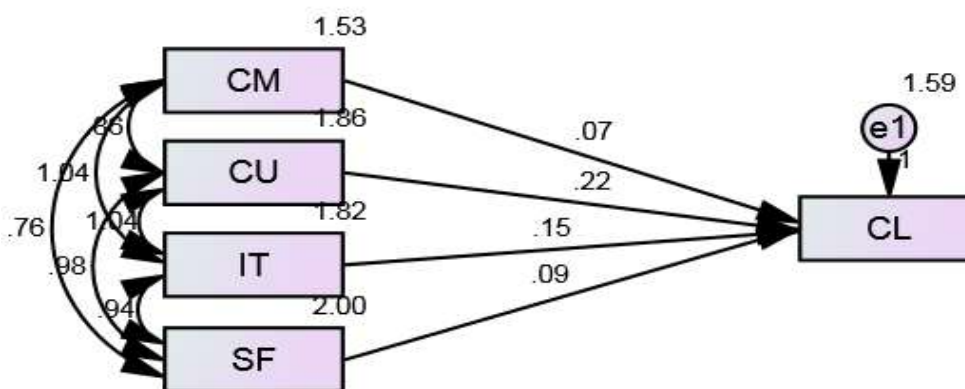


Figure 2: Structural model (from AMOS Software)

According to a number of research (Bentler, P. M., & Bonett, D. G., 1980), (Sorbom, D., 1974), (Bollen, S. M., 1989) if the RMSEA values are less than 0.05 and the Index value is greater than 0.9, the model is deemed to be fit and acceptable.

Table 4 Regression weight of the Model

Hypotheses	Path Direction	Estimate	S.E.	CR	P	Decision
H1	CL <--- CM	0.218	0.039	5.513	***	Supported
H2	CL <--- CU	0.224	0.079	5.819	***	Supported
H3	CL <--- IT	0.069	0.021	2.566	0.011	Not Supported
H4	CL <--- SF	0.385	0.037	6.325	***	Supported

Source: Output from AMOS Software

Where: CM=Communication, CU=Customisation, IT=Interaction, SF = SERVEQUAL Factors, CL= Customer Loyalty.

Five parameters were used in this study to assess the customer relationship management and loyalty of bank customers. The purpose of the four hypotheses was to investigate the direct causal relationship between communication, customisation, interaction, SERVEQUAL factors, and customer loyalty with bank customers. The four hypotheses address how customer relationship among bank customers affects customer loyalty. The Structural Equation Model (SEM) with maximum likelihood criteria was used to verify each hypothesis.

The standardized regression weight and critical ratio for CM and CL are shown in Table 5 and are 0.218 and 5.513, respectively, indicating that this path is statistically significant at the $p=0.001$ level. The data lend credence to hypothesis H1, which states that communication have a big impact on customer loyalty. The standardized regression weight and critical ratio for CU and CL are shown in Table 4 and are 0.224 and 5.819, the data lend credence to hypothesis H2, which states that customisation have impact on customer loyalty. The standardized regression weight and critical ratio for IT and CL are shown in Table 4 and are

0.069 and 2.566, the data lend credence to hypothesis H3, which states that interaction doesn't have impact on customer loyalty. The standardized regression weight and critical ratio for SF and CL are shown in Table 4 and are 0.385 and 6.325, the data lend credence to hypothesis H4, which states that SEVEQUAL factors have impact on customer loyalty

6. Conclusions

This study investigates customer behavior and corporate reputation in the marketing context, mostly in small and medium-sized enterprises. Therefore, this study is intended to evaluate the relationships among customer communication, customisation, Interaction, SERVEQUAL Factors and customer loyalty. The main objective of the study is to examine customer relationship between customers, corporate reputation and customer loyalty in the Hyderabad context. To fulfill this objective, we collected data from private bank customers operationalized in Hyderabad city.

The data were collected through structured questionnaires and 232 reliable respondents were used for further analysis, AMOS and SPSS.21 was used for hypothesis testing. Descriptive statistics of respondents were conducted through SPSS, while measurement model and structural model were conducted through the AMOS, and findings suggest that customer relationship management and corporate reputation have a positive and significant impact on customer loyalty. In addition, interaction doesn't effect on positive relationship between customer relationship and customer loyalty.

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