



IMPACT OF CUSTOMER RELATIONSHIP MANAGEMENT ON INDIAN BANKING SECTOR

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Abstract

Globalization and technology improvements have exposed companies to a situation with tough competition. In this new era, companies are focusing on managing customer relationships in order to efficiently maximize revenues. Today marketing is not just developing, delivering and selling, it is moving towards developing and maintaining long term relationships with customers. Relationship marketing is becoming important in financial services. CRM is an opportunity that banks can avail to rise above minor advantages by developing actual relationships with their customers.

Keywords: *impact, customer relationship, CRM, customer relationship management, Indian banking*

A bank is a very important institution of modern business world. It serves as a barometer of country's economic progress. Today faster economic development cannot be thought about without the existence and development of banks. Thus a bank is an institution which accepts deposits from the public and which grants loans and advances to those who are in need of funds. In a free enterprise economy, commercial banks operate like any other business and are mainly concerned with the maximization of their private gains. Along with, profit maximization, banks should also seek to Customer Relationship Management (CRM) in order to retain their customers for the long run. Banks are facing greater challenges than ever before in executing their customer management strategies. Intensifying competition, proliferating customer contact channels, escalating attacks on customer information, rising customer expectations and capitalizing on new market opportunities are at the top of every bank executive's agenda.

In looking for ways to drive growth, banks need to evaluate their customer management strategy. Do they currently have a CRM solution that is capable of delivering - Consistent and cost-effective customer service? Customer-aligned products and services? And Enhanced customer loyalty and long-term value?

What is Customer Relationship Management? *Customer relationship management* entails all aspects of interaction that a company has with its customer, whether it is sales or service-related. While the phrase *customer relationship management* is most commonly used to describe a business-customer relationship, CRM systems are used in the same way to manage business contacts, clients, contract wins and sales leads. Customer relationship management solutions provide you with the customer business data to help you provide services or products that your customers want, provide better customer service, cross-sell and up sell more effectively, close deals, retain current customers and better understand who your customer are. The primary reason for the emergence of CRM is the change in the marketing environment. Today marketing model is changing from the product-centered approach to customer-centered approach. The business strategies of banks center around three vital issues i.e. product (services), process (technologies), personnel (people). This implies that the banks provide a large number of services to their customers with the help of the technology available to them. Expansions and improvement in customer service gain practical relevance on account of above mentioned factors. Today banks have – To

assess the present and future needs of customers, To set up business development goals and strategies to achieve it, To manage and promote various services and To adapt to changing environment in the market.

What should a CRM offer? A world-class CRM solution needs to embody six core “qualities” in order to support a company's ability to acquire new customers, increase retention and ultimately, increase profitability. In order to address the market pressures banks are facing, a CRM solution must be: 1. Agile in its deployment – To allow new products and services to be implemented by the bank in a creative and rapid manner as required over time. 2. Consistent in its execution of customer processes – To ensure processes, technology and management deliver a consistent customer treatment strategy across all channels in the enterprise platform. 3. Scalable in its design and capacity – To allow for the bank's future growth, whether through improved organic strategies or acquisitions. 4. Effective in its integration of business intelligence – To provide clear insights into customer preferences by integrating business intelligence and applying it to support product development and customer treatment strategies. 5. Measurable in its results – To allow reporting of operational, strategic and customer service goals to measure if programs are achieving real ROI for the bank. 6. Secure in its handling of customer information – To ensure absolute security and privacy around all information held and transmitted through the system.

Objective of the Study

The main objective of the present study will be to assess the awareness of CRM, to analyze the level of customer centric from both customer and employee point of view and to evaluate the service quality offered by the banks.

Review of Literature

Several studies have been conducted pertaining to relationship marketing and customer loyalty. Relationship Marketing is becoming important in financial services (Zineldin, 1995). If a bank develops and maintain a solid relationship with its customers, its competitor cannot easily replace them and therefore this relationship provides for a sustained competitive advantages (Gilberts Choi, 2003). Webb and Mohr (1998) establish that 30 percent of respondents reported that CRM influenced their purchased decision. Success of a service provider depends on the high quality relationship with customers (Panda, 2003) Customer retention is economically more advantageous than constantly seeking new customers

(Verhoet,2003: Reichheld and Sasser, 1990). Numerous studies insisted the significance of customer relationship management.

Research Methodology

The banks taken for the study were SBI, PNB, BOB, ICICI Bank, HDFC Bank. For the study, both Primary and Secondary data have been collected. The primary data has been collected through questionnaires and telephonic interviews with the managers at the respective banks. For the secondary source of information the websites the banks were used. The questionnaire contained questions both open-ended and close-ended. A comparative analysis of all the banks taken for the study was made.

Findings and result

Table1 - Methods of gathering customer information

Methods	SBI	PNB	BOB	ICICI BANK	HDFC BANK
Website	√			√	√
Business Meeting	√	√		√	√
Intermediaries				√	√
Reference	√	√	√		
Account Opening Form	√	√	√	√	√
Survey	√		√		
Over the Counter				√	√

Table 2 - Methods of interacting with customers

Methods	SBI	PNB	BOB	ICICI BANK	HDFC BANK
Call Centre	√	√	√	√	√
E-mail	√	√		√	√
Service desk				√	√

While analyzing CRM process of the various banks, it is seen from Table 1 that there are many similarities and differences in collecting information about customers. Table 2 reveals that the technology of interacting with customers is also more or less the same. As per the data collected via questionnaire prepared for the employees one thing that is quite evident is that they are fully aware about the customer relationship management. The employees are trained how to deal with the customers and their problems and queries. Due to the emergence of the concepts of CRM one thing that is quite sure is that they are quite aware of their role. Though there are some problems but still they can be managed. The above details regarding the type of customer services offered gives a feedback that they know their job well. There are areas that they need to work on and they are working on them too. Customer is like God for any organization, therefore the banks should try to assess the needs of their customers and honestly satisfy them. They should provide efficient services to their customers and also maintain quality standards of their services. They should maintain continuous availability of their services and inform them about introduction of new schemes and services in their banks. They should try to safeguard the interest of their customers and try to avoid any unfair practices going on in the organization. They should maintain mutual exchange of ideas in order to know the increasing expectations of the customers for the better functioning of the organization. The banks

have to maintain a positive attitude towards customers so that they can anticipate the problems of the customers, take measures to solve them and in case of need, take immediate measures for the redressal of their grievances. In doing so banks should keep in mind the following observations made by Mahatma Gandhi— A customer is the most important person ever in the bank premises. A customer is not dependant on the bank personnel rather they are dependent on him. A customer is not interruption of their work he is the purpose of it. The bank employees are not doing any favour by giving them the opportunity to do so. A customer is not someone to argue or match wits with. Nobody ever won an argument with a customer. A customer is a person who brings us his wants. It is our job to handle them profitably to him and to ourselves.

Conclusion

Banking is, and for a long time to come, will remain a customer oriented business. If one can satisfy the customer effectively, then the customer becomes his client. Now the question arises how to satisfy the customer? The answer is “*put the customer first*”. Marketing begins with a frame work by providing good services or satisfying the customer effectively and efficiently. It ends with organizing the business and activity of the banks in such a way that the customer’s needs and expectations are identified and satisfied in the best possible manner.

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Websites of SBI

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Websites of HDFC