

Customer Relation Management in Indian Banks

Amrita Kaur

Saheed Bhagat Singh College (Eve.), University of Delhi, Delhi

Email Id: amritakaur.dr@gmail.com

Abstract. The banking sector on Indian economy is a pillar and a base for the growth of financial economy as well as overall development of an economy. One can easily analyses the growth of economy by analyzing the banking sector growth. By far Indian banks are trying their level best and are one of the strongest cause of our growth. This paper is an attempt to exploring the theoretical foundations of customer relationship management with reference to the Indian banking sector. The aim of this paper is to analyze the design and implementation technique for CRM in the bank, identify the benefits and challenges, as well as the success factors of the implementation and develop a better understanding of impact of CRM on banking competitiveness as well as to provide a greater understanding of what constitutes good CRM practices.

Keywords: *Customer relation management, banking sector, India, customer*

1 Introduction

Banks play a vital role in the socio-economic development of our country. Banks offer several facilities to enhance the standard of living of our citizens. Customer service management is a key component of business today. The concept is very crucial as it incorporates customer, customer service, customer satisfaction, customer value, customer loyalty, customer retention, etc. Customer service is an extremely dynamic concept.

Customer Relationship Management in banks can be defined as the ability to understand, anticipate and manage the needs of the customer, interaction and relationship resulting in an increased profitability through revenue and marginal growth and operational efficiencies. To serve more customers and to retain the existing customers, banks in India have changed from the old concept of accepting deposits and lending money to Any Time, Any Branch and Any Bank through Any Where Banking.

Thus in this era of increased competition, in order to prosper, it will be imperative for the banks to develop long term relationships with the customers by offering quality services. Developing long term relations with the customer depends basically on three dimensions product quality, service quality and relationship quality for any kind of industry. This fact is also

applicable for banking industry. CRM is a tool for delivering a variety of marketing dreams such as:

- To target and serve customers on an individual basis. It permits one to one marketing as opposed to mass marketing.
- It helps in establishing durable relationship with customers.
- It is to dis-intermediaries channels of the wasteful barriers and distortions.
- It helps in reducing marketing cost progressively.

2. OBJECTIVE OF STUDY

- To analyze and understand the concept of CRM.
- To understand practical implication of this in Indian Banks.
- To analyze the challenges banks are facing to serve us best.

3. RESEARCH METHODOLOGY

The presents study is completely based on secondary sources of data collection such as electronic resources, books, newspapers, magazines, with the objective of successfully completion of ongoing study data are collected from published and unpublished sources.

4. UNDERSTANDING CRM

Customer relationship management (CRM) is a co-ordinate approach in business to maintain the relationship between the firm and its customers to satisfy and retain the firm's customer, in turn helps the firm to exist in business and to attract more customers by giving promotions and more comfort in doing business with the firm (This Little Piggy, 2012). According to Saravanakumar (2009), CRM is all about maintaining a sustainable competitive advantage by serving existing customers and attracting new customers.

5. IMPORTANCE OF CRM

The process of CRM is dynamic and it require consistency and thorough efforts for its success and implementation. Customer Relationship management is the strongest and the most efficient approach in maintaining and creating relationships with customers. Customer relationship management is not only pure business but also ideate strong personal bonding within people. Development of this type of bonding drives the business to new levels of success.

- a) **CRM banking focuses of the customers:** Banking CRM understands the needs of the customer and integrates it with people, technology, resources and business processes. It focuses on the existing data available in the organization and uses it to improve its relationship with customers. Banking CRM uses information and analytical tools to secure customer focus.
- b) **Overall Profitability:** CRM enables banks to give employee's better training that helps them face customers easily. It achieves better infrastructure and ultimately contributes to better overall performance. The byproducts of CRM banking solutions are customer acquisition, retention and profitability.
- c) **Satisfied Customers:** It is important to make a customer feel as if he / she is the only one - this will go a long way in satisfying and retaining them. Bankers need a return on investment and it has been proved that increase in customer satisfaction more than contributes a fair share to ROI. The main value of CRM banking lies in satisfaction and increased retention of customers.
- d) **Centralized Information:** CRM banking solutions manage to clearly integrate people, process and technology. CRM banking provides banks with a holistic view of all bank transformation and customer information.
- e) **Customer Segregation:** CRM enables a bank to see which customers are costing them and which are bringing benefits. CRM provides them with the required analytical tools that will help them focus on the importance of segregating these two and doing what is required to avail of the maximum returns.
- f) **360 - Degree view of company:** This means whoever the bank speaks to, irrespective of whether the communication is from sales, finance or support, the bank is aware of the interaction. Removal of inconsistencies of data makes the client interaction processes smooth and efficient, thus leading to enhanced customer satisfaction.

6. CRM IN BANKING SECTOR

Financial crisis has forced organizations to restructure themselves in order to enhance their chances to survival and growth. The restructuring efforts have included, among others, the emergence of the "new paradigm" which is commonly referred as Customer Relationship

Management (CRM). Customer Relationship Management business strategy places the customer at the centre of the organizations' universe. Maintaining One to one Relationships in today's world are more important than anything else which an organization wishes to maintain with their associations. It has become extremely important for all organizations to maintain rich and fruitful relationships, and it has become even more and more important to sustain them to be rewarding forever.

CRM is a business approach that integrates people, processes, and technology to maximize the relations of an organization with all types of customers. CRM helps in understanding the customer better, which enable organizations to effectively customize their products and service offerings according to the customer needs in order to retain customers and increase customer's loyalty and satisfaction. Many organizations are embracing customer relationship management strategies to reap benefits such as enhanced revenues and high profits.

The basic proposition of a CRM strategy is based on the age-old idea that knowledge, understanding, and serving the customer is the best method developing a sustainable competitive advantage. But building a sustainable and successful relationship with a large customer base is not the easiest thing to do and carries a direct impact on many core operational processes. At the heart of a perfect CRM strategy is the creation of mutual value for all the parties involved in the business process. It is about creating a sustainable competitive advantage by being the best at understanding, communicating, and delivering values to the existing customers in addition to creating and keeping new customers. It addresses to the changing needs of the customers by developing products and services that continuously seek to satisfy the lifestyle and need patterns of individual customers. Organizations tend to acquire a structure around customer segments and not on the basis of product lines to deliver customer satisfaction.

7. Benefits of CRM in Banking Sector

Within the framework of competitive world, it is really very important for the banking sector to catch up its growth is changing world. It combines technology with human resources in order to create new strategies to acquire new customers and retain the existing ones. The long-term business relationships provide many potential benefits for banks and clients

According to Matusinska (2009, p. 191) the basic advantages and benefits of CRM are these:

- Satisfied customer does not consider leaving.
- Product development can be defined according to current customer needs.
- The ability to sell more products.
- Optimization of communication costs.
- Proper selection of marketing tools (communication).
- Trouble-free run of business processes.
- Greater number of individual contacts with customers
- More time for customer

8 CHALLENGES FACED BY BANKS

- The difficulty of obtaining a complete view of customers.
- The need to move away from disjointed, standalone, and inconsistent channels to provide a cohesive, multi-channel offering.
- The burden of disconnected legacy systems and disparate databases that store client financial data.
- The cost and complexity of meeting stringent government regulatory and client security and privacy requirements.
- The pressure on margins and growth prospects from increased competition.
- The costs associated with retaining customers and developing customer loyalty. Although CRM can help banking institutions efficiently manage their customers, many banks fail to meld the concept into the prevailing work culture. But the high incidence of CRM failure has very little to do with the CRM concept itself. Usually it's a case of the banks failing to pay attention to customer data they already have. A lot of banks underestimate the magnitude of CRM. They tend to treat it just like any other application technology, without realizing that CRM, if done properly, is a strategic initiative that touches all areas of an organization.

9. CONCLUSION

Challenges make you grow ahead and succeed and that's what our Indian banks are realizing so far. India is progressive and with time each sector is trying to adapt itself to changing

environment. in my article i have tried to emphasize on need of CRM for banks in order to have their survival for long term. Managing the customer is what CRM is all about. Just awareness of CRM is not sufficient, proper implementation of CRM is must. Banks have realized that CRM is that magical tool which will help them to build stronger and more profitable relationship with their clients. The need of hour is constant efforts' to make it more successful by educating and enhancing customer's base.

10. REFERENCES

- Dr. Hisham Sayed Soliman "Customer Relationship Management and Its Relationship to the Marketing Performance" Vol.2 No.10 June 2011.
- Dr. M Kumaraswamy and Jayaprasad "Customer Relationship Management in Kaveri Grameena Bank" Volume.2, Issue, Feb 2014.
- Dr. Sanjay Kanti Das "Bank Customer's Perceptions Towards CRM Practices" Vol-1, No-2, Sept.- 2012.
- Dr. Rita Rai, Dr. Raminder Pal Singh "CRM in Banking: Trends & Dynamics" gianjyoti e-journal, Volume 1, Issue 2 (Jan – Mar 2012) ISSN 2250-348X
- Anu Putney, M MPuney, "A Study on the Role of Customer Relationship Management (CRM) in the Indian banking Sector" International Journal of Management & Business Studies Vol. 3, Issue 2, April - June 2013 ISSN :2230-9519
- Dr. Meera Mathur, Sumbul Samma "A Study on Customer Relationship Management Practices in Selected Organised Retail Stores in Udaipur City" Pacific Business Review - A Quarterly Refereed Journal