

A Comparative Study of Customer Relationship Management in Public and Private Sector Banks

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Abstract: A comprehensive business approach that helps the company to maintain positive relationships with its customers are customer relationship management. The consumer is seen as the market's king. The connection between banks and their consumers is distinct. For a variety of reasons, including a lack of training, a lack of knowledge about new technologies, financial goals, the possibility of failure, etc., some banks continue to utilize conventional marketing. On the other hand, others are using CRM in order to keep lucrative relationships with their clients. Customers may be kept for a long time in the banking industry by using CRM as they have many options in this competitive age and are often not loyal to any one company. CRM focuses on building, maintaining, and improving relationships with customers in order to maximize their worth. The bank culture has shifted from being task-oriented to being outcome-oriented as a consequence of the CRM installation. Maintaining customer happiness and fostering greater client loyalty are the goals of the CRM technique. This paper's goal is to examine the significance of CRM systems and provide a thorough understanding of customer relationship management strategies. This study's primary concern is that CRM has evolved into complicated, multifaceted phenomena that is influenced by a number of variables. Because of this intricacy, CRM has been measured using a variety of factors that have been examined in a number of earlier research. The difficulties that the banking industry faces are highlighted in this study. Examining the applicability and effects of CRM in the Indian banking industry is the aim of this study

Keywords: CRM in the banking industry: types, components, and applications.

I. INTRODUCTION

In the 1970s, the idea of customer relationship management first emerged. Banks are able to recognize and satisfy the wants and wishes of their customers thanks to customer relationship management. Let's look at A client is who? Individuals, groups of people or organizations, the government, agents, etc., may all be considered customers. A customer may be defined as a legal entity that has a financial connection with a bank. CRM stands for customer relationship management. Creating customers by connecting buyers and providers of goods and services is one of the primary responsibilities of the bank's marketing and advertising department. Developing and maintaining long-term relationships of collaboration and involvement with consumers is highly challenging, but crucial for the growth of any organization in an era where the mentality of all companies cannot be solely customer-oriented. Since its successful implementation may boost customer happiness, loyalty, and retention—and therefore, sales and repeat business—customer relationship management, or CRM, has emerged as a crucial business strategy. CRM's goal is to gather data on consumer behavior via communication channels so that the appropriate product or service may be offered at the appropriate time and location. Identifying consumer behavior is a common issue since it changes often, making it difficult for banks to keep an eye on the evolving behavior. Establishing and maintaining enduring relationships with clients is a multifaceted process. Banks are crucial in any economy because they help consumers develop saving habits and provide financial support to merchants, business owners, and service providers. Because banks prioritize their customers, the banking industry is customer-focused. In order to adequately service their clients, banks divide them into several groups based on factors such as their various demands and behaviors. Information technology has made it

simple in the modern day to gather data from individual consumers in order to examine and analyze patterns of behavior in order to gain their trust, contentment, and loyalty. These days, the banking industry is beginning to understand how crucial CRM is to attracting, keeping, and retaining consumers in order to maximize earnings.

Customer Relationship Management

The fundamental business strategy that combines internal and external operations to generate and provide value for customers is customer relationship management. CRM is a method for gathering data on the needs and behavior of customers in order to build lucrative, long-term relationships with them. By using CRM, the banking industry may assess each and every client independently and uniquely, resulting in increased customer satisfaction, trust, and long-term loyalty. Banks are committed to putting their clients at the center of their operations via customer relationship management. CRM is a customer-centric strategy, and its ultimate goal is to handle various clients by recognizing and comprehending their unique demands, behaviors, and preferences. The goal of customer relationship management, which is a customer-centric strategy, is to handle various consumers by recognizing and comprehending their unique requirements, behaviors, and preferences. Banks should think about the following issues if they want to expand their operations and increase their profitability:

1. More economical acquisition of new clients and retention of current ones.
2. Regain the confidence of former clients.
3. Growing revenue from current clients.
4. Cutting sales expenses.

Characteristics of Customer Relationship Management (CRM):-



Customer relationship management is a strategy that a company may tailor to effectively manage and administer its clients and suppliers in order to achieve business success. It is generally intertwined with the following characteristics:

- 1. Customers Needs-** It is impossible for a company to predict what a consumer really needs. Therefore, it is crucial to interview a consumer about all of their preferences in order to determine and prioritize their true demands. It is difficult to properly service the consumer and keep a long-term contract if the real requirements are not modulated.
- 2. Customers Response-** The organization's response to the customer's questions and actions is known as the customer response. It's critical to respond to these questions wisely since even minor miscommunications might result in disparate impressions. The key to success is comprehending and analyzing these questions, then figuring out how to provide the greatest answer.
- 3. Customer Satisfaction-** Customer happiness is a key performance indicator and fundamental differentiator of company strategy in today's cutthroat business environment. Therefore, the more satisfied customers are, the more successful the firm is and the stronger the relationship with the customers.
- 4. Customer Loyalty-** The propensity of a client to stick with a certain provider and make frequent purchases is known as customer loyalty. This is often seen when a consumer is really pleased with the supplier and returns for business

transactions, or when he is consistently inclined to purchase a certain brand or product from that provider. Customer loyalty is thus a key component of CRM and is always essential to the success of a firm.

5. Customer Retention- The deliberate practice of keeping current customers and preventing them from switching to other suppliers or businesses is known as customer retention. As long as his fundamental requirements are met, a devoted consumer is often inclined to persist with a certain brand or product. He doesn't choose to take a chance by trying a new product. The likelihood of net company growth increases with the likelihood of client retention.

6. Customer Complaints- Suppliers often face difficulties in addressing client concerns. Typically, filing a complaint is a sign of the customer's discontent. A client may file a complaint for a number of reasons. Although a legitimate basis for the customer's dissatisfaction may also exist, complaints are sometimes filed as a result of a misinterpretation of the terms of the supplier's agreement pertaining to any product or service.

7. Customer Service- In The level of service that the provider offers the customer determines how satisfied he is. In addition to outlining and clarifying the specifics of the services that the client will get, the organization must also adhere to the terms. Customers are expected to do business with the company well if the quality and trend of the services exceed their expectations.

II. REVIEW OF LITERATURE

One of the most interesting technological subjects of the new century is customer relationship management, or CRM. According to Peppers and Rogers (1999), some businesses see CRM as a technology that is specifically made for one-on-one client conversations, which are the responsibility of the marketing, sales, and call center divisions.

According to Puccinelli (1999), the financial services sector is entering a new age in which institutions are adopting technology to replace human interaction in various application areas, resulting in a decline in personal attention. The banking sector has been significantly impacted by technological advancement during the last several decades.

CRM was created because clients have different tastes and buying behaviors, according to Bose (2002). CRM wouldn't be necessary if every client was the same. Businesses may thus better customize their services to optimize the whole worth of their client portfolio by comprehending customer drivers and customer profitability (Chen and Popovich).

According to Chen and Popovich (2003), CRM is not a particularly novel idea; rather, it has gained practical significance as a result of recent developments and advancements in corporate software and information technology. Relationship marketing, the foundation of CRM, aims to improve customers' long-term profitability by shifting away from product-centric marketing.

According to Greenberg (2004), CRM is often an enterprise-focused project that involves every department inside a company. He goes on to say that CRM will include not just customer service but also human resources, marketing, sales, engineering, manufacturing, product testing, assembly, buying, and invoicing.

CRM emphasizes two-way contact between the provider and the customer in order to cultivate the client over time, according to Frow and Payne (2004). Technology advancements, especially the Internet, have significantly improved two-way communication.

Objective of study: -

- To research customer relationship management's applicability in banking.
- To investigate the advantages of customer relationship management deployment in the banking industry.
- To look at how technology affects commercial banks' performance.
- To understand the difficulties the banking industry faces in delivering improved services and preserving positive client relations.

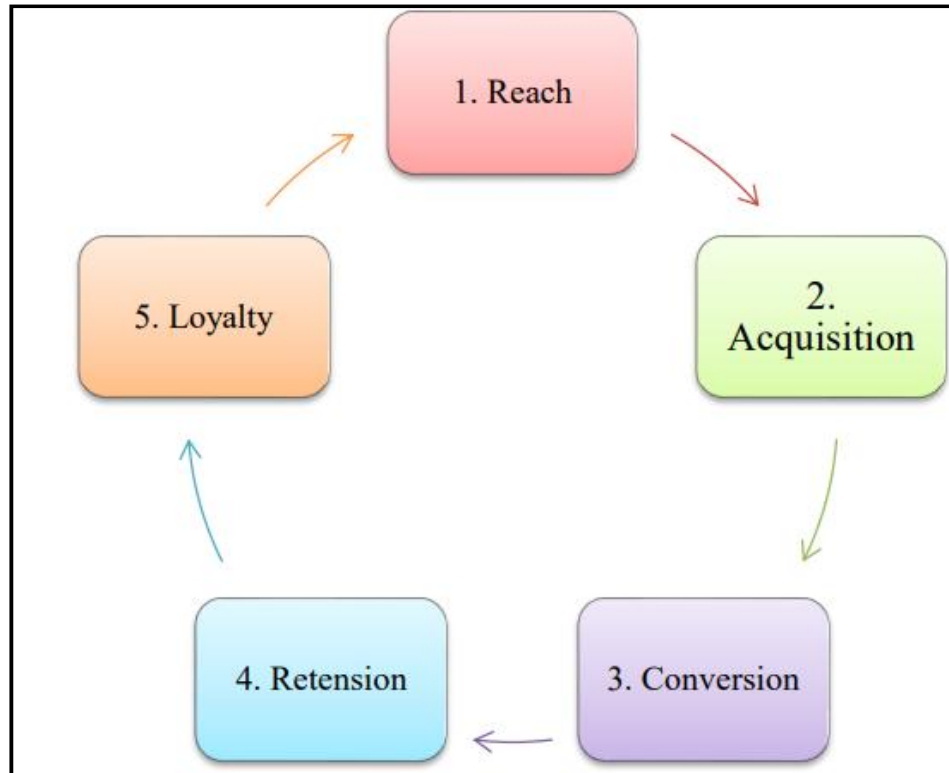
III. RESEARCH METHODOLOGY

The current research is entirely dependent on secondary data sources, including books, journals, periodicals, news articles, and online resources.

The goal of customer relationship management is to: -

1. In order to draw in new clients.

2. To keep hold of current clients.
 3. To increase consumer confidence in the banking industry.
 4. To preserve a personal connection with clients, in which banks treat every client differently and uniquely.
 5. To communicate with clients via a variety of channels in order to provide value for them.
 6. To treat clients with decency, consideration, and civility.
- Customer acquisition, development, satisfaction, and retention are all compromised by the customer life cycle.



Customer Acquisition: -

Getting new clients is a difficult task in this cutthroat day. We need to use some tactics to draw in new clients, such as customer relationship management, which is a smart corporate move to seize market chances.

Customer Development: -

Customer development entails making things available to customers based on their preferences and needs. By offering the appropriate product at the appropriate time and location, customer development may be accomplished.

Customer Satisfaction and Loyalty: -

While traditional marketing relied only on selling things and providing services to generate increasing profits, current marketing also prioritizes customer happiness in addition to product sales. CRM is useful in the banking industry for increasing client satisfaction and loyalty.

Customer Retention: -

Retaining current customers is significantly less expensive than obtaining new ones. Every business should work to attract and keep clients for an extended length of time.

Types of Customer Relationship Management: -



1. Operational CRM: -

You can get a comprehensive view of every client journey using operational CRM. You may determine which leads to nurture with automations by using Operation CRM, which can automate lead scoring and win profitability. Sales, marketing, and service automation are among the automation functions offered by operational CRM. **Benefits of Operational CRM are:**

Improving corporate communication, streamlining market procedures, and raising revenue and customer satisfaction

2. Analytics CRM: - Every customer's data is analyzed, stored, and made available for reporting by Analytics CRM. Large volumes of client data may now be collected more easily thanks to information technology. By examining this collected data, we can determine which elements contribute to client retention, what issues consumers are having, and which elements help increase sales.

Benefits of Analytics CRM are:

Improved comprehension of consumer behavior; increased customer loyalty; and precise financial forecasting and planning

3. Collaborative CRM:

Strategic CRM, another name for collaborative CRM, prioritizes customer retention, customer happiness, and customer service above customer acquisition. The banking industry should engage in collaborative CRM in order to manage company operations and interact with clients. Several departments inside the company, including the marketing, sales, and finance departments, exchange information with one another in order to boost revenue, customer happiness, and royalties.

For instance, the technical support team's collection of customer feedback will assist the marketing team in suggesting better goods or services to the client.

Collaborative CRM has the following advantages:

Enhances customer service; keeps current clients; makes customer data accessible for multi-channel communications;

Customer relationship management process:-



The CRM process consists of the following five steps:

- 1. Generate brand awareness:** - Building brand recognition is the first phase in CRM, which explains how to expose your company to potential customers. Because there are many rivals in the market, the marketer should make clients know that this specific brand is present there as well. It is often used to introduce your company to potential clients.
- 2. Acquire leads:** - Presenting your brand to prospective clients is the first step in the CRM process. In order to draw people to your brand, marketers should urge them to discover more about your company while presenting it. Campaigns for marketing are equally useful for influencing consumers.
- 3. Convert leads into customers:** - Converting leads into customers is the next stage of the CRM process. This is the stage at which the benefits of a successful CRM strategy become apparent. Once consumers show interest in your business, it's time to convert those leads into paying customers.
- 4. Provide quality customer service:** - Providing excellent customer service is a crucial step in maintaining consumer relevance. Knowing what adjustments are necessary to enhance the client experience is crucial.
- 5. Invest in loyalty and upgrading:** - Supporting customers to increase their loyalty is the last phase in the CRM process. Focusing on improving their purchase order by changing their shopping habits to more upscale goods or services is another strategy to increase revenues in addition to keeping the clients.

Components of Customer Relationship Management: -

- 1. Human Resource Management:** - Given that the organization's workers are seen as vital resources, human resource management is a significant part of CRM. Human resource management facilitates the analysis of workers' abilities in various organizational contexts. Thus, HRM helps ensure that CRM is implemented successfully.
- 2. Customer Service:** - The customer service department collects data and information about the requirements, desires, and purchasing patterns of its customers and provides the appropriate information to the relevant departments. This facilitates the development of positive relationships with customers.
- 3. Sales Force Automation:** - The key element of CRM that estimates sales and records sales activities is sales force automation. Finding chances for income generating is made extremely simple with the aid of sales force automation.
- 4. Marketing:** - Effective execution of promotion techniques is one way that customer relationship management supports marketing. Marketers actively monitor each customer's data in order to increase client loyalty and better understand them.

Positive effects of CRM in banking sector: -

In the banking industry, customer relationship management is essential to attracting, keeping, and retaining clients. The following are examples of positive effects:

1. CRM provides accurate and timely information.
2. Knowing how customers behave and what they need and want so that a product or service may be tailored to them.
3. CRM helps banks market a variety of goods, including investments, loans, and deposits.
4. CRM also contributes to the development of positive customer relationships and strong consumer loyalty.
5. The selection of lucrative clients is aided by customer relationship management.
6. Customer relationship management helps to increase sales effectiveness and efficiency.
7. Banks use CRM to provide their consumers new technology like ATMs, e-cards, and mobile banking.
8. CRM offers customer information that aids in market segmentation.

Problems of CRM in banking sector: -

Despite of many benefits of CRM, there are some problems that banking sectors are facing such As:-

1. Accurately assessing client impression is a very difficult job for the banking industry.
2. It costs a lot to build and maintain consumer loyalty.
3. Switching banks to take advantage of a better interest rate when another bank provides a higher rate is the most frequent problem.
4. Frequent operational personnel transfers can have an impact on CRM.

5. Another issue is that not all clients are prepared to establish a connection with any company since they believe that the company has gathered a lot of personal data about them.

IV. CONCLUSION

The purpose of this study was to investigate CRM's effects on the banking industry. In recent years, CRM has become a key component of contemporary marketing. In the Indian banking industry, CRM research is essential for drawing in new clients and keeping hold of current ones. Consumer behavior is greatly impacted by new technology, and as technology advances, consumer perceptions and behavior shift, and consumers want better goods from manufacturers or service providers. Since CRM is the only option available, serving and maintaining positive relationships with customers is one of the biggest challenges facing businesses in the new age of liberalization and globalization. Technology currently plays a crucial role in the Indian banking industry. Every bank aspires to employ high-quality, efficient technology, and in order to achieve this goal, each bank must recognize the significance of CRM. CRM makes it simple and affordable for banks to meet client demands. Employees should get training from banks to cultivate a favorable attitude toward clients. When customer relationship management is implemented, the bank's culture shifts from being task-oriented to being result-oriented.

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