



INDIAN BANKING SYSTEM AND CUSTOMER RELATIONSHIP MANAGEMENT

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ABSTRACT

Promotion of technology and regulatory aspect played pivotal role in shaping the pattern of service Quality in Indian Banking System. Customer Relationship Management (CRM) help organisation to build a relationship with their customers that in turn creates loyalty and customer relation.

KEYWORDS :

INTRODUCTION

Customers Relationship Management (CRM) is all of the activities, strategies and technologies that Indian Banks use to manage their interactions with their current and potential Customers. Corona Virus entry has changed the system of banking in India. Main focus has been given on online banking. In this situation the role of CRM becomes more important.

The intensity of competition is found as its peak. Excelling competition and establishing a leadership in the market make it essential that we high degree of professional excellence to increase the level of customer creation, satisfaction and reputation. The paper studies CRM in the banking sector. In recent years, the banking industry around the world has been undergoing a sea transformation. In India also, the wave of deregulation of early 1990s has created heightened competition and greater risk for banks. The cross-border flows and entry of new players and products have forced banks to adjust the product-mix and undertake rapid changes in their processes and operations to remain competitive. The Deeping of technology has facilitated better tracking and fulfilment of commitments, multiple delivery channels for customers and faster resolution of miscoordinations. Unlike in the past, the banks today are market driven and market responsive. With the entry of new players and multiple channels customers (both corporate and retail) have become more discerning and less "loyal" to banks. This makes it imperative that banks provide best possible products and services to ensure customer satisfaction. To address the challenges of retention of customers, there have been active efforts in the banking circles to switch over to customer-centric business. The success depends upon the approach adopted by banks with respect to customer relationship management.

Customer relationship management (CRM) solutions, if implemented and integrated correctly, can help significantly in improving customer satisfaction levels. Data warehousing can help in providing better transaction experience for customers over different transaction channels. This is because data warehousing helps bring all the transaction coming from different channels under the same roof. Data mining helps banks analyze and measure customer transaction patterns and behaviour. This can help a lot in improving service levels and finding new business opportunities. It must be noted, however, that customer-centric banking also involves many risks. The banking industry world over is being thrust into a wild new world of privacy controversy. The banks need to set up serious governance systems for privacy risk management. The critical issue for banks is that they will not be able to safeguard customer privacy completely without undermining the most exciting innovation in banking. These innovations promise huge benefits, both for customers and providers.

Banking System: An Overview

Gone are the days, Indian banks had presumed that their

operations were customer-centric, because they had customers. The Reserve Bank of India's moves to cut aggressively the interest rates after 1999, pushed up the prices of bonds. So banks had a windfall doing nothing. However, the era of lazy banking is soon to end. According to a RBT road-map, India with have a competitive banking market after 2009. As one of the most attractive emerging market destinations. India will see foreign banks come in, what with more freedom to come in, grow and acquire. Therefore, it is imperative that Indian banks wake up to this reality and re-focus on their core assets-the customer. A greater focus on Customer Relationship Management (CRM) is the only way the banking industry can protect its market share and boost growth. CRM would also make Indian bankers realize that the purpose of their business is to "create and keep a customer" and to "view the entire business process as consisting of tightly integrated efforts to discover, create and satisfy customer needs." CRM is a simple philosophy that places the customer at the centre of a business organization's process activities and culture to improve has satisfaction of service and in turn, maximizes the profit for the bank. A successful CRM strategy aims at understanding the needs of the customer and integrating them with the organization's strategy, people, technology and process. Therefore the best ways of launching a CRM initiative is to start with what the organization is doing now and working out what should be done to improve its interface with its customers. It does not happen simply by buying the software and installing it. For CRM to be effective, it requires a well-thought-out initiative involving strategy, technology, processes and people.

Customer Relationship Management is the establishment, development maintenance and management of long-term mutually valuable relationship between customers and the Bank. Successful customer relationship management focuses on understanding the needs and desires of the customers and is achieved by placing these needs at the heart of the bank by integrating them with the organization's strategy, people, technology and processes. At the Core of a perfect CRM strategy is the creation of mutual value for all the parties involved in the business process. It is about creating a sustainable competitive advantage by being the best at understanding, communicating, developing and managers existing customer relationship in addition to creating and keeping new customer in which each relies on the other for business solutions and successes. From the Bank's point of view, it the management process or approach of acquiring, retaining and growing customer.

CRM In Bank

A Relationship-based approach has the following benefits.

- Over time, retail bank customers tend to increase their holding of the other products from across the range of services available.
- The longer a relationship continues, the better a bank can understand the customer and his/her preferences, and so

- greater the opportunity to tailor products and services and cross-sell the product/service range.
- Customers in long-term relationships are more comfortable with the service, the organization, procedures. This helps reduce operating cost and costs arising out of customer error.
 - Competitions
 - There is intense competition among the Private Sector Banks, Public Sector Banks and Foreign Banks and they are all taking steps to attract and retain the customers. New technologies, research facilities, globalization of services, the flood of new products and the concept of all the facilities under one roof to provide better customer service leading to customer delight.
 - Well Informed Customers: The Customers in Banking Industry today are properly informed. With the introduction of new machine & technology, the world has become like a village. Thus, if a Bank wants to have more customers, it should develop a good relationship with its present customers and try to maintain the same in coming sessions too.
 - Retardation in Brand Loyalty: In the present scenario, brand loyalty on decline. The customers are switching over to avail the better facilities from other banks. Newer and superior products and services are being introduced continuously. Thus, the banks have to promote their products, improve customer service and create bonds of trusts through proper care of customer needs and regular communications. With the help of CRM, strong customer loyalty and a good image for the organization can be promoted.
 - Enhanced Customer Retention: In the fastly competitive banking industry, retention of existing customers is central, which can be achieved through the process of CRM.

With increased number of banks, products and services and practically nil switching costs, customers are easily switching banks whenever they find better services and products. Banks are finding it tough to get new customers, and more importantly, retain existing customers.

Advantage

Customer Relationship Management is a technology for managing banks relationship and interactions with customers/potential customers. CRM system helps bank to stay concerted to customers, streamline process and improve profit profitability. The main benefits of CRM are

- Improve information
- Enhance Communication
- Improve Customer Service
- Automation of daily task
- Greater efficiency for teams
- Improve Analytical Data and Reporting

A CRM Solution in banking helps banks to manage customers and better understand their needs in order to provide the right solution quickly. The goal of CRM is to manage all aspects of customer interactions in a manner that enables banks to maximise profitability from every customer.

Banks have viewed themselves as exceedingly 'Customer Centric' offering what they believe to be highly personalized services to the High Net worth Customer. However, Changes in the customer behaviour and accumulation of wealth the resulting customers more diverse and complex in terms of the sorts of products they want, the channels through which they want to access them. The weather the customers, the more demanding they are-and the clients expect more from their banks.

Advantage Of CRM: Benefits of CRM can be categorized into

three classes namely: Advantage for customers, advantage for employees and advantage for banks.

(a) Advantage For Customers

- There is a more coordinated and professional approach to customer contact.
- With updated customer information, Banks can offer more personalized services.
- Customers feel empowered if they have greater access to product and services for example Round the clock banking.
- Service offering can be timed to coincide with requirements e.g., Education Loans and Tourism Loans.

(b) Advantage For Employees

- Employees are empowered with the information to deliver high quality service and meet customer expectations.
- Employees have more time to serve customers.
- Employees have higher satisfaction ratings.

(c) Advantage For Banks

- Manager are empowered with information that can help them manage customer relationships and make better decisions.
- Full use of resources.

Recommendations For Better Customer Relationship Management 3 P-factor Implementation

For implementing CRM, the company has to start with three P-factor namely people, process, and planning, which affect sales, productivity, service, and profitability. The well management of the banks and right mix of these factors will lead the company to grow.

People Factor

A attractive interaction among employees, customers, and vendors will create a successful enterprise. Contact with the customers and vendors will create a best in class enterprise. The people factor is employees. If there are complaints from employees from the side of customers, the gaps have to be bridged.

Process Factor

The CRM success is also affected by the process factor, Before introduction a new technology, the bank management needs to view their business and workflow processes. Once these are mitigated, the next step is to documents the procedures, policies and processes.

Planning Factor

Planning is a particular kind of decision-making that addresses the specific future that managers desire for their organizations. A well-structured plan will give the managers to stretch boundaries and achieve organization goals.

Indian Banks have recorded a phenomenal growth in the past decade with the initiation of Economic Reforms. The banks, both Public and Private, have transformed themselves into profit oriented business organizations besides playing a development role in the economy. In an attempt to be more profitable, the banks have become competitive and more customer-oriented. This new orientation has compelled them to take a more pragmatic approach for conducting the business. The CRM is one such tool which helps in meeting the customer's expectations according to their changing needs and preference. While analyzing the CRM implementation in both the sectors, it was found that the Private Sector Banks have been able to implement the CRM practices more effectively when compared to their public Sector counterparts. This indicates that the Private Sector Banks have been more innovative in understanding their customers and in building good relations with them.

However, a micro analysis reveals that the Public Sector Banks have highest scores in terms of reliability and assurance whereas the Private Sector Banks have Lower in terms of tangibility, reliability and assurance. This indicates that the banks are in a dire need to make proper strategies to improve their working. This will make the banks more efficient in serving the customers and in maintaining the long term relations with them.

CONCLUSION:

Banking in India has been instrumental in promotion economic development customer Relationship Management is Combination of practices, Strategies and technologies that banks in India use to manage and analyse customer interactions and data throughout the customer life cycle with the goal of improving customers service relationship and assisting in customer relation and driving more growth. CRM system compiles customer data across various channels of contract between the customer and the banks, which may be website, telephone, mail and social media. CRM also provide customer-facing staff detail information on customer's personal information. CRM in banking is a key element of differentiation that allows a bank to develop its customer base and sales capacity.

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