



CUSTOMER RELATIONSHIP MANAGEMENT IN THE INDIAN BANKING SECTOR: A COMPETITIVE TOOL

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Abstract: *It is said that CRM is not a product or service, it is an overall business strategy that enables companies to effectively manage relationships with their customers. It provides an integrated view of a company's customers to everyone in the organization. With the intensified competition, companies realized that they have to treat their customers with respect. Customers have a lot more choices and they do not have to be loyal to any company. Companies are now trying to figure out ways to manage customer relationships effectively, not only to acquire new customers but also to retain their existing customers. The process of developing a cooperative and collaborative relationship between the buyers and sellers is called customer relationship management. CRM aims to make the customer climb up the ladder of loyalty.*

Keywords: *Globalization, Innovation, Competitive Advantage, Strategic tool & Customer Experience.*



INTRODUCTION

Today one of the approaches which are creating the buzz in the banking sector is Customer Relationship Management. Indian Banks are realizing that the magical formula for attaining success in a competitive environment is to focus on maintaining relationship with customers. CRM has developed into a major corporate strategy for many organizations. It is concerned with the creation, development and enhancement of individualized customer relationships with carefully targeted customers and customer groups resulting in maximizing their total customer life time value.

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CUSTOMER RELATIONSHIP MANAGEMENT

The process of developing a cooperative and collaborative relationship between the buyers and sellers is called customer relationship management. CRM aims at focusing all the organizational activities towards creating and maintaining a customer. CRM is a new technique in marketing where the marketer tries to develop long term collaborative relationship with customers to develop them as life time customers. CRM aims to make the customer climb up the ladder of loyalty.

Ideally, CRM defines an enterprise-wide program that helps to align business processes and functions against customer driven priorities. CRM is not just a technology but rather a comprehensive customer-centric approach to an organization's philosophy in dealing with its customers. This includes policies and processes, front-of-house customer service, Employee training, Marketing systems and information. In other words, CRM is about managing the customer portfolio efficiently and effectively by designing business policies which focus around the customer.



CRM OBJECTIVES IN BANKING SECTOR

The idea of CRM is that it helps businesses use technology and human resources gain insight into the behavior of customers and the value of those customers. If it works as hoped, a business can: provide better customer service, make call centers more efficient, cross sell products more effectively, help sales staff close deals faster, simplify marketing and sales processes, discover new customers, and increase customer revenues. It doesn't happen by simply buying software and installing it. For CRM to be truly effective, an organization must first decide what kind of customer information it is looking for and it must decide what it intends to do with that information. For example, many financial institutions keep track of customers' life stages in order to market appropriate banking products like mortgages or IRAs to them at the right time to fit their needs. Next, the organization must look into all of the different ways information about customers comes into a business, where and how this data is stored and how it is currently used. One company, for instance, may interact with customers in a myriad of different ways including mail campaigns, Web sites, brick-and-mortar stores, call centers, mobile sales force staff and marketing and advertising efforts. Solid CRM systems link up each of these points. This collected data flows between operational systems (like sales and inventory systems) and analytical systems that can help sort through these records for patterns. Company analysts can then comb through the data to obtain a holistic view of each customer and pinpoint areas where better services are needed.

In CRM projects, following data should be collected to run process engine:

- 1) Responses to campaigns,
- 2) Shipping and fulfillment dates,
- 3) Sales and purchase data,
- 4) Account information,
- 5) Web registration data,
- 6) Service and support records,
- 7) Demographic data,
- 8) Web sales data.



CUSTOMER FOCUS IN BANKING SERVICES

As the intense competition becomes a way of doing business, it is the customer who calls the shot in deciding the nature of products and services offered in the market. The customers are becoming demanding, dominant and selective. In fact the perceptions and the expectations of the customers have undergone a sea change, with the availability of banking services to the customers at their door steps through the help of technology.

Marketing of customer services aims at two important goals: prosperity to the bank and satisfied customers. Banks offer tangible services like loan schemes, interest rates and kinds of account and the intangible services like behavior and Customer Relationship Management as a Strategic Tool in the Indian Banking.

The banks may need to include customer oriented approach or customer focus in their five areas of businesses such as Cash accessibility, asset security, money transfer, deferred payment and financial advices.

There are four strategies available to customer relations' managers:

- To win back or save customers
- To attract new and potential customers
- To create loyalty among existing customers and
- To up sell or offer cross services.

The future of banking business very much depends upon the ability of the banks to develop close relationship with the customers. In order to develop close relationship with the customers the banking industry has to focus on the technology oriented innovations that offer convenience to the customers. Today customers are offered ATM services, access to internet banking and phone banking facilities and credit cards. These have elevated banking beyond the barriers of time and space.

CRM STRATEGY

In any organization CRM strategy is a wide-ranging and detailed definition of the scope of the CRM programmed towards organizational goals. "The strategy is needed to keep businesses customer centric and to help the company constantly evolve internal processes and technology to acquire and retain customers." CRM is fundamentally a strategy aligned with the superseding corporate strategy. It tries to attempts to optimize a firm's profitability, revenue and customer satisfaction by focusing on a customer centric process.



The idea of CRM is that it helps businesses use technology and human resources to gain insight into the behavior of customers and Customer relationship management is a broad Customer Relationship Management as a Strategic Tool in the approach for creating, maintaining and expanding customer relationships. CRM is the business strategy that aims to understand, anticipate, manage and personalize the needs of an organization's current and potential customers. At the heart of a perfect strategy is the creation of mutual value for all parties involved in the business process. It is about creating a sustainable competitive advantage by being the best at understanding, communicating, and delivering and developing existing customer relationships in addition to creating and keeping new customers. So the concept of product life cycle is giving way to the concept of customer life cycle focusing on the development of products and services that anticipate the future need of the existing customers and creating additional services that extend existing customer relationships beyond transactions the value of those customers.

By Implementing CRM strategies, banks can achieve many goals such as:

1. Plummeting costs of sales
2. Plummeting costs of acquiring new customers
3. Enhanced customer satisfaction and profitability
4. Decreasing the need to acquire so many new customers
5. Calculate profitability of customers
6. Higher customer retention rates

With an effective CRM strategy, a business can increase revenues by:

1. Providing services and products that are exactly what your customers want
2. Offering better customer service
3. Cross selling products more effectively
4. Helping sales staff close deals faster
5. Retaining existing customers and discovering new ones

CONCLUSION

Customer Relationship Management is concerned with attracting, maintaining and enhancing customer relationship in multi service organizations. CRM goes beyond the transactional exchange and enables the marketer to estimate the customer's sentiments and buying intentions so that the customer can be provided with products and services



before the starts demanding. Customers are the backbone of any kind of business activities, maintaining relationship with them yield better result.

Hence Banks should focus on delivering to customers by having a concise and precise ways of doing things through effective CRM solutions rather than developing product strategy.

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