

# A Framework for Successful CRM Implementation in Indian Banking Sector

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## ABSTRACT

Banking sector is a pivot of economy & also plays vital role for boosting GDP rate in Indian economy. It is highly required that customer should delight after perceiving services in banking sector. As well as financial inclusion is spreading, the need of maintain good relationship with customers is also increasing after implementation of financial inclusion scheme. In India, most of people have covered by financial inclusion but still one thing remains, how can bank maintain good relationship with existing customer & prospective customer? Good relationship with customers is main key for boosting growth rate of country. If banks get success for creating good relationship with customers, in fact it will be great achievement for country. CRM is always circumspect for good relationship. It provides healthy financial track for running banking sector in economy, but successfully implementation for CRM is more important term to boost growth rate of country. Indian banking sector is backbone of economy. We can't ignore it for the development of economy but now banking sector is facing hyper competition in present scenario. Indian banking sector is passing through critical stage & facing a lot of changes. With help of successfully CRM implementation in Indian banking sector, we can solve this problem with easy way and also generate sound banking in country. According to RBI, "CRM is a continuous process – it is a journey, not a destination. To be successful in this arena, banks need to embrace CRM as a philosophy and adopt a strategy for managing customer relationships that effectively address three key areas: people, processes and technology and even in the context of financial stability, CRM is important." CRM model in banking sector must integrate of technological adaptation, organise training & skill development programme, collection of customer data, analysis & interpretation, timely integration and evaluation for achieving the goal.

**Keywords--** CRM, Implementation, Banking Sector, India, Economy

## I. INTRODUCTION

Banking sector is an important part of economy & also plays vital role for boosting GDP rate in India economy. Banking sector provides to customers present & future prospective development as saving facility, loan facility, money remittance facility, other online various

services just on one click away. In banking sector, customer can enjoy these forthwith services without any barrier. It is essential condition for development of economy that financial inclusion should be based on sound banking system. Now, banking sector has reached everywhere. Convenient banking services are also easily available also in rural areas. Scope of banking sector is also increasing due to introduction of financial inclusion scheme in rural areas. In India, most of people have covered by financial inclusion but still one thing remains, how can bank maintain good relationship with existing customers & prospective customers? Good relationship with customers is main key for boosting growth rate of country. If banks get success for creating good relationship with customers; it will be great achievement for country where most of peoples live in rural areas. Good practices of CRM always helps to maintain circumspect for good relationship. It provides healthy financial track for running banking sector in economy, but successfully implementation for CRM is more important term to boost growth rate of country. A sound framework for successfully implementation of CRM is necessary for achieving the goal of banking sector.

## II. LITERATURE REVIEW

Numerous studies over the years have attempted to model the antecedents of relationship performance to understand how organisations can do successful CRM implementation in own business for effectiveness of relationship strategies.

Adrian Payne (2005) explained that a CRM strategy designed to deliver incremental returns provides the flexibility and scope for progressive improvement. The adoption of best practice, underscored by strong leadership, is a key to a positive outcome & No amount of IT can compensate for the requirement of human investment. This is evident in the aim of CRM: to create a seamless personalized customer experience that is consistently and continually enhanced. For attracting existing and potential customers, anything less is inappropriate.

Sathish Thejaswarup (2017) described that The CRM implementation method includes strategy, demand analysis, system requirements analysis, and detailed

requirement specification that is useful for CRM managers to meet their organizations' functional requirements & the success of any business relies on retaining profitable clients.

**Mujitaba Abubakar Tangaza (2017)** described that Relationship management as an approach has gained unprecedented acceptance over the past few decades partly as a response to the realisation that loyal customers are the most profitable customers. With help of relationship market, the nature of customer can convert into most profitable customer. Management of customer relationship in the B2C market requires a comprehensive framework: a framework that will define the whole set of relationship marketing activities and organise relevant resources around its implementation.

**Riyad Eid (2007)** described that successful CRM implementation system in business ensures to customer satisfaction and retention by solving customer problems quickly. It helps in various ways to business. For successful CRM implementation in business, it is the need of business to apply effectiveness dimensions for successful CRM implementation. These dimensions include relationship quality (enhanced relations), transaction quality (improved transactions) and cost reduction.

**Sarika Sharma<sup>1</sup> and D.P. Goyal (2016)** described that CRM offers much more than the contact management systems of the past time. But, it is for only those organizations that can successfully embrace an open culture underpinned by access to the key business systems. Visibility across finance, sales, service and marketing provides an organization with the joined up business understanding required to achieve return on investment, whether from credit control or stock reduction, and drive operational strategy, while supporting the CRM objective of enabling improved customer value. Hence, CRM implementation is a not off-risk and needs a customer focus organization; it may also need recognizing the current business processes to support the implementation.

### III. RELEVANCE OF STUDY

Indian banking sector is considered as backbone of economy. We can't ignore this sector for the holistic development of economy. But nowadays, banking sector is facing hyper competition in present scenario. Indian banking sector is passing through critical stage & facing lot of changes. In Indian banks sector, public banks are

following strategy of private sector banks for creating customer loyalty and attentiveness for the purpose of successfully CRM implementation in every bank branch but due to some circumstances public sector banks are wrestling with customers. It is more danger situation for economy. Other side, Private banking sector is facing challenge for winning customer faith while banks are performing well. With help of successfully CRM implementation in Indian banking sector, we can solve this problem with easy way and also generate sound banking in country. So, this study is more relevance for successful CRM implementation in Indian banking sector.

### IV. OBJECTIVES OF STUDY

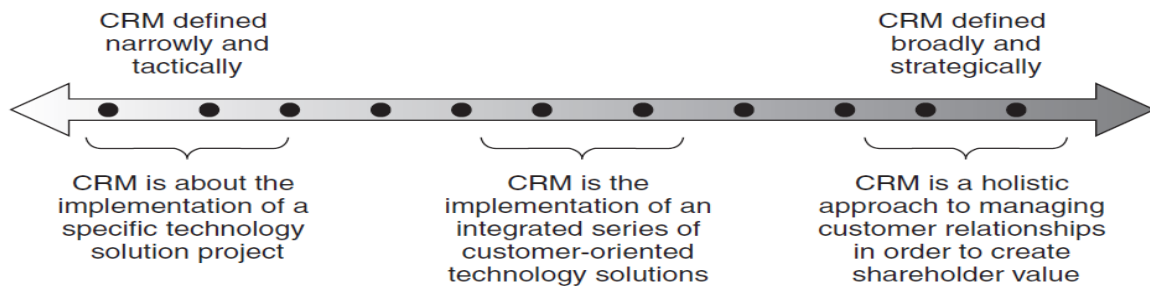
- To study the components of CRM.
- To study of important frameworks of CRM implementation.
- To present a model framework of CRM implementation in banking sector.
- To suggest various improvement measures for enhancing CRM practices.

### V. DATA COLLECTION

The presents study is completely based on secondary sources of data collection such as news papers, books, journals, magazines, various reports, thesis and web resources.

### VI. WHAT IS CRM?

Customer relationship management is a strategy for managing an organisation's relationship & interactions with existing customers and potential customers. A good CRM system helps to organisation for stay & connected to customers, streamline processes and improve profitability & productivity in directly way. Payne (2005) describe CRM can define broadly and strategically as a holistic approach to managing customer relationships in order to create shareholder's value in modern word. Earlier, it was defined with narrowly & tactically word as CRM all about implementation of a specific technology solution project. In this view, the objective of CRM is managing relationship for creating sound platform of business.

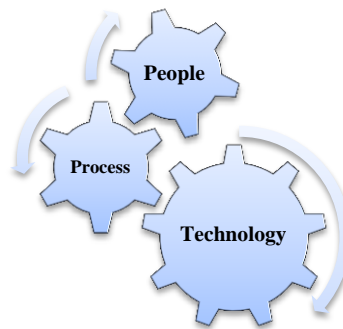


**Figure1:** CRM model (PAYNE, 2005).

## VII. COMPONENTS OF CRM

CRM is integration of three components. Those are people, process, and technology. This integration enables to CRM as a strong weapon in hand of service providers & seeks to understand to business's customers for creating lifelong relationship. Every component of CRM depends to each other for providing satisfaction to

customers. According to RBI, "CRM is a continuous process – it is a journey, not a destination. To be successful in this arena, banks need to embrace CRM as a philosophy and adopt a strategy for managing customer relationships that effectively address three key areas: people, processes and technology and even in the context of financial stability, CRM is important." Description of all components is given below.



**Figure 2**

**People-** CRM is all about people. All activity & strategy of CRM revolve around people & it is also customer centric approach. Without people, we can't think about CRM. Firstly, we collect all the data of customers & after collection use it for various purposes.

**Technology-** Technology is important component of CRM. It plays vital role in whole CRM process. With help of technology, any business can change traditional marketing system into automotive marketing system and also fast service functions. Combination of CRM & technology provides services as form of customer touch points, applications, and data stores. Customer touch points are the human interface with customers. It consider as starting stage of the sales process. Sales people or customer service personnel communicate with customer and input data into the system & in modern form, this interface could be through an online form where the customer is asking for more

information. An application is software, which interface between the customer touch points and business databases and storage of data represent the profile of customers. It is also known as knowledge management systems of business.

**Process-** The CRM process is fully focused on support to customer for creating life time value. CRM process involves the activities & strategies that business use to manage their interaction with existing & potential customers. According to Payne (2005), "CRM processes include strategy development process, value creation process, multi-channel integration process, Information management process & performance assessment process."

## VIII. IMPORTANT FRAMEWORKS OF CRM IMPLEMENTATION

S.No.	Authors	Framework
1-	Ostroff and Smith (1992)	Sub-processes: Identifying potential new customers Determining the needs of customers
2-	Chen and Popovich	People, Process and Technology
3-	Winer (2001)	Seven-stage framework: Creation of a database analysis Customer selection Customer targeting Relationship marketing Privacy issues Metrics
4-	Buttle (2001)	CRM value chain: Customer portfolio analysis Investing in people Maintaining dialogue with customers Setting realistic targets Assessing performance Using relationship-based interfaces
5-	Sue and Morin (2001)	Initiatives, Expected results and Contributions
6-	Almquist et al. (2002)	Planning, implementation, and Management
7-	Reinartz and Kumar (2004)	Relationship initiation, Relationship maintenance and Termination management
8-	Payne (2005)	Strategy development process Value creation processes Multi channels integration Performance evaluation Information management process
9-	Keramati et al. (2010)	Technological resources, Human resources, Organisational culture change, Business processes

**Table 1:** Model framework of CRM implementation in banking sector

After study of above-mentioned models, researcher developed a new specific model framework of CRM implementation in banking sector. This model will be useful in present competitive scenario for successfully its implementation. This CRM model is based on dynamic need and nature of customer & banking sector. Earlier CRM's model designed on the base of inflexible nature. All models were not focusing toward dynamic need & nature of customer & organisation. Behaviour & need of customer both can change at any time & other side work policy of banks is also dynamic nature. So, up gradation & flexibility are necessary of part of CRM model. New proposed Model framework of CRM implementation in banking sector is explained as below.

- 1- **Centralization of socio-economic aspect of customers-** In all conditions, bank should give priority to socio-economic aspect of customers. According to this centralization aspect, bank should present various schemes as per need of socio-economic aspect of customers, also give posting to experienced staff in rural areas.
- 2- **Technological adaptation-** Now, numbers of customers & their problems has increased with sharpish growth rate. Every customer wants quick reply about own problem. Other side, it is also

responsibility of banks to provide satisfaction them. For fulfilling this goal, adaptation of good technology is backbone of successfully CRM implementation in this sector. Technological adaptation should base on both aspect of CRM- bank & customer. Before technological adaptation, bank should evaluate external & internal capabilities to cater customers and also give attention about Cyber security, artificial intelligence, local language programme, development of technological resources, etc.

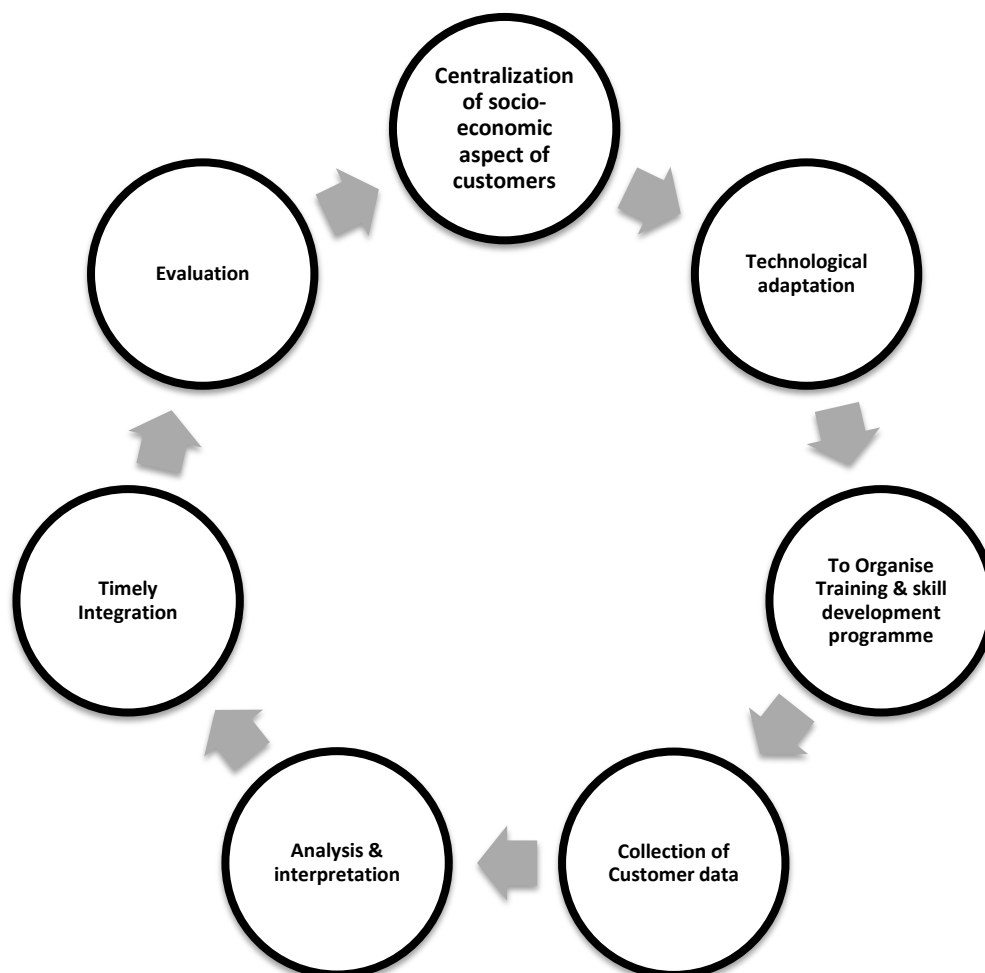
- 3- **Offer Training & skill development programme-** Offering Training & skill development programme for employees, these are like fuel for motive them to serve customer with better way. After getting training, employees feel own self a trained person for serving to customer. Every bank should organise time to time training, skill development programme, digital-finance literacy programme, etc. as per need of customer & organisation.
- 4- **Collection of Customer data-** Bank should collect essential data about existing & potential customer & also update its time to time as per need of organisation & customers with effective way. Customer data are very important for bank in each

moment of banking transaction & non banking transaction. Bank should also develop strategy for automatic feeding of customer data.

- 5- **Analysis & interpretation-** At the time of analysis & interpretation of customer data, each bank should provide attention toward dynamic need and nature of customer & bank. Analysis & interpretation must base on the specific objective of bank. A good analysis & interpretation can generate sound decision making system.

- 6- **Timely Integration-** Timely Integration of all steps is essential condition for achieving goal of financial sector. Without integration, it will not get success. Bank should timely integrate all things from top level to bottom level.

- 7- **Evaluation-** Evaluation indicates about result of implementation of CRM policies. Bank should develop a fair & true evaluation process to measurement of effectiveness of CRM policies. If bank finds any variance, it must remove immediately & report to higher authority.



**Figure 3:** Model framework of CRM implementation in banking sector

## IX. CONCLUSION

To obtain customers' acceptance, banks need to invest a little bit more money especially in rural areas, remote locations, underprivileged areas, etc. Banks should also expend their resources to increase the banking network in the nation. It has been observed that most public sector banks' staff members are unaware of new product offerings and the availability of different schemes for various types of customers. Consequently, bank staff members ought to be aware of the newest services and products that these banks are offering to their clientele.

Bank's most important requirement is also front-line employees who are effective, informed, capable, and adaptable. Furthermore, staff may only offer consumers timely services if they are aware of the products that the bank has launched. Bank should plan for the appropriate implementation of IT tools and their efficient use in customer searches. The conclusion of this study is given below for achieving excellence & efficiency in Indian banking sector through successful CRM implementation.

- 1- Banks should understand that measurement and standardizing is a key to successful CRM implementation.



- 2- Appraisal of bank employees should base of customer satisfaction.
- 3- Size of budget for implementation of CRM should increase.
- 4- Customer financial education programmes should launched in especially in rural area to improve the understanding of bank's product, procedures & services for increasing awareness level among the rural customers.
- 5- Banks should conduct CRM readiness audit in each branch.
- 6- CRM initiatives should base on employee training and executive development activities as per present demand of customer.
- 7- In every month, a day should decide for celebration of "customer day."
- 8- Every branch should constitute customer committee for immediate redress of grievances.
- 9- Follow service audit system in each branch.

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