

STUDY THE ROLE OF CUSTOMER RELATIONSHIP MANAGEMENT (CRM) IN BANKS

¹Dr. Sucheta S. Yambal and ²Shifa Nooris Khan

¹Assistant Professor, Department of Management Science, Dr. Babasaheb Ambedkar Marathwada University, Aurangabad (MS). | Email- suchetayambal@gmail.com

²Research Scholar, M.B.A, Department of Management Science, Dr. Babasaheb Ambedkar Marathwada University, Aurangabad (MS). | Email- shifkhan2612@gmail.com

ABSTRACT

Banking institutions face significant challenges, which include international competition for funds, loan repayments, and processing fees; rising customer demands; narrowing profit margins; and the necessity to keep up with emerging technologies. Banks have actually realized that CRM software is the only way to maintain long-term relationships with their clients. Maintaining client relationships necessitates close collaboration among various departments within the bank, including service, information technology, sales, support, and marketing.

The Indian banking industry is currently facing a dynamic challenge in terms of both client base and performance. Customer relationship management (CRM) is based on the fundamental model of bank marketing, which aims to offer customers the best market alternative possible through a relational exchange process. CRM is the most valuable component of banking because of the role it plays in the industry and the ways in which CRM methodologies contribute to increasing customer value.

Keywords : *Customer Relationship Management (CRM)*

Introduction

Every bank CEO is more concerned with how to increase or at least maintain market share in every line of business in the face of fierce competition because today's banks are market-driven and market-responsive. Corporate and retail customers alike are more discerning and less devoted to banks. To ensure customer satisfaction, banks must therefore offer potential products and services. Establishing a personal relationship with customers is currently the most difficult challenge for Indian banks, as this is the only way to achieve operational superiority.

Customer relationship management (CRM) solutions, when implemented and integrated correctly, can significantly improve customer satisfaction levels. Customer Relationship Indian bankers would also learn that the purpose of their business is to "create and keep a customer" and to "view the entire business process as a firmly integrated process to discover, create, and gratify customer need" through "customer relationship management (CRM)".

Customer relationship management (CRM) is essential to the development of a customer-centric organization in the Indian banking

system because it connects customer data into a logical and single customer repository. It is a crucial component that enables a bank to expand its customer base and sales capacity. Customer relationship management (CRM) aims to manage all aspects of customer interactions in order for banks to maximize profitability from each customer.

For building and maintaining long-term relationships with customers and businesses, customer relationship management (CRM) is a sound method. A comprehensive understanding of a customer's habits, behaviors, and requirements is the foundation of the customer relationship management (CRM) process. Because banks want to provide benefits to customers based on their needs, continuous data collection on customer behavior is necessary.

Customers' perceptions are no longer limited to receiving the best products and services; they also require face-to-face transactions in which they desire to receive precisely what they require in a timely manner. Every business unit focuses on developing long-term relationships with customers in order to maintain stability in today's thriving market. The primary objective of CRM in business is to "create and keep a customer" in addition to "view the entire business process as a tightly integrated effort to discover, create, and satisfy customer needs." One of the most significant issues that banks face is the management and retention of customers. Customers' demands and expectations are growing much faster than banks' ability to meet them.

Literature Review

Uma Shankar Mishra, Bibhuti Bhusan Mishra, Swagat Praharaj, and Ram Chandra Mahapatra (2011), CRM has its origins in the basic paradigm of bank marketing, i.e., to satisfy customers with the best possible alternatives in the market through a relational exchange process. It is evident from the data that private banks are better off than public sector banks regarding premises and administrations. The major factors of dissatisfaction for public banks are inquiry counters, while parking spaces are an issue for private banks.

P. Chinnadurai (2014) ,The success of banks depends not only on the satisfaction of their customers but also on the satisfaction level of the employees working in the banks. The level of employee satisfaction can be ensured and enhanced by effective HR practices adopted by the banks.

Pawan Kumar Gupta (2018), Customers' satisfaction is a result of the bank's service quality. Perception can be used to assess service quality. CRM has been developed in new forms that are being used by the banking sector in India.

Electronic CRM (E-CRM) Mobile CRM (M-CRM) Social CRM (S-CRM)

Sujata Rao, Jinali Patel (2018), Organizations have recognized the value and necessity of customer relationship management (CRM) and its abilities to help them win back former customers.

- ◆ Retain current customers.
- ◆ Increases customer lifetime value (CLV) by acquiring new customers.

Avinash Singh (2019), Private sector banks, public sector banks, cooperative banks, foreign-owned banks, and regional rural banks comprise the Indian banking system. It was discovered that private sector banks' HR practices are slightly better than those of other banks.

Zaidan A. Zaidan-Dhman (2011), CRM is defined as an enterprise approach to understanding and influencing customer behavior through effective communications in order to improve customer satisfaction, customer acquisition, customer retention, and customer loss.

Shahzeb Ali Malik (2010), Banks have also realized that CRM is the only solution for them to maintain long-term relationships with their customers. Maintaining customer relationships, on the other hand, necessitates close collaboration among various departments within the bank (such as IT, service, sales and support, and marketing).

Suwarna S. Maslekar (2011), According to the study, the banking industry's marketing mix consists of seven Ps, which include people, process, and physical evidence in addition to product, price, promotion, and place. Successful product sales are an ongoing process that is based on the banks' relationships with their customers as well as the degree of consistency and quality in product creation and delivery.

Dharakeswari (2014) Banking has typically followed in relatively stable surroundings for centuries. However, in today's new deregulated environment, the industry is facing melodramatically aggressive competition. As a result of recent competi-

tion and legislation, traditional banks have lost a significant portion of their local business to primarily non-bank competition.

Antony Joseph K., Gabriel Simon Thattil (2021) , Banks should concentrate on how their products or services contribute to the growth of their customers. Genuine relationships are formed from the heart and will invariably result in a win-win situation. Keeping old customers happy through service excellence inspires employees to devote their time and energy to the organization's success.

Francis Buttle and Stan Maklan (2015), The author provides a thorough and balanced examination of customer relationship management (CRM). It defines Customer Relationship Management (CRM), the costs and benefits it provides, the various contexts in which it is used, the technologies deployed, and how CRM can be implemented. Customer Relationship Management (CRM) was made possible by advances in information technology, specifically the ability to cost-effectively capture, store, interpret, and distribute customer-related data so that organizations could implement their relationship management strategies.

Objectives of the Study

- ◆ To investigate the role and significance of customer relationship management (CRM) in the banking industry.
- ◆ To investigate the role of information and communication technology in the development of customer relationship management (CRM),

Need for the Study

The banking industry was chosen for the CRM research because banks, on average, are more progressive in terms of technology adoption than many other organizations. Other organizations usually do not want the level of information from their customers that banks do; banks keep a lot of detailed information about their customers. As a result, the CRM system currently used in banks must be strengthened in order to handle such sensitive information about various types of customers.

Benefits of Customer Relationship Management (CRM)

- ◆ **CRM banking is centered on the customer.**

CRM successfully places the customer at the center of the organization in order to cater to his needs, satisfy him, and thus maximize the organization's profits. Banking CRM recognizes customer needs and integrates them with people, technology, resources, and business processes. It focuses on the organization's existing data and uses it to improve its customer relationships. Banking CRM makes use of information and analytical tools to capture the attention of customers. As a result, it is critical that banks implement CRM in order to secure this.

- ◆ **Customers who are pleased**

Making a customer feel like they are the only one will go a long way toward satisfying them and keeping them as a customer. It has been demonstrated that increasing customer satisfaction boosts

a bank's return on investment significantly. As a result of CRM banking, customer satisfaction and retention have both increased.

- ◆ **Information Centralization**

CRM banking software clearly integrates technology, processes, and people. CRM banking gives banks an all-encompassing view of all bank transactions and customer data that can be analyzed later and is stored in a single data warehouse. CRM Banking Increases Small Bank Profits

Banking CRM software meets the needs of banks of all sizes in terms of achieving the required accuracy and customer understanding. It is incorrect to assume that banks that are significantly smaller in size have a better customer approach and are better able to deal with their customers.

- ◆ **Customer Segmentation**

CRM helps a bank to assess which customers cost them money and which benefit them. CRM gives them the analytical tools they need to focus on the necessity of differentiating between these two and doing what it takes to maximize profits.

- ◆ **Collaboration and increased operational efficiencies**

CRM solutions automate corporate processes and activities, reducing manual tasks and process time. Straight through processing minimizes turnaround and processing time, increasing output and allowing jobs to

be completed more quickly. Remote bankers may collaborate and transact with ease because of the multilingual Web-based information source.

◆ **Removal of Inefficiencies in Operations**

CRM can help in the development of strategies for reducing present operational inefficiencies. A solid CRM solution covers all customer engagement channels, including phone, wireless devices, fax, e-mail, internet portals, ATMs, and face-to-face encounters with bank staff. It also links these client touch points to an operations center and the operations

Implementation of customer relationship management (CRM) challenges

- ◆ The most persistent challenges that banks face in effectively using customer knowledge include difficulty obtaining a complete understanding of their customers.
- ◆ The cost and difficulty of meeting stringent government regulations, as well as client security and privacy requirements,
- ◆ Increased competition puts pressure on margins and growth prospects. Costs associated with retaining and increasing customer loyalty.

Research design

The current study is entirely based on secondary data collection sources such as electronic resources, magazines, books, and journals, with the goal of completing the ongoing study with data from published and

unpublished sources.

Findings

1. CRM has been widely adopted by public sector banks in comparison to private sector banks.
2. Public-sector banks are emphasizing the importance of customer retention.
3. They introduced new strategies to attract customers and learn about their customer expectations regarding CRM.

Conclusion

The greatest administration challenge for a business in the new time of progress and globalization is to serve and keep up with great relations with the customer-the-king, and the main medication required is customer relationship management (CRM). Technology is now thriving in the Indian banking sector. Every bank wants to improve business by utilizing advanced technology; however, every bank needs to be aware of the significance of Customer Relationship Management (CRM) in order to achieve this objective. With the assistance of advanced technology, banks can profit from customer relationship management (CRM) and easily accomplish low-cost objectives. There must be a number of features in the ideal CRM system. The business ought to be able to determine the aspects that are most crucial to their customer. While CRM should not be considered a technology, it is essential to recognize that comprehensive procedures must be developed in order to effectively serve customers. In many of these processes, computers and software will be used.

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