



## APPROACH OF CUSTOMER RELATIONSHIP MANAGEMENT IN BANKING INDUSTRY

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### ABSTRACT :

Because of the fierce competition in the banking sector, where the competitive struggle is constantly underway to gain huge market share and attract the most potential customers, and considering the poorly-offered banks, customer relationship management is a fundamental tool. Achieve good business results. In this regard, the topic of the paper is to identify a modern approach to customer relationship management and the factors that affect its successful implementation in order to achieve long-term and mutually beneficial relationships between banks and banking products and service users.



**KEYWORDS :** fierce competition , poorly-offered banks, customer relationship management.

### INTRODUCTION :

With the revolution of knowledge and the global use of the Internet, businesses have been able to establish better relationships with their customers than ever before. Current organizations have great opportunities and broad opportunities to better serve their clients. Consumer acquisition and retention can be used by companies in a better established way than before. The main goal is to transform these relationships into a better product by multiplying the purchase rate and reducing the cost of acquiring new customers. This rebellion in customer relations management (CRM) is considered the new "mantra" of marketing. Basically, sellers were more focused on acquiring new customers for the products and services they offered. This is made possible by the huge investment in advertising and sales advertising activities. But nowadays, there is a paradigm shift from customer editing to customer retention. The acquisition of new customers focuses on retaining existing customers. A new plan and strategy will have to be adopted to implement it.

Today, with the widespread use of electronic communication technology, customer relationship management has undergone significant changes and it re-introduces a system that includes all aspects of communication and interaction with customers and, in other words, determines how to work with customers, solve their problems. Motivate them to buy banking products and services, build loyalty and maintain financial interaction with customers.

### CUSTOMER RELATIONSHIP MANAGEMENT:

CRM is the primary business of every venture and it calls for complete strategies and actions to win it. CRM is a complete movement that combines men, literature and methodology with the help of the Internet, providing seamless integration of everything from business to customer, contact and customer

service.

### **CRM IN BANK:**

The banking industry in India has accelerated the pace of financial sector reform. The transformation of the financial sector is intended to increase the effectiveness and competitiveness of the financial structure. Indian banking industry has gained a new face due to the establishment and operation of new generation of technology driven banks. CRM is an important factor in improving the performance of banks. To get better in their services, existing banks have shifted their focus to the dual task of accepting deposits and lending loans to banking anytime and anywhere. At present, customers are considered to be the basic non-core financial assets by banks worldwide. Courtesy, accuracy and speed are essential components of a bank's efficient performance. A highly satisfied customer will sell the bank and bring in more new customers to grow the bank's business. Banks should adopt novel strategies and strategies for deciding what to pay, who to look for, when to contact, how to promote and be unique in product and service proposals to maximize their profit. It is necessary to differentiate between banks by offering generic products to meet the general demands of the customers and offering customized services to the specific needs of the customers.

### **IMPORTANCE OF CRM IN BANKING:**

Banks have historically shown a holistic approach to customer management and customer service. Offers products and services that satisfy banks more than customers need, Banks today recognize that this is not going to happen anymore. They need to be flexible, customizable, and able to respond to individual customer needs for products that are accessible through multiple channels. In other words, it must be competitive in a competitive market. Historical trends have made banks reluctant to enter the banking CRM world which will enable frontline branch staff to manage customers through a comprehensive product package. At the earliest stages of communication, the ability to know customer needs, to sell, as well as the ability to cross-sell a full range of financial products and services. Although senior decision-makers of the bank fully understand the processes and requirements of the branches, they do not know anything about their electronic customer base. It is the knowledge gap that in many cases causes the reluctance to install a CRM system. There are concerns about system-related costs, ease of access to the system by front-line employees, and relinquishment to the front line. Even more annoying to a bankrupt is the abandonment of its own customers.

An important point for physical retail banking is that shifting crop periods will require a positive impact on ROI in order to reclaim inactive or unused branch resources in peak periods. An integrated CRM system can help transform these resources with equal access to customer information.

### **Major Benefits to Banks:**

1. Retention of Customer
2. Easy to Detect the fraud
3. Analysis of Credit Risk
4. Targeting and Segmentation
5. Development of customized new products that match specific preferences and customer preferences.

### **CONCERTED CRM:**

These include systems that help customers service themselves through various communications and interactive channels. It brings together people processes and data, and enables bank employees to channelize data and information for efficient decision making and enhanced customer service and support activities. It provides information sharing tools to all concerned in a timely manner and involves customers as a service creator. One of the big benefits of collaborative CRM for banks is.....

1. Providing efficient customer communication across different channels
2. Online service to reduce customer service costs

### 3. Providing access to customer data when interacting with customers

#### **SIGNIFICANCE OF CRM:**

The CRM system has a historical view and analysis of all purchased or purchased customers. It helps to find the low and relate to the customer and effectively see the customer needs and grow the business.

- CRM has every detail of the customer and hence it is very easy to track the customer and can be used to decide which customer is profitable and which is not.
- In CRM systems, customers are grouped according to their business type or physical location in different aspects, and many customer managers are known as account managers. It helps to focus and concentrate on each customer separately.
- Not only is the CRM system used to meet existing customers, it is also useful for acquiring new customers. The process begins with first identifying the customer and maintaining all relevant details in the CRM system, also known as a "business opportunity." The sales and field representatives then try to get the business out of the business by pursuing them harmoniously and converting them into winning deals. All of this is done very easily and efficiently through integrated CRM systems.
- One of the strongest aspects of customer relationship management is that it is extremely affordable. The advantage of a well-implemented CRM system is that there is very little need for paper and manual work that requires less staff to manage and less resources to deal with. The technology used to implement CRM systems is also cheaper and smoother than traditional business.
- All the details in the CRM system are kept centrally accessible at any time at the fingertips. This reduces processing time and increases productivity
- Dealing with all customers efficiently and providing them with what they really need is enhancing customer satisfaction. This increases the chances of getting more business which will ultimately increase turnover and profitability.
- If the customer is satisfied, they will always be loyal to you and stay in business forever resulting in increased customer base and ultimately a net growth of the business.

#### **IMPLEMENTATION CHALLENGES FACED BY BANKS:**

- Difficulty getting a complete view of the customer.
- The need to move away from frustrated, independent and inconsistent channels to provide integrated, multichannel offers.
- Load legacy systems and loads of different databases that store client financial data.
- The cost and complexity of meeting strict government regulatory and consumer protection and privacy requirements.
- Margin and increased prospect pressure in increased competition.
- The costs associated with retaining customers and increasing customer loyalty. Although CRM can help banking institutions manage their customers efficiently, many banks have failed to realize the concept in the current working culture. But the high incidence of CRM failure has very little to do with the CRM concept. Typically, banks have a tendency to ignore customer data they already have. Many banks underestimate the severity of CRM. They have a tendency to treat it like any other application technology, without realizing that CRM is a strategic initiative that touches all areas of the organization if done properly.

#### **BENEFITS TO CUSTOMER:**

The following are some of the main benefits CRM helps banks provide their clients with a lot of benefits. Provide lifetime service provision from the early stages of corporate clients.

Establish close, long-term relationships with profitable customers, optimize the use of bank resources, such as significant reductions and limits in operational costs through alternative distribution

systems (Internet and home banking), system automation and standardization,

- Reduced maintenance and expansion costs due to the use of modern administrative tools that allow the bank
- Employees allow CRM businesses to gain customer retention and retrieve information from their databases in order to make system-wide changes
- Cross-sell new products and services to existing customers, CRM implementation companies build better relationships with their customers, gain loyal customers, and
- Greater profits, increased income, and lower costs.

#### CONCLUSION:

Consumer relationship management is a major challenge for the banking sector as the public sector customer satisfaction is not as good as compared to private banks. The research has provided some ideas on how to retain customers in the banking sector and explains some of the benefits that the banking sector maintains. That is why CRM is now used by the banking sector to identify CRM customer database, customer satisfaction level, customer loyalty, long service, and customer retention, profitable customer recognition for their bank, non-profit customer and non-performing assets.

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