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Paper Authors

SUNKARI SRIDHAR REDDY

Vaageswari Institute of Management Sciences, Karimnagar



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CUSTOMER RELATIONSHIP MANAGEMENT IN BANKING SECTOR

SUNKARI SRIDHAR REDDY*

*Assistant Professor, Vaageswari Institute of Management Sciences, Karimnagar

Sunkarisridharreddy@gmail.com

Abstract:

Today, many businesses such as banks, IT, and other service providers recognise the importance of Customer Relationship Management (CRM) and its potential to help them acquire new customers retain existing ones and maximize their lifetime value. Highly competitive business environment companies are not proficient to longer survive with a transactional view towards customers. They have to emphasis their marketing lenses more rational dimension to satisfying and maintaining customers. In the banking field a unique 'Relationship' exists between the bank and the customer. Managers always make mistakes by seeing customer satisfaction from their eye but not from customer eye. Banking sector is a customer-oriented service where the key focus on the customer. The objective of this research is to develop a reliable and valid CRM scale specifically catering to banking sector. For the banks to be successful in the competitive environment, they have to gives the importance to customer satisfaction. This study is to reveal the relationship between the banks' CRM and the customer loyalty. As the number of banks has increased and the customers have more choices nowadays, therefore making a relation with the customer becomes more important. Many banks are still follow wing the traditional ways of marketing and only few banks are making efforts to adapt CRM. With this background, an attempt made towards the idea that CRM can be adapted uniformly in the banking industry for betterment of Banking Services as well as for customer satisfaction.

Keywords: Customers, CRM, Banking sector, Satisfaction

Introduction

Today, many businesses such as banks, insurance companies, and other service providers realize the importance of Customer Relationship Management (CRM) and its potential to help them acquire new customers retain existing ones and maximize their lifetime value. At this point, close relationship with customers will require a strong coordination between IT and marketing departments to provide a long-term retention of selected customers. This paper deals with the role of Customer

Relationship Management in banking sector and the need for Customer Relationship Management to increase customer value by using some analytical methods in CRM applications. CRM is a sound business strategy to identify the bank's most profitable customers and prospects, and devotes time and attention to expanding account relationships with those customers through individualized marketing, repricing, discretionary decision making, and

customized service-all delivered through the various sales channels that the bank uses.

Objectives of study:

The objectives of the study are:

- ✓ To understand the concept of CRM.
- ✓ To study the Practices of CRM in Banking Sector.
- ✓ To study the Benefits of CRM in Banking Sector.

Purpose of the study:

The idea of CRM is that it helps business use new technology and human resource to gain insight into the behavior of customers and the value of those customers. With an effective CRM Strategy, a firm can raise revenues by:

- ✓ Providing services and products that are exactly what your customers want
- ✓ offering better customer service
- ✓ cross selling products more effectively
- ✓ helping sales staff close deals faster
- ✓ retaining existing customers and discovering new ones
- ✓ make call centers more efficient
- ✓ Simplify marketing and sales processes.

DATA COLLECTION

The presents study is completely based on secondary sources of data collection such as electronic resources, books, journals, magazines, with the objective of successfully completion of ongoing study data are collected from published and unpublished sources.

CUSTOMER RELATIONSHIP MANAGEMENT: A BRIEF HISTORY, AND A BIG MYSTERY

Customers count, information about customers counts, and managing that information counts. Relationships matter. What no-brainers! Intellectually and intuitively, no one who can fog a mirror would disagree.

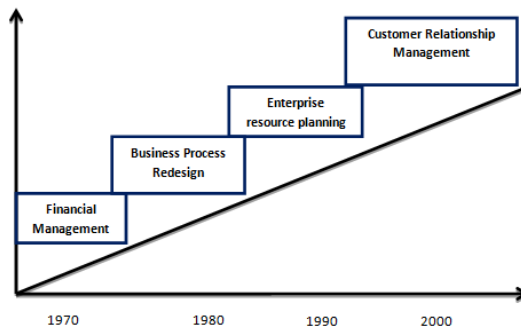
And yet CRM remains an elusive will the wisp for most companies and a bitter, discredited experience for many others.

What's the problem? Well, first a brief history of unwept promises:

1. 1980s: Database Marketing. The promise of database marketing is speak individually to countless customers. The reality: It's too costly, too difficult, and doesn't pay out on the bottom line, except in the case of business -to- business key account marketing. The compromise: A little database marketing goes a long way, which is very good news for everyone except technology vendors. You can do quite well simply by knowing how recently and frequently customers purchase; how much they spend; what they purchase; and an iota of demographics. Almost everything else is fluff and gloss.
2. 1990s: Relationship Marketing. Major phenomenon: Loyalty programs. Major promise: Loyalty! Major result: Companies such as airlines now have an enormous incremental layer of expenses, without much to show for it. It's the familiar promotional conundrum: If competition promotes, you have to promote equally, which eventuates in

everyone making less money. But if you unilaterally withdraw from such competition, market share collapses. And, alas, no one, at least on the consumer and small business end of things, can tell the differences between loyalty, bribery, or inertia.

3. Early 2000's: Customer Relationship Management (CRM). Major phenomenon: Great promise. Major reality: Promise unattained



SIGNIFICANCE OF CRM

A CRM system consists of a historical view and analysis of all the acquired or to be acquired customers. This helps the bank in reduced searching and correlating customers and to foresee customer needs effectively and increase business.

- ✓ CRM contains each and every bit of details of a customer, hence it is very easy for track a customer accordingly and can be used to determine which customer can be profitable and which not.
- ✓ In CRM system, customers are grouped according to different aspects according to the type of business they do or according to physical location and are allocated to different customer managers often

called as account managers. This helps in focusing and concentrating on each and every customer separately.

- ✓ A CRM system is not only used to deal with the existing customers but is also useful in acquiring new customers. The process first starts with identifying a customer and maintaining all the corresponding details into the CRM system which is also called an 'Opportunity of Business'.
- ✓ The Sales and Field representatives then try to getting business out of these customers by sophisticatedly following up with them and converting them into a winning deal. All this is very easily and efficiently done by an integrated CRM system.
- ✓ The strongest aspect of Customer Relationship Management is that it is very cost-effective. The advantage of decently implemented CRM system is that there is very less need of paper and manual work which requires lesser staff to manage and lesser resources to deal with. The technologies which are used in implementing a CRM system are also very cheap and smooth as compared to the traditional way of business.
- ✓ All the details in CRM system is kept centralized which is available anytime on fingertips. This reduces the process time and increases productivity.
- ✓ Efficiently dealing with all the

customers and providing what they actually need increases the customer satisfaction. This increases the chance of getting more business which ultimately enhances turnover and profit.

- ✓ If the customer is satisfied they will always be loyal to you and will remain in business forever resulting in increasing customer base and ultimately enhancing net growth of business. Challenges Faced By Banks in Successful Implementation of CRM
- ✓ The difficulty of obtaining a complete view of customers.
- ✓ The need to move away from disjointed, standalone, and inconsistent channels to provide a cohesive, multichannel offering.
- ✓ The burden of disconnected legacy systems and disparate databases that store client financial data.
- ✓ The cost and complexity of meeting stringent government regulatory and client security and privacy requirements.
- ✓ The pressure on margins and growth prospects from increased competition.
- ✓ The costs associated with retaining customers and developing customer loyalty. Although CRM can help banking institutions efficiently manage their customers, many banks failed to mix the concept into the prevailing work culture. But the high incidence of CRM failure has very little to do with the CRM concept

itself.

- ✓ Usually it's a case of the banks failing to pay attention to customer data they already have. A lot of banks underestimate the magnitude of CRM. They tend to treat it just like any other application technology, without realizing that CRM, if done properly, is a strategic initiative that touches all areas of an organization.

Benefits to Customer

CRM helps banks to provide lot of benefits to their customers some key benefits are as follows. Service provisioning throughout the entire life cycle of the corporate customer, from the initial stages to the

- ✓ Establishment of a close, long-term relationship with profitable clients, Optimization of the use of bank resources, such as alternative channels of distribution (internet and home banking), Significant reduction in and limitation of operational costs through system automation and standardization
- ✓ Low maintenance and expansion costs owing to the use of modern administration tools which allow bank
- ✓ Employees to make a wide range of modifications to the system CRM permits businesses to leverage information from their databases to achieve customer retention
- ✓ Cross-sell new products and services to existing customers, Companies that implement CRM make better relationships with their customers,

achieve loyal customers

- ✓ A substantial payback, increased revenue and reduced cost.

Findings

- ✓ CRM has been implemented by public sector banks, is followed and implemented highly when compare with private sector banks.
- ✓ Public sector banks are giving more importance for their customer to retain them.
- ✓ They were introduced more strategy to attract customer as well as to know their customer expectation towards CRM.

Suggestions

- ✓ CRM is excellent strategy to retain and stable customer by banking sector and is assist to banks.
- ✓ CRM method has maintained by private sector bank and public sector bank continuously with customer, which can be helpful to bank, has longer time.

Conclusion

Customer relationship management is one of the great challenges for the banking sector, since the Customer satisfaction level in public sector are not satisfactory when compared with private banks. Research provides some ideas to banking sector how to retain their customer and also explained some of the benefits to customer which are maintained by banking sector. Hence now a

day CRM with customer by banking sector used to get customer database, customer satisfaction level, customer loyalty, long time service, customer retention, to identify profitable customer for their bank, identify non profitable customer of bank and nonperforming assets.

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SUNKARI SRIDHAR REDDY, Assistant Professor, Vaageswari Institute of Management Sciences, Karimnagar, 9492860119, Sunkarisridharreddy@gmail.com