

A study on customer relationship management in banking industry

*V.TAMILVENDAN **Dr. S. SWAMIDOSS

ABSTRACT

In business, all sectors are facing competition in the market and banking industry is not an exception to it. As they offer many products so as to maximize profit, survive in the market, satisfy customers and retain customers. Those cannot be achieved without customer satisfaction. Why because customers expect good relationship with bank when services are provided which can be fulfilled through customer relationship management CRM can help them to built long lasting relationship.

INTRODUCTION

CRM is about acquiring, developing and retaining satisfied loyal customer achieving profitable growth, and creating economic value in a company's brand. CRM is not a new concept but an age-old practice, which is on the rise because of the benefit it offers, especially in the present market scenario. CRM today is a discipline as well as a set of discrete software and technologies, which focuses on automating and improving the business processes associated with managing customer relationships in the areas on sales, marketing, customer service and support. CRM helps banks understand, establish and nurture long term relationships, with clients as well as help in retaining current customers.

Objectives

1. To study about CRM in banking sector
2. To explore significance of CRM

Why banks lose their customers?

Price – related reasons. Customer try to match the price they pay for a service among the banks (interest, charges etc) if the price of a service for any reason goes beyond his reach, he would switch over to another.

Product –related reasons: in view of technological advancement, the new product would induce the customers to switch over. (net banking, phone banking etc)

Competitor- related reasons : Technological advancement, attractive offers, value-added services, etc offered by competitors would also draw the attention and the induce customers towards brand switching.

HOW TO RETAIN CUSTOMERS

The Following points can be considered in order to retain customers

1. Customer focus.

The first and foremost important guiding principle in CRM is customer focus. Who is a customer? A customer is a person or group of persons who receives the product or service the final output of a process or group of processes. A customer is the final arbiter of quality, value and price of a product or service. A satisfied customer only assigns value to a service, on the contrary, to a dissatisfied customer a product or service has no value, even if the concerned service or product has been designed with lot of effort, energy and cost after a thorough planning. A satisfied customer motivates his fellow members to go in for the service or product that he has already acquired. But a dissatisfied customer always counsels his friends, and fellow members not to go to banks where his experience proved to be wrong or otherwise. So customer's delight or customer's satisfaction is the essence of any CRM program.

2. Leadership focus.

Persuasion, judgment and decision-making abilities are the main attributes of quality leadership. When there is a slight chance of getting a business but the clients is hesitating or in a fix, or not in a position to decide properly. It should be followed up by there relationship manager by patient hearing, mild counseling and to stand by the side of the prospective client to help clear his doubts and to make him feel happy by realizing that he is going in the right direction and he is very right in choosing his requirements.

3. Process approach

A process transforms an input into desired output by the use of resources, energies and time. In producing an output there may one single process or a group of interrelated processes. In case of inter-related processes, often the output from one process directly forms the input to the next. For effective functioning of an organization, it has to identify and manage numerous linked activities with the help of different processes for accomplishing its goal.

4. System approach

CRM is based on a system approach to management. Its primary objectives is to increase value to customers on a continuous basis by designing and improving organizational process and systems on ongoing basis. Meeting customers requirement is one level of commitment. That level implies a system that is reactive and provides to customers what they want but the target should be to achieve more and to exceed the customer's expectations to accommodate future requirement and to build a cushion against the competitor's attribute.

5. Involvement of people

The fundamentals of CRM bears the genes of customer relationship through involvement of people. Ie the work force at the disposal of the organization . The whole gamut of CRM is for the people, of the people and by the people. People involvement at all levels is essential for the success of a CRM program.

6. Mutually beneficial customer relationship

The relationship with the customer should be based on a mutually beneficial relationship. A bank should not concentrate its attention towards earning of profits only, but focus should be directed to the customer's health creation or value enhancement with the motto of earning through service. Such as free personal accident insurance coverage along with fixed deposit scheme above a certain amount and above a certain term.

7. Continual Improvement

Another objective of CRM is the efforts towards continuous improvement in the customer relationship through the provision of value added services at favorable cost. Business processes in the areas of finance, system integration, human resource management etc are to be automated and optimized with an aim to increase the efficiency and effectiveness of operations.

BENEFITS OF CRM

With customer relationship, work and activities of the banks will become systematic and co ordinate. These will leads to optimum utilization of bank's funds, reduction of operational costs and effective and efficient business operations.

- It performs the function of maintaining a link with the customers, which then laid down the foundation for survival and the success of the banks.
- It enables the banks to identify potential customers for approaching them with suitable offers
- It will lead the banks to give better customer service
- It will be better stand against global competition

CONCLUSION

No bank can sustain itself for long without customers' support and loyalty. So every bank always attempts to maintain a cordial relationship with its customers to effect output and thereby to generate input. Banks adopt different strategies to accomplish their goals. One such strategy practiced by banks is CRM. Its aim is to gain and retain customer's loyalty in lieu of goods and services for their optimum satisfaction. With increasing competition and pressure on margin, banks need to practice CRM to enhance customer base for increasing capabilities of targeting market programs along with greater flexibilities to adopt processes and working methods to meet customers' expectations.

REFERENCE

- Customer Relationship Management banking prospective (Special Indian Case)
- CRM in banking : concepts and cases – ICFAI
- Dr. V. Govinda Bhat – Customer Relationship Management
- Chaturvedi, Mukesh, Chaturvedi Abhinav, CRM, Excel Books, New Delhi.