A Province of Customer Relationship Management in the Banking Sector

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Abstract:
Customer Relationship Management is the more reliable approach in acquiring, maintaining, and creating relationships with customers. It is an important factor in Indian banking sector. Customer Relationship Management becomes imminent for the growth and profitability of banks in the present period of time. The customer relationship management technology is to optimize the organizations revenue and profits through optimum customer satisfaction. Managing customer relationship is sustainable and valuable to the business. In the competitive world, nowadays every bank is realizing the important of relationship with customer to survive. This paper intensifies the role or province of customer relationship management in the banking sector.

Key Words: Banking Sector, Customer, Profitability.

Introduction:
The customer relationship management is a well-liked and widely accepted practice to maximize customer equity in the field of administration and management. Customer relationship management inculpates the liquidity up and managing of relationships with beneficial and gain giving customers. Every attempt must be made to satisfy the customers in this competitive world. As a whole relationship building with customers is now accepted as overriding goal of marketing and of the business. The extent management challenge in the new millennium of liberalization and globalization for a business is to serve and maintain good relations with the customers. To find, keep and grow the right customers is the main goal of the business. The strategies and technologies to manage customers is customer relationship management, it focuses on understanding customers as individuals instead of as part of a group. In specific marketing activities, customer relationship management is a process of collecting customer information, get profiles of customers and use the customer knowledge. It enables the companies to identify and target their most profitable customers. Customer relationship management is an integral factor to increase the performance of the banks and to certify customer satisfaction. Identifying the customer demands and complaints by keeping in contacts with the customers is the main step of customer relationship management and developing solutions to the customer are the next step of customer relationship management. Organizing activities around the single customer which can
confirm differentiation at each point of service involves in customer relationship management by creating a unique experience.

Utmost banks in India are now functioning to customer relationship management. As the banks speedily understand the expenses of acquiring prospects customers is for greater than the expenses of retaining existing customers. The implementation of customer relationship management in banks has led to this investigation. The initial stage of implementation in banks is the concept of customer relationship management, the quite complex as well the challenging task for bank is has getting the CRM philosophy work, some of the certain key principle is based on its implementation, namely,

- The banks must realize that all customers are not equal,
- Customer profitability varies from person to person,
- Not all customers are evenly desirable for the bank,
- The banks must differentiate their customers based on the ‘value criteria’,
- Value is the profit that the customer adds to the bank account, and
- A more profitable customer is a ‘high value’ customer and a less profitable customer is a ‘low value’ customer.

Review of Literature:

Berry and Parasuraman (1991) also hold the view that high quality service gives credibility to the field sales force and advertising, stimulates favorable word-of-mouth communications, enhances customers’ perception of value, and boosts the morale and loyalty of employees and customers alike. In today’s competition in Indian 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.

Jeremy Galbreath and Tom Rogers (1999) founded that CRM is a new management concept - a new approach - to managing customers. CRM is about the management of technology, processes, information resources, and people needed to create an environment that allows a business to take a 360-degree view of its customers. By nature, CRM environments are complex, require organizational change, a new way of thinking about customers and about a business in general. Creating such an environment requires more than adequate management of the customer relationship or new technologies, it requires new forms of leadership as well. Customer relationship leadership is a new model that leaders can embrace to recreate or readjust their leadership styles in order to foster an atmosphere in their businesses to adopt and practice the principles of customer relationship management.

V.P Gulati and M.V Sivakumaran (1999) looked over the necessity and function of CRM in banking and financial services in specific context to India. They studied various banks and financial organizations in their study and defined the CRM as a concept not the technology or know-how. They also analyzed that banks have moved out many stages to reach to its present status of hi-tech units. But if one wants to reach customers then they have to develop multiple channels accessibility of services and that to with same output and it needs specialized technologies so that customers can attain information at any time. This over confidence on technology has even created the impression that CRM is a technology by itself. They studied the relationship between business intelligence and customer relationship management and tried to frame out the interdependent of both on each others. The business itself has the major source of business intelligence. If banks can look inward into their own business and the enormous volume of data generated by their business they would get a sight of the profitable idea called customer needs and preferences. Banking is a non-product isolation industry, so the competitive edge can be build only by providing services and intelligence maintaining relationship with customers. CRM strategies adopted by the various banks for the reason like improving customer knowledge, targeted customer contact, meaningful marketing, increase customer base and its impact analysis were also studied.

Bitran and Mondschein (1997), Chaltapadhyah (2001), Massey et al. (2001) described in their paper the cost of retaining an existing costumer is lower than that of finding new customers.

Debjian (2011) considers customer relationship management is one of the tools for retaining customers.

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Soumya Shreedhar (2015) stated in her research paper banks try to retain existing customer and attracting new customer through CRM in today’s competitive era. The study analyzed the opinion about services offered by banks and the satisfaction level of customer about CRM in banks.

(Debjain (2011)). Customer Relationship Managements are one of the tools for retaining customers.

Dr. A. Hema Malini (2015) focused on the role, need and importance of CRM in the Indian banking sector to survive in the competitive world.

Dr. R. Sathya Devi (2015) emphasized on the role of CRM in banking sector and the customer opinion about CRM. The paper also focused upon the involvement of CRM and challenges in implementation of customer relationship management.

Crm in Banking Sector:

From 200 years, branch based operations were using by banks. Since the 1980s, things have really changed with the multiple technologies and applications. From this revolution different organizations are affected. In this revolution banking industry is also one of the affected sectors. Payment systems and technology based remote access delivery channels are surfaced in this revolution. To manage its customer relationship the data and applications can help the bank to continue to grow. Achieve a variety of outcomes finance industries use customer relationship management techniques. In future, according to Reserve Bank of India statement India will have a competitive banking market. It is one of the most attractive markets after 2009. Foreign banks come in India will see what with more freedom to come in, acquire and grow. The banking industry know how to protect its market share and boost up growth is the only way by a greater focal point on customer relationship management.

In the case of banking sector relationship marketing can make a huge difference. Increasing customer loyalty, customer compliant management and the concept of relationship managers are helpful in the banking sector. In long term relationships, customers are more agreeable with the service, the firm or the organization methods and procedures. This helps to reduce the costs arising out of customer error and operating cost. Practically zero switching costs, customers are easily switching banks whenever they find better service and products with increased number of banks, products and services. More importantly banks find it difficult to retain existing customers and to get new customers. CRM is very much essential as it can form the basis for the preparation of new marketing strategies and for successful implementation in the market.

Factors Influencing Banking Sector:

Now, the majority of banks realize the need of a customer strategy and adopting the customer relationship management. Banking software of CRM serves to increase the market share and growth in the banking industry. The bankers induced by customer relationship management to maintain good relationships with their customers and retrieve to retain them.

Contribution of CRM to Banks:

i) Storage of Customer Information.
ii) Profitability Analysis.
iii) Supporting Marketing Efforts.
iv) Acquiring New Customers.
v) Relationship Management.
vi) Assisting Customer Retention.

Till now many banks are following the traditional ways of marketing and few banks are making attempts to adapt customer relationship management. Various factors influencing banking sector to implement CRM, they are:-

i) Increase the level of competition.
ii) Widening customer contact.
iii) Intensifying customer information.
iv) Rising customer expectations.
v) Perceiving new marketing opportunities.

In the banking sector hot talk is the customer relationship management. CRM helps financial institutions to enhance stronger and more profitable relationships. The growing expectations of consumers, fast changing preferences, access to wide information and profusion of opportunities available to them have made them destruct their satisfaction to the fullest which has turned into a matter of concern for banks. CRM has been recognized as that powerful tool which not only helps in retaining customers but also creating an edge over the competitors. CRM helps the banks to frame and enduring relationship with customers.
by providing accurate information and satisfying their needs. CRM is assisting in identifying and capturing the most profitable customers of a bank. It incorporates technology with human resources in order to create new strategies to acquire new customers and retain the existing ones. CRM is the information technology face of business process which aims at establishing long lasting and mutually beneficial relationship with customers so as to acquire and retain profitable customers. It provides the staging for creating brand loyalty.

**Customer’s Perception toward Crm:**

The perception of a customer has totally changed. Peter Drucker said twenty five years ago, that the purpose of a business wants to attract and retain a customer. There has been a substantial change and standard shift towards customer focus during the past five decades in the Indian context.

- 1961-1970 servicing the customer
- 1971-1980 satisfying the customer
- 1981-1990 pleasing the customer
- 1991-2000 delighting the customer
- 2001 and beyond relating the customer.

While differentiating customers, the customer relationship management system of banks must capture taste, preference, living style, age, education, culture, physical and psychological characteristics, sensitivity etc of the customers by the value criteria into low and high value customers. Once the banks differentiate their customers it becomes easy for the banks to customize their service to maximize the overall value of their portfolio of the customers. In the connection of the bank employing customer relationship management customer perceptions are most favorable as compared to that not employing customer relationship management due to following factors:

a) Authenticity
b) Responsiveness
c) Sympathy
d) Belongings
e) Affirmation
f) Satisfaction
g) Loyalty
h) Engagement

**Conclusion:**

Today, banks, insurance companies and other service providers realize the importance of CRM and its potential help them to acquire prospects customers, retain existing ones and maximize their lifetime value. At this point, to provide long term retention of selected customers close relationship with customers will require a strong coordination between technology and marketing departments. The banking sectors realize the importance of customer’s relationship and adopt customer relationship management to survive in the competitive world. Each interaction with customer can give opportunity to build a lifelong relationship. Customer relationship management should be efficiently and effectively apply if the banks want to increase their market share and advantage in the competitive. Through effective customer relationship management, the banks must focus on delivering and improved service to the customers. For banks customer relationship management offers the most holistic route to enhance customer relationships.

**References:**


