

CUSTOMER RELATIONSHIP MANAGEMENT IN BANKING SECTOR**SWATI CHAUDHARY**Research Scholar
Tantia University,
Sri Ganganagar**DR. JASPREET SINGH**Supervisor
Tantia University,
Sri Ganganagar**ABSTRACT**

CRM is a relationship process which an organization can cultivate with its customer segment in such a way that it could benefit both the customer and organizations. The growing expectations of the customers, fast changing preference and opportunities available to him as a consumer has made him the king in true sense. Customer satisfaction is a growing concern for the banks that want to grow in this competitive world of today.

The concept of CRM is now gaining wide acceptance and is recognized as a powerful tool for business development and to have an edge over the competitors on account of the universal traits of human behavior. Organizations has focused earlier on their products as the starting point and then looked around for customers to sell it. But the approach of CRM is different – it starts with the customer not the totality of customers because every customer is an individual and thus exact customer has to be dealt individually to find out what they want and accordingly design the products as per their need and supply. In a nut shell, CRM is about growing enduring relationship with profitable customers.

Key words: CRM, Customer Relationship, Satisfaction, Expectation

Introduction

Customer Relationship Management (CRM) is a comprehensive strategy and process of acquiring, retaining and partnering with selective customers to create superior the company and the customer.

It is implicit in the above definition: the purpose of CRM is to improve marketing productivity. Marketing productivity in achieved by increasing marketing efficiency and by enhancing marketing effectiveness. In CRM, marketing efficiency is achieved to co-operate and collaborative processes to help in reducing transaction costs and overall development costs for the company. Two important processed of CRM include proactive customer business development and building partnering relationship with most important customers. These led to superior mortar value creation

(Sivakumar: 2001).

In the global economic scenario, new trade blocks are emerging and international competition is zooming. It involves replacement of sheltered culture of industry and business by competitive world wide environment and the organizations have to reconsider everywhere their traditional strategies and methods of operation. In the emerging scenario, the LPG strategy has brought sea changes in the banking sectors that have started rocking the bottom lines of many Indian public sector banks. Globalization is transforming the financial services industry significantly by shifting the advantages from the providers of financial services to the users. With the revolution of information technology the traditional role of the banks which used to be that of “Money Lending” has assumed broader dimensions. With competition gaining ground, banks are trying to adopt innovative approaches to retain their existing business. One of the recent innovations in the service industry, particularly in the banking sector, in many part of the world is “Customer Relationship Management” (CRM). It is in this context, that the customer service has to be critically analyzed and with the appropriate strategies drawn up, not only to attract new customers but also to retain the existing one.

Customer Relationship Management

Relationship marketing some times is referred to as CRM. CRM is a relationship process which an organization can cultivate with its customer segment in such a way that it could benefit both the customer and organizations. The growing expectations of the customers, fast changing preference and opportunities available to him as a consumer has made him the king in true sense. Customer satisfaction is a growing concern for the banks that want to grow in this competitive world of today.

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In financial services, nationalized as well as new generation private banks and foreign banks introduced customer friendly products and services like **(Francis: 2005)**.

- * Account Statements
- * Any Where Banking
- * Corporate Banking Terminals
- * ECS(electronic clearing systems)
- * Home Banking
- * INFinet (Indian financial network)
- * Internet Banking
- * MICR Cheques
- * Point of sale terminal
- * SPNS (shared payment network system)
- * Universal Banking
- * ATM (automated teller machines)
- * Credit Card/ Debit Cards/ Smart Cards
- * EFT (electronic funds transfer)
- * Electronic Data Interchange
- * Internet Bank
- * Integrated Payment and Settlement Systems
- * Mobile Banking
- * Online Banking
- * Real Time Gross Settlement (RTGS)
- * Tele-Banking
- * 24 hours Banking

24 hours toll-free customers call centers

CRM focuses on customer retention by adopting a customer oriented strategy to delight their customers rather than just aiming at their satisfaction. It makes the use of the relevant technology available for the purpose. But it should be remembered that proper planning and care is exercised before its implementation to see that the steps are taken for the customer oriented attitude to percolate throughout the organization. This alone can guarantee its success, especially in view of the large investment that the CRM technology entails. The technology helps only in enhancing the relationship with the customers by offering guidance and easy access to the analyzed information about customer and other related matters.

CRM adoption is very popular with financial institutions world over than any other type of industry. Some new generation banks in India have already adopted it. But the Indian PSBs do not seem to have given a thought to it yet. May be it is time now for those in authority to give a thought about its suitability to the Indian public sector banks and then plan its proper implementation if they would help these banks to improve their customer orientation.

Implementing Crm

Implementing CRM is the most important factor. This is not a simple matter. If you attempt to implement a CRM package without knowing how implementations work, it is likely that you will face

problems throughout the project and you could be in for a fait and a big one at that it could even be a job termination.

Implementation on a larger scale is not covered here as they are more complex in scope and methodology. They have a different set of problems and often a larger team.

Banker-Customer Relationship

Banking is basically a service industry. Its main functions include interalia, acceptance of deposit from economic units having surplus in their budgets and making available the same to economic units having deficits in the current budgets. Traditionally, a banking institution was considered purely on business concern aiming at maximum private profit while performing its functions.

The commercial banks as financial intermediaries“ creators and purveyors of credit can help in accelerating the process of economic development of the country by encouraging domestic savings and by mobilizing such saving for productive investments.

Thus, one of the Indian banking systems in the context is therefore, “to develop the banking habit among the population in the country”. This is the dynamic role which the Indian Banking system is expected to play in the context of development of country **(Chaudhary: 2002)**

From the basic functions of accepting deposits and lending loans the banks in India have evolved to a higher level where they see for themselves an increasing role in nation-building. Banks have also become customer-centric with an attractive range of services and products. With the universal banking concept catching up, the customer has also become more demanding.

Banks are also increasingly trying to extend credit to rural areas through micro financing to support agricultural activities. To top up income, banks have moved away from their regular avenues of asset generation to fee-based incomes generated through activities such as bancassurance and wealth management for customers. So you are no longer insurance, mutual fund and stock broking services for a nominal fee.

The role of banks in the intermediation of financial needs of different classes of customers has undergone significant changes. For the sake of convenience, banks various roles vis-à-vis their customers can be broadly categorized as (i) accept of deposits (ii) credit providers (iii) providers of payments and remittance services (iv) provider of foreign exchange services (v) facilities in circulation of currency notes/coins, and (vi) providers of financial instruments.

Customer service in banks means satisfying the needs of customers, at the right time, and in a right manner. It is necessary that bankers tailor their services to the needs of customers and not vice versa. A large portion of customer’s complaints arises because of the disparity between customer expectation and bank services.

Products offered by banks have been changing over years, particularly in recent years. These products are getting refined and revised in the light of customer need, but not promptly enough or adequately and hence dissatisfaction arises. There are abnormal delays in receiving payments and customers have to wait indefinitely without anybody attending to them properly at the counter. Even the issue of cheque book takes twenty to thirty minutes because the officer is always busy with cheques, vouchers and registers. Updating of pass book also long time.

Elements In Delivery Of Customer Services

Delivery system for customer services comprises of five elements:

- * Speed
- * Timeliness
- * Accuracy
- * Courtesy
- * Concern

Causes For Customer Dissatisfaction

There are various reasons caused by customer dissatisfaction. They are:

1. Delay and inaccuracy in putting through transactions;

2. Delay and inadequacies in correspondence;
3. Delayed, faulty and unhelpful decision-making;
4. Absence of elementary discipline;
5. Undue emphasis of staff in observance of rules and procedures;
6. Inconvenience associated with credit appreciation;
7. Lack of uniformity in bank charges;
8. Customers being viewed as a faceless unit; and
9. General attitude of unconcern and apathy for clients.

Dimensions In Improving Customer Services

Banks should carry out their activities to improve customer services based on these facets:

1. Motivation and Orientation Staff
2. Systems and Procedures
3. Management Methods
4. Handling of Complaints

New Era in Customer Satisfaction

Introduction of Ombudsman scheme is another step in this direction. It is a mechanism for redressal of customer grievances in a quick and less expensive manner. The OMBUDSMAN attends to customer's complaints related to certain key areas which remain unresolved at the bank level and facilitate satisfaction of such complaints. On exercise of powers conferred under Banking Regulation Act, 1949, the Reserve Bank of India announced the OMBUDSMAN Scheme, on June 14th 1995 covering all the scheduled commercial banks in India. This scheme was further extended to 134 scheduled primary co-operative banks on June 17th 1995. Regional Rural Banks have been kept out of the purview of the scheme for the time being. So, ombudsmen have been appointed for all states of India.

Indian bank's association has favoured ombudsman for banks for redressal of bank customer grievances so that customer complaints are heard and speedily dispensed by ombudsman who should be a retired high court judge. This saves the customer the delay involved in going for long drawn litigation. The appointment of ombudsman is expected to result in improved customer service and provides quality and speedy redressal of grievances.

Customer Expectations

Bank is a service industry. A natural question to ask is- "what does a customer expect from Bank"? Customer expectations transcend beyond "products". It is therefore, imperative for banks to adopt specific systems and procedures as well as thought to manage the customer's expectations. His expectations are broadly as follows.

1. He is received and listened to properly
2. He is properly guided and doubts cleared.
3. Bank personnel are present at their desks/counters well in time.
4. The premises are clean and well organized.
5. There is warmth and understanding
6. His letters/ queries are promptly attended to and communicated.

Ten Commandations Of Customer Service

1. A customer is the important person in any business.
2. A customer is not dependent on us; we are dependent on him
3. A customer is not an interruption in our work; he is the purpose of it.
4. A customer does us a favour when he calls; we are not doing him a favour by serving him.
5. A customer is a part of our business-not an outsider

6. A customer is a human being with feelings and emotions
7. A customer is not someone to argue with; nobody ever won an argument with a customer
8. A customer is one who brings us his needs; our job is to fulfill those
9. A customer comes back only if an organization is courteous to him and gives him a good treatment.
10. A customer is the life-blood of any business.

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