



## AN OVERVIEW AND SIGNIFICANCE OF CUSTOMER RELATIONSHIP MANAGEMENT IN BANKING SECTOR

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### **Abstract**

*Due the impact of rapid technological developments and innovations all around the world At present the competitive business markets, companies are focusing on different strategies to not only satisfy the customers. They are focusing to provide innovative and new products and services in order to delight them. They need to maintain long term relationship with their customers. A systematic CRM (customer relationship management) program that helps company in satisfying the customer needs and wants up to maximum extent. This is a descriptive paper and the data has been collected from different secondary resources the major focus of this paper is to know the effectiveness of customer relationship management (CRM), recent trends, scope, advantages and significance in the banking sector.*

**Key Words: CRM, Customer relationship management, customer satisfaction.**

### **Introduction**

Customer Relationship Management is an old concept. Customer has been acting as a prime concern for all the companies ever over the years. The management approach, that they sincerely viewed customer relationship as a key asset, has gained increased prominence in the priorities and practices of many profit and nonprofit organizations. Companies have been doing it since the beginning of their operation. However, the focuses were more on selling rather than customer orientation. Competition, determined by globalization has tainted the world. Customers now have various choices based on their tastes and habits, and they are more knowledgeable and demanding too. Now they need to be handled with utmost care by the companies because the companies not only to acquire them but to satisfy and retain them for long. Both from the academician and the manufacturing perspective, the importance attach to the customer relationship building is increasing by leaps and bounds on a daily count. Customer relationship management is not a Goods or service it is a strategy used to learn more about the needs and wants of customers and their perception in regulate to develop stronger and healthy relationship with them. From it standpoint, it provides an integrated view of a company's customer to everyone in the organization so that the customer can serve effectively, in simple terms, CRM is use of a wide range of marketing, Sales promotional techniques and processes to identify, the targeted customers which is related o their view. Creating and managing a customer or else retaining the existing customer in an organization play a very sympathetically role. Companies can beat its industry leader in terms of product, quality, innovative in the product pricing, promotion and placement of its product. Hence to build a customer base it is not just sufficient to good at seven Ps but it is more essential to build a relationship with a customer. This increased a spotlight on managing relationship with customer in the protracted run lead to a new approach known as customer relationship management in common parlance, Customer Relationship Management and relationship marketing are used synonymously. Customer Relationship Management focuses on automating the business process right from ERM (enterprise relationship management) to deliver customer value and satisfaction. CRM basically centers on the accumulation of technology and individual resources with an aim to grow inside into the actions of customer and cater to their professed value. Conceptually, customer relationship management (CRM) has been widely embraced by businesses.

### **The CRM has developed as.**

1. Mobile CRM. (M-CRM)
2. Electronic CRM. (E-CRM)
3. Social CRM. (S-CRM)



### Literature Review

- According to Newell (2000) CRM is a useful tool in terms of identifying the right customer groups and for helping to decide which customers to jettison.
- According to Newell (2000) there are often three distinct types of relationship customers: the top, middle and lower groups
- Kotler (1992) has outlined the importance of adopting a relationship approach to stakeholders:
- This definition identifies the overall aim, the scope and the primary activities involved in RM. Relationship marketing may be a highly explicit strategy or may be more implicit and emergent (e.g., Mint berg 1994),
- Management Consultants McKinsey & Company refer to CRM as ‘continuous relationship marketing’, which they define as information-based marketing that is integrated with customer acquisition and management processes; see Child et al. (1997).

### Objectives of the study

- To study the overview of customer relationship management
- To know the significance of CRM in banking sector

### Research Methodology

This paper is based on secondary data. The data has been collected from internet, articles newspapers and magazines and broacher etc.

### Recent Trends and Developments of CRM

- Online access to product information and technical assistance around the clock
- Identifying customers value and devising appropriate service strategies for each customer
- Providing mechanisms for managing and scheduling follow-up sales calls
- Tracking all contacts with a customer
- Identifying potential problems before they occur
- Providing a user-friendly mechanism for registering customer complaints
- Providing a mechanism for handling problems and complaints
- Providing a mechanism for correcting service deficiencies
- Storing customer interests in order to target customers selectively
- Providing mechanisms for managing and scheduling maintenance, repair, and on-going support.
- Internet Banking
- Computer networking
- Smart cards
- Decision Support System
- Mobile banking •
- Balance messages through E-mail

### Customer Relationship Life Cycle

The six stages of the customer lifecycle are:

- Awareness stage
- Engagement stage
- Evaluation stage
- Purchase stage
- Product and Support Experience stage
- Bonding stage

### Significance of CRM

#### For Banks

Making enduring relationship- Every bank is trying for making enduring 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. 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.

- Gaining maximize profit through satisfaction-
- CRM focuses on serve customer through better way.
- Customers want full satisfaction about any banking product with safe way.
- Banks are presenting own service toward customers with secure and customer adoptable mode.
- Well Informed Customers-
- Improved Customer Retention
- Discover new customers

### For Nation

Developing and creating healthy banking environment CRM helps in providing the healthy banking environment. 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.

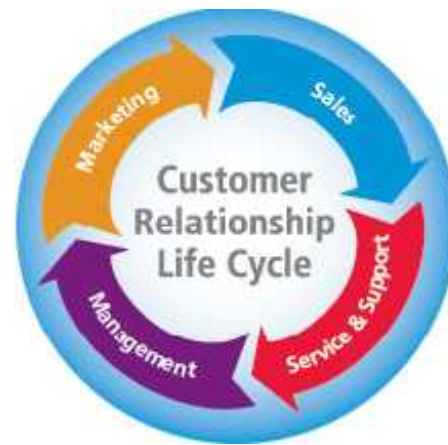
Facing global competition- By Application of effective CRM in banking sector, economy became capable for facing global competition and banking sector provides a safe place in global level banking market. CRM in banking sector provides at global level safe and secure environment hence effectiveness of CRM cannot ignore. CRM is an important and effective tool. Introducing newly and innovative technologies newly and innovative technologies are generating revolution in country and global level. It's improve nation situation for facing quick 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 standard- Through CRM is getting help for mentioned improving banking standard. CRM helps for improving quality services and banking standard. Banking sector has achieved more power. Banking sector's value is increased by a geometric growth rate when, customer relationship improve with arithmetic growth rate so CRM help to banking sector.

### For Customers

- Getting and introducing newly technologies
- Getting Well Information
- Getting Simplify marketing
- Getting better customer service



Significance of CRM



Customer Relationship Life Cycle



**Scope of CRM**

The scope of CRM is presented from point of different class of goods and services these are classified into four types

- FMCGs
- Durables
- Services
- Industrial goods

The scope is presented in the following table -

**Scope of CRM**

Scope of CRM	FMCGs	Durables	Services	Industrial goods
Relationship as a part of the strategy	Partial	Partial/Central	Central	Central
Customer Choice	Huge	Huge/medium	Medium/low	Low
Possibility of Request	Less	Less/medium	Medium/Low	Low
Cost involved in the Setup	Huge	Huge	Huge	Huge
Cost involved as a % of sales	Less	Less/Medium	More	More
Customer Perception	Huge	Huge/Medium	Low	Medium

**CRM strategies**

The following are the main reasons for adopting CRM strategy

- The cost of the retaining customer should be lower than the cost of acquiring the new customer
- A retained customer will be act as a good advocate to the company by providing the word of mouth publicity and create new customers
- Maintaining and retaining the customers for a long terms gives a company good benefits
- Healthy relationships help the company in getting the feedback and suggestions for improving market strategies

**Requirements for Customer Retention**

To maintain or to sustain the relationship with the customer for a long term then it should be the quality of care, empathy and good perception. The standard objective is to maximize Customer life time value (CLV).in order to procure the customer life time value then the respected company has to paid more attention towards the retention of the customers. In present scenario customers are becoming smarter, like off more price consciousness, more demanding and are been approached by various competitors with better offers. According to the perception, the customers are divided into three segments. The first are the “Habitual churners” who like to change suppliers very frequently, viewing and finding for the best among the suppliers. The second segment is “Possible churners” who can might move if you can give them right offer at a right time. The third “sluggish churners “which comprises of old and affluent customers who are clinically about benefits of change. All these strategies are surrounded for retaining the customers into the organizations for a long term and getting the clear cut idea of existing potential customers. Most of the consumer behavior theories are explaining very clearly that “it cost fine times as much to find a new customer as it does to keep an old one”. If you are losing high value customers, the cost go up substantially to acquire a customer and grow the relationship to the same level. For the effective development of customer retention strategy, the right way must be created which includes?

- Creating company environment of CRM
- Creating customer environment
- Building loyalty



### **Creating customer environment**

Creating environment for CRM not only requires re-conditioning mind of employees but also recuperative customers demand through repositioning product offerings and they need to provide an environment for their customers that is simple to use ,more accessible, less waiting and more flexible to pay through phone.

### **Building Loyalty**

Building loyalty comes from how much the customer is satisfied with your product by consuming it. Building loyalty is always depends upon how good a customer is satisfied. Loyalty not been said that the customer is continuously purchasing; loyalty could be achieved, if others performance exceeds customers expectations' stage that should be like "Complete satisfaction" or "Total satisfaction".

### **Conclusions**

In India Public Sector banking is facing problems while implementing the technologies, solving the problems of customers and issuing the loans. The biggest problem is the repayment of the loan by corporate. The customer satisfaction level in public sector banks are declining as compared with the private sector banks. Managing the customer is what CRM is all about. Just awareness of CRM is not sufficient, proper implementation of CRM is compulsory in order to solve the problems of the customers. At the end I want to suggest public banks to implement CRM to retain the old customers and satisfying the new customers.

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