

Customer Relationship Management in Banks – An Empirical Study

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ABSTRACT

Customers are the pivotal theme in the development of prosperous marketing strategy. Customer retention takes up significance in revenue analysis of innumerable organizations. The accomplishment of CRM process depends on the vigorous involvement of all managers and employees in the banking field a exceptional 'Relationship' exists between the customers and the bank, because of several reasons and apprehensions like financial burdens, risk of failure, marketing inertia etc., many banks are still following the customary means of marketing and only a small number of banks are making attempts to acclimatize CRM. Providing service to customers has been acknowledged as the chief restraint of the Banks and therefore, Banks considered that CRM is the best instrument to accomplish the job of rendering good services. The deficiency of understanding on Customer Relationship Management (CRM) is continually a apprehension among the service providers particularly banks. Banks have their own method of handling their relationships with the customers. However, the view of customers on CRM practices among banks should also be taken into thought. CRM movement be present at the needs of consumers without interruption in time, the banks can create more wakefulness to customers and can create a customer information base very meaningfully.

1. Introduction

Customer relationship management is one of the policies to manage customer as it emphasizes on thoughtful customers as individuals in its place of as part of a collection. CRM accomplishes the relationships between a firm and its customers. CRM and knowledge management are focused towards improving and unceasingly bringing good services to customers. To comprehend more in customer relationship management, we first want to recognize three components which are customer, relationship and their management. Managing customer relationships is vital and respected to the business. Nowadays, many businesses such as banks, insurance companies, and other service suppliers understand the significance of Customer Relationship Management and its potential to assist them attain new customers retain current ones and make the most of their lifetime value. Banking sector is a customer-oriented service where the customer is the basic concentration. Research is compulsory in such sector to understand customers' need and attitude so as to build an extended relationship with them. Customer Relationship Management comprises all the marketing activities, which are intended to form, develop, uphold, and sustain a fruitful relationship with the target customers.

The actual relationship between customers and banks rest on the understanding of the diverse needs of customers at dissimilar stages. The aim is to effectively scrutinize all the existing data about the customer. The scrutiny of such data supports firm assesses a customer's current and potential productivity satisfaction and faithfulness. The capability of banks to reply towards the customers' needs make the customers feel like a respected individual rather than just part of a large number of customers. CRM is a sound business

policy to recognize the bank's most lucrative customers and prospects, and dedicates time and attention to expanding account relationships with those customers through individualized marketing, reprising, discretionary decision making, and customized service-all delivered through the various sales channels bank uses. In order to thrive with strategic organizational modify banks should also communicate modify to customers in a way leading them to modify their behavior and approaches accordingly.

2. Research Problem

Banking sector has always been the focus of the world due to its vital part in the finance domain and the comfort of world's economy. In the banking field an exclusive 'Relationship' exists between the customers and the bank. But because of numerous ins and outs and trepidations like financial burdens, risk of failure, marketing inactivity etc., many banks are still following the traditional ways of marketing and only some banks are creating attempts to acclimatize CRM. It is with this background, the researcher has made a diffident attempt towards the knowledge that CRM can be adapted homogeneously in the banking industry for improvement of Banking Services. Predominantly in banking sector, the role of CRM is very vital in leading the banks towards high level and volume of profits. So there is a need to study the role of CRM in growth and promotion of banking sector through the sidelines of the practices, problems and impact of the CRM on banking sector all the time.

3. Objectives of the Study

1. To examine the importance of CRM in banking sector, and its impact on 'Customer Satisfaction'.

2. To study the concept and applicability of CRM in banking sector
3. To analyze the perception of customer on CRM as a tool of banking sector in retention of customers.

4. CRM In Banking Sector

CRM is a comprehensive business strategy to classify the bank's most profitable customers and prospects, and dedicates time and attention to increasing account relationships with those customers through personalized marketing, reprising, unrestricted decision making, and customized service-all distributed through the various sales channels that the bank uses. The model established here answers what the diverse customer segments are, who more likely to reply to a given offer is, which customers are the bank expected to lose, which most expected to default on credit cards is, what the risk allied with this loan applicant is. A superior focus on CRM is the only way the banking industry can guard its market share and boost growth. With escalating competition, decreasing market share, deregulations, cleverer and more challenging customers, there is competition between the banks to attain a competitive benefit over one another or for sustaining the survival in competition.

Over the last few years, methodological advancement has extremely affected the banking industry. In recent years, banks have progressed towards marketing orientation and taking on of relationship banking ideologies. The bank would need a wide-ranging outlook of their customers across the various systems that contain their data. If the bank could trail customer behavior, managers can have a better understanding, a predictive future behavior and customer preferences. Most subdivisions of the banking industry are trying to practice CRM techniques to achieve a range of outcomes. In the part of strategy, they are trying to:

- Create a customer-focused organization and infrastructure.
- Secure customer relationships
- Maximize customer profitability
- Identify sales prospects and opportunities
- Support cross and up-selling initiatives
- Manage customer worth by emerging propositions marked at different customer segments
- Support channel management, pricing and migration.
- Gaining accurate picture of customer categories.
- Assess the lifetime value of customers.
- Comprehend how to appeal and retain the best customers.

The awareness of CRM is that it aids businesses use technology and human resources gain awareness into the behavior of customers and the value of those customers. If it works as expected, a business can: provide enhanced customer service, make call centers more proficient, cross sell products more effectively, help sales staff close deals faster, simplify advertising and sales procedures, and discover fresh customers. For CRM to be accurately operational an organization must first decide what kind of customer Data it is looking for and it must decide what it intends to do with that Information. Company analysts can combine through the data

to obtain a holistic view of each customer and pinpoint areas where better services are needed.

5. Review Of Literature

The catchphrase CRM looked in the literature after the progress in the relationship marketing values. Berry (1983) demarcated relationship marketing as appealing, upholding and improving the customers' relationships in multiservice business. After a few decades the progress in relationship marketing beliefs modified the term relationship marketing to CRM. According to Brown (2000) CRM is a course of obtaining new customers, retaining the existence customers, and at the same time understands, anticipates and manages the needs of an organization's current and potential customers. Additionally, Mylonakis (2009) labeled CRM as a ground breaking process to create a long term relationship and gaining trust. Further, a perfect idea of CRM along with suitable strategies if applies in banking sectors found out that beneficial in maintaining the customer service quality, customer satisfaction and customer retention which eventually leads to the progress of the organization and profitability (Bansal and Sharma, 2008).

Girdhar (2009) witnessed that by satisfying the core customers and building decent relationship with them, the relationship with the external customers can also be retained and satisfied by the banks. Kumar & Rajesh (2009) reveals that any bank that wishes to either grow in size of its banking operation or improve its profitability must consider the challenges affecting its customer relationship. The encounter before the banks is not only to attain updated data for each customer, but also to use the information to determine the best time to offer the most relevant products (Lau et al., 2003). It is also imperative to understand that if customers bring in revenues for the bank, it becomes vital for the bank to provide excellent services to those customers, otherwise they switch to other banks (Ray, 2007). Service quality in banking infers constantly forestalling and satisfying the wants and expectations of customers.

Parasuraman et al. (1985) 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. Puccinelli (1999) looks the financial services industry as entering a new era where personal attention is decreasing because the institutions are using technology to replace human contact in many application areas. Over the last few decades, technical evolution has highly affected the banking industry (Sherif, 2002). In today's competitive 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 (Sachdev et al., 2004). Roger Hallowell (1996) conducted a research on customer satisfaction, loyalty, and profitability and found that as compared to public sector, private sector bank customers' level of satisfactions comparatively higher.

6. CRM Analysis and Findings

CRM has arisen as a general business policy in today's competitive environment. It is a discipline that assists the firms to classify and aim their most cost-effective customers. It consists of new and advance marketing policies that not only keep the existing customers but also acquire new customers. It has been found as a sole procedure which can bring extra ordinary modifies in total output of companies. Through the literature assessment and data analysis it can be anecdotal that CRM tries to find out the connection between perception and satisfaction, commitment and loyalty that emphasizes the importance in Indian Banking Sector.

Private Banks have traditionally viewed themselves as exceedingly Customer Centricity offering what they believe to be highly personalized services to the High Net Worth Customers. It is also found that the structured approach of CRM can provide various benefits to a bank, namely a distinctive and consistent customer experience, clear identification of the organization, technological and process-related capabilities.

The banking industry is much further along than other industries acquainted with the value of CRM and instigating decision support systems to support CRM. Though most of the banks have already concentrated on strategic point solutions, they're ready for a transition toward strategic, enterprise-wide CRM inventiveness that cross major business lines. An operative decision support system for CRM aids to collect data about customer from every touch consolidate this statistics into a single outlook of the customer, and use this information for customer profiling, division, up selling, cross-selling and retaining efforts. As banks continue to pursue a integrated understanding of customer relationships across various channels, the significance and perception of CRM is expected to grow like anything.

From the study it is found that Customer Retention is not an enormous encounter to Banks as per the views of customers of selected Banks. It is found that CRM accomplishments have not helped to upsurge the self-assurance of the customers in meeting the changing needs, it helped to increase the confidence of the customers while interpreting services in mean time proficiently. CRM accomplishments of the selected Banks are not up to the mark in holding the important customers. All through the e-banking age and services based on advising rather than cash services, where the communication between customer and bank employees is of foremost importance, banks face the task of winning customer's faithfulness through product features and service excellence. This is however, related to winning customers' assurance of internet banking usage. CRM carry out by employee approach to customers is found very meager. It is further witnessed that the CRM activities are started and executed by the Banks in a serious routine, so that the customers in particular and the society in general benefited a lot. Providing service to customers has been acknowledged as the major duty of the Banks and therefore, Banks considered that CRM is the best tool to accomplish the task of rendering good services

7. Customers' Loyalty & Satisfaction

When confronted with organizational modification customers customarily require descriptive information as to why the modification is conducted. It has been debated that the quality of customer data is the crucial for organizations to thrive with alteration. In this case managers should give information about modification as product for customers where customers' desires are clearly documented. In relation to the organizational modifications, the bank should notify its beneficiary customers via personal letter where all the essential data is provided as to where, when, and how they could do their errands related to services. As far as my personal opinion is concerned, the bank should also use all likely methods for notifying its customers, particularly in places where customers are interacting with the bank in most.

The data about the organizational modification should be made in a form of short vocal notice when interacting with customers in other banking difficulties. This way of informing customers is regarded to be the most efficient due to having possibility for making further explanations when customers require such. Though, of more important value for customers is direction in new system that requires data and education which is confidently related to customer faithfulness. Additionally, the information procedure, life cycle of data along with control should be well managed by the bank. Furthermore, the bank should constantly work on ensuring security and privacy of internet banking and e-card usages since these issues are providing right services for the right customers but also safeguard the security and privacy of the operations customers involve with the bank.

The info about the organizational modifications is of the most key value for the customers. Therefore, the data should be given in time, in a constant and perfect way so customers would not be muddled with new system. Moreover, when following its organizational policies the bank should always consider the cost for educating the personnel and customers especially in the cases of going to complete banking activity. Customers who can't handle ATMs, e-cards, internet banking would be put aside of the modification which could end in less satisfaction of the services offered by the bank. Therefore, it is essential to meet customers' expectations by studying customers' demands and needs and try to match or to modify customers' behavior and attitudes with help of well-defined reorganizational strategies.

Though, the concept of customers' faithfulness which is seen as link between the relative attitude that customer has to the amenities he/she receives and the trust directed behavior he/she shows. Such decision could be possibly drawn by the personal bank consultants who act together in a specific personal way with beneficiary customers. Depending on the customers' satisfaction of personal consultants one can say that these recipient customers are faithful.

8. Suggestions

Bank is yet to cultivate a combining method which an emphasis on the customer wants and to deliver to it. As presented by the study, the bank is far from making a customer centric approach both for the customer as well as for the employees. Therefore, for customer relationship management

to deliver to its prospects, it should play an integrative part within the bank and confirm that all practices are integrated in the bank global strategy, which is far from realism in the study above. In sight of this, to implement a CRM incorporation strategy, the following recommendations can be embraced:

1. In a fierce environment, the Banks should implement appropriate marketing skills rather than reliant on the trading skills. From this time, fresh services should be relentlessly introduced to guarantee the growth of the Banks and to be competitive in the market and to keep up the enthusiasm of the employees and customers etc.
2. Implement a Customer Centric Process in Banks.
3. Employee Relationship Management first before Customer Relationship Management.
4. Increase customer experience through the web site.
5. Develop channel integration for effective Customer Relationship Management.
6. Proper training should be given to the bank personnel regarding the behavioral patterns by the Banks before they come and work in the field.
7. More significance should be given to supervision online transaction and using m - commerce and mobile banking services.
8. It should be realized that customer relation cannot be built instantaneous. CRM should be considered as Continuous Relationship Management.
9. Data gathered from the customers should be given appropriate value and it should be properly used. Decision making power should be extended to field force and some resources should be given for faster application.
10. The Banking sector is emerging and getting higher day by day in urban and semi urban areas; there is

large number of customers using the services in the urban and semi urban areas. So a wide scope in rural areas is expected in the days to come.

9. Conclusion

Above all in marketing method, considering customer retention as an immense task, provisioning the amenities attending the needs without interruption in time, meeting the varying needs generating the database, employee approach to customers, customer attentiveness influence of CRM bond with customer influence over bank objectives, CRM and public image, CRM and updating the data, CRM and customer satisfaction, other nationalized is found quite good. On the other hand, in terms of retaining of current key customers, improving customer loyalty, provision sing hi-tech infrastructure, whereabouts of CRM, existence of CRM, methods of CRM, treatment of CRM by e-Marketing, connotation with the customer, CRM's objectives and making the customer enchantment, retaining of customers aids of CRM to the organization, loyalty, customer confidence, are found quite satisfactory and in good condition with specific bank. It is very clear from the previous analysis that the method of CRM by banks is to some extent same and one but the reach is quite different. It is due to the profile, their competence and the policy of CRM in making it and getting down to customers. On the other side, it can also be declared that the contextual of both banks also found as a big reason for reaching the top CRM. Hence, CRM is an unavoidable instrument of marketing that can be reflected as Critical Responsibility of Market with respect to Banks in present context. This study is noteworthy to banks as they get info on what are items that are important to customers so as to maintain the relationship.

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