

## Role of CRM in Indian Banking Sector

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### ABSTRACT

Customer is a king and Customers are the mainly focused in making new marketing strategy. In the banking field a unique relationship exists between the customers and the bank. But because of various reasons like lack of training, new technology literacy, financial targets, risk of failure etc., some banks are still following the traditional ways of marketing and another hand some are making attempts to adapt CRM. It is with this background, the researcher has made a modest attempt towards the idea that CRM can be adapted uniformly in the banking industry for betterment of Banking Services. Understanding on Customer Relationship Management is always a concern among the service providers especially banks. Banks makes their own way of managing their relationships new and existing customers. The aim of this paper is to examine the Customer Relationship Management as a new methodology looks forward to identify and attract consumers through the process of developing relationships (business - customer). The methodology of the CRM aims to maintain customer satisfaction and increase consumer loyalty. The purpose of this paper is to study the importance of CRM systems and in-depth knowledge of methods and management techniques customer relationships.

The main issue of this study is that CRM has become a multi-faceted and complex phenomenon that is ridden by various factors. Due to this complexity, a number of different variables have been used to measure CRM which investigated by several prior studies. However, most of businesses need to know and look at the particular measures and dimensions of the CRM that have a significant impact on customer satisfaction and loyalty, which would enrich the business' performance, especially with the increase in competition as well as lack of differentiation in providing a service. This paper aimed to review literature on CRM and to identify its impact on customer satisfaction and customer loyalty. The studies are analyzed on the basis of some general characteristics and variables that significantly enhance CRM and its influence on customer satisfaction and customer loyalty. For this purpose, we investigate the existing literature on the impact of CRM on customer satisfaction and customer loyalty along with its spread among publications to identify the potential development in the field.

**Keywords--** Customer Relationships Management, Customer Satisfaction, Customer Loyalty, Data, Information, Banks

### I. INTRODUCTION

Marketing is play an important role in today's global era. Financial Marketing concept began with the industrial revolution reached up today by pass through different processes. In today's global competitive environment, social marketing approach aimed at the general benefit of the community came to the fore after the modern marketing that determines the target market needs and desires. Nowadays that increased customer selectivity and the quality is emphasized, the development of technology, increasing competition and globalization caused a change in favor of the customer requirements. Customer relationship management (CRM) that has meanings such as get to know customers, to understand what they want and to act accordingly has become mandatory.

Customer Relationship Management CRM One of the main tasks of the department promotion and advertising of bank is to bring together buyers and sellers of products and services to create clients. At the time when the philosophy of all enterprises can not only be customer-oriented, development and maintenance long-term relations of cooperation and engagement of a company with customers is extremely difficult but very important for the development of each business. The customer relationship management (CRM) has become a necessary strategy for all firms, since effective implementation may increase satisfaction, loyalty and customer retention and thus, sales and lead to repetitive purchases. However, although the CRM is one of the fastest growing administrative approaches to the modern enterprise, the application has not always yield the expected results. Firms in the banking sector should consider carefully investment in customer relationship management (CRM) in order to have the desired business result

### II. REVIEW OF LITERATURE

Girdhar (2009) also hold a review that by satisfying the internal customers and building good relationship with them, the relationship with the external customers can also be retained and satisfied by the banks. Kumar & Rajesh (2009) reveals that any bank that wishes to either grow in size of its banking operation or improve its profitability must consider the challenges affecting its customer relationship. The challenge before the banks is not

only to obtain updated information for each customer, but also to use the information to determine the best time to offer the most relevant products (Lau et al., 2003). It is also important to understand that if customers bring in profits for the bank, it becomes imperative for the bank to provide excellent services to those customers, otherwise they switch to other banks. Service quality in banking implies consistently anticipating and satisfying the needs and expectations of customers.

Parasuraman et al. (1985) observed that high quality service gives credibility to the field force and advertising word-of-mouth communications, enhances customers' perception of value, and boosts the morale and loyalty of employees and customers alike. Puccinelli (1999) looks the banking and financial services industry as entering a new era where personal attention is decreasing because the institutions are using technology to replace human contact in many application areas. Over the last few decades, technical evolution has highly affected the banking industry (Sherif, 2002). In today's competitive banking industry, customers have to make a choice among various service providers by making a trade-off between relationships and economies, trust and products, or service and efficiency (Sachdev et al., 2004). CRM is main key to create a superior customer experience. It manages the customer relationship by creating a clear understanding (Know), by developing good services and products based on the added value for target groups, then enabling the actual sale and delivery of services and products through the selected channels, and developing long term profitable relationships with customers after sales services.

The major CRM practices are collaboration, customization and customer prospecting as well as key account management practices. Customization is the most popular and used practice, the reason is that today's customer is dynamic and each financial product has to be tailored to his/her requirements at any given time. Thus customer intimacy has to be the focal point of any growing financial organization. In the same way there has to be an interactive customer management to enhance customer retention (Mbizi and Muzividzi, 2013). So managers should try to acquire customers that have the greatest potential as long as the costs of acquiring such customers do not outweigh the benefits (Gupta et al., 2003; Ryals, 2005)

Suwarna S Maslekar (2011) described in study that the banking industry being a service sector marketing mix consists of 7 Ps which also involves People, Process and Physical evidence along with Product, Price, Promotion and Place. Successful selling of products is an ongoing process, which is based on relationship of banks with the customers and degree of consistency and quality in terms of both product creation and delivery of product.

The institutional performance is enhanced because marketing efficiency is achieved due to the collaborative

processes (Sheth and Sisodia, 1995) introduced by CRM which helps in reducing transaction costs and overall development costs for the company. These brings about two important processes of proactive customer business development and building partnering relationships with the most important customers (Chitanya, 2005) and eventually leads to superior mutual value creation between the organisation and the customer. Further, a clear vision of CRM along with appropriate strategies if applies in banking sectors found out that beneficial in maintaining the customer service quality, customer satisfaction and customer retention which ultimately leads to the growth of the organisation and profitability (Bansal and Sharma, 2008).

### III. RELEVANCE OF STUDY

In today's competitive edge, India banking sector is facing huge competition and presenting attractive schemes for customers. Indian banking sector focusing on creating customer loyalty and attentiveness for CRM. This study is beneficial for understanding of concepts and importance of CRM. Today's scenario, it is too much critical for build a safe and sound banking system for Indian economic growth, for which effective CRM is solution therefore the study is going to be very helpful in finding out the factor which are responsible for success of CRM in banking sector.

### IV. OBJECTIVES OF THE STUDY

1. To study the importance of CRM in banking sector.
2. To study the role of technology for development of CRM.
3. To study the customer relationship management process in Indian banking sector.

### V. DATA COLLECTION

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

### VI. RECENT TRENDS OF CRM

Banks modern technology can develop innovative customer solutions to attain growth and profitability within the framework of sound risk-management practices. Techno-savvy banks are tapping into online services to initiate a new era in relationship management to create one to one relationships as well as one to many relationships to enhance their competitive advantage. Recent developments

in critical areas of IT, have changed the way banks are managing their customer relationships. The following are some of the latest e-CRM techniques used by banks in offering new products and services to its customers:

- ATM
- Internet Banking
- Computer networking
- Smart cards
- Decision Support System
- Mobile banking
- E-mail banking



## VII. IMPORTANCE OF CRM

Customer Relationship Management is play very important role for the growth and profitability of banks in the present age. CRM is instrumental in identifying and capturing the most profitable customers of a bank. 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. CRM is important due to following factors:

### *For Banks*

**Making Strong Relationship-** Every bank is trying for making good relationship. For this purpose banks are dedicating for serve customer anywhere. In global banking era, it's most topical subject that generates enduring relationship with facing global competition. In Indian banking context, many elements effects at this topic, but most popular element is CRM. It's one of them and with iron faith to own customer and another side customer have iron faith with own bank.

**Global Banking Developmental Engine-** In global banking marketing concept, CRM is developmental

engine because through using effective and customer centric nimble policy can grow banking environment under global umbrella. Banking is not fetter limitation of country by using CRM global banking market is on the stage of progression.

**Maximization Profit through Satisfaction-** CRM focuses on serve customer through better way. Customers want full satisfaction about any banking product with safe way. Through CRM, banks are presenting own service toward customers with secure and customer adoptable mode. Customers fell better and find own self satisfied thus banks can gain maximize profit through satisfaction of customer.

**Well Informed Customers-** Customers in Banking Industry today are well informed. With the introduction of new technology, the world has become like a small village. Thus, if a Bank wants to have more customers so it should develop a good relationship with its present customers and try to maintain the same in the future also.

**Improved Quality of Customer Retention-** In the intensely competitive banking industry, retention of existing customers is vital role which can be achieved through the process of CRM. Customer retention for intensifying business is the most important factor. CRM is emphasising on retaining customer forever with expectation of profitable customer.

**Find New Customers-** CRM is helpful for discovering new prospective customers. Banks are diversified own products for attracting new customers. Attraction of these products, new customers are include in line and increasing own profit.

### *For Customers*

**Availability of New Technologies-** By using CRM, banks always trying to provide new technologies to the customers. Customers are getting and introducing newly technologies and avoid traditional technologies. Banks are presenting toward customer new adoptable technologies customer accept it for performing global level financial activities for example- ATM, Internet banking, Mobile banking, E wallet and E-cards etc.

**Availability of Good Information-** Through CRM, a customer can received good and useful information by directly or indirectly mode. In Directly mode, customers have present query across from bank by face to face and in indirectly mode customers have present own query by electronic mode for example- E.Mail, IVRS, Online complaint redress system, etc.

**Simplify Marketing-** Customers are wanted to simplify marketing products which is always more profitable. CRM is present toward customers marketing with simple and secure way. Customer can easily justify that which product is more profitable in compression of another product. Now, bank's marketing strategies have

changed and customer can receive information with comparative way and which is useful for choosing better products.

**Better Customer Service-** Through CRM, a customer can receive better customer services with superior mode. In globalization, banks are focused on achieving own goal for retaining customers and included customers in business, for fulfill this goal banks are providing better services if any banks became failure to provide better services its existence in critical stage. Providing better services towards customers, it's the only way of own protecting and intensifying marketing share.

#### **For Nation**

Improvement of Banking sector: CRM helps in our country for improvement of banking sector. When customers have iron believe on banking system then they more put money in banks and numbers of increasing financial transaction is helping growing banking sector. Through banking sector, banks have got more financial power for developing nation.

Helpful in global competition- By Application of effective CRM in banking sector, in global competition and banking sector provides a safe place in global level banking market. CRM in banking sector provides a good environment hence effectiveness of CRM cannot ignore. CRM is an important and effective tool in Indian banking sector.

New Technologies- New and effective technologies are generating revolution in country and global level. It is important acquire good changes in economy.

For example- at the time of demonetization ATM, Internet banking, Mobile banking, E-wallet etc. was played a vital role in nation for facing changes. Now in India, most of people have informed it.

Improving banking quality- Through CRM is getting help for mentioned improving banking quality. CRM helps for improving quality services and banking standard. Banking sector has achieved more power. Banking sector's value is increased day to day by a geometric growth rate when, customer relationship improve with arithmetic growth rate so CRM help to banking sector.

## **VIII. CONCLUSION**

New technology is highly affected to customer behavior and with the changes of technology customer behavior and perception has changed and customers are demanding more satisfactory products from producer or service provider. It is one of big challenge in the new era of liberalization and globalization for a business is to serve and maintain good relations with the customer for it has only solution only ie. CRM. In Indian banking sector, technology is now in very important position. Every bank

wants to use effective and good technology, for fulfillment of their purpose, it is necessary of understanding importance of CRM by every banks. With help of good technology banks can take benefits of CRM easily achieved own goal at low cost.

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