



E-CRM A PIVOTAL TOOL FOR CUSTOMER RETENTION IN BANKING INDUSTRY

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Abstract

Customer Retention has been a concern for a while in banking and insurance industry and other service providers also have realized 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. 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.

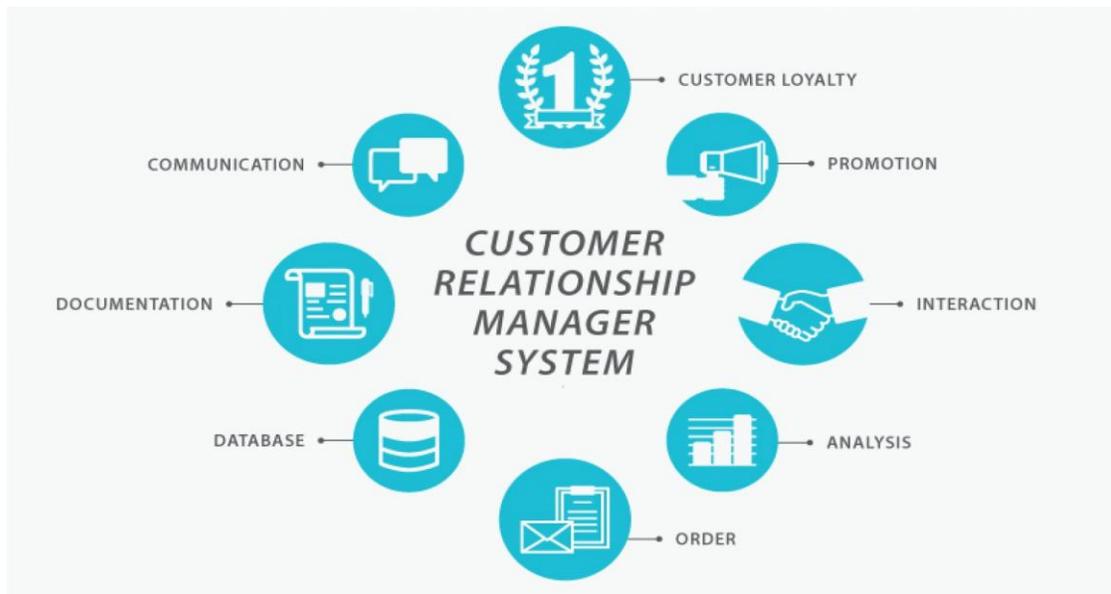
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Introduction:-

CRM is concerned with managing detailed information about individual customer and all customer “touch points” to maximize customer loyalty. CRM, also known by other terms such as relationship marketing and customer management, is concerned with creation, development and enhancement of individualized customer relationships with carefully targeted customers and customer groups resulting in maximizing their customer life time value. A primary objective of CRM is to provide the entire organization with a complete view of the customer, no matter where the information resides or where the customer touch point occurred. Today, many businesses manage different customer relationships with multiple information systems, which weaken customer service and ultimately reduce total sales potential. CRM applications often used in combination with data warehousing e-commerce application and call-centre, which allows companies to assess information about customers buying history, preferences, complaints and other data so they can better anticipate what customer will want.

Objectives:-

- The ability to provide faster response to customer inquiries, customer loyalty.
- Increase efficiency through automation.
- Having a deeper knowledge of customers
- Getting more marketing of cross selling opportunities.
- Identifying the most profitable customers.
- Receiving the customer feedback that leads to new and improved product and services.
- Doing One to One marketing.



Source:[https://www.guru.com/portfolio/customer-relationship-management-\[crm-\]/432218](https://www.guru.com/portfolio/customer-relationship-management-[crm-]/432218)

Techniques of E-CRM:-

1. Data Mining: Customer relationship Management form a learning relationships with the customers by noticing their needs with the use of online transaction processing i.e. operational CRM, remember their preferences with the use of Decision support Data warehouses and learn how to serve them with the use of Data mining. There may be number of channels by which company interfaces with its customers for example direct mail, Email, telemarketing etc.

2. Internet banking: Internet is being used by banks to disseminate information to customers about bank's products and services through their websites. The banking services are provided through Net with convenience of ease and accessibility. Internet banking offers many benefits to the banks viz. vast reach, reduced transaction costs, direct marketing and cross selling, build bank's brand, etc. It also offers benefits to customers' viz. reduced cost, convenience, banking with the bank and not the branch, speed, better cash management, etc.

3. ATMs: At present installed number of ATMs in the country, which is likely to be more by next year. Most of the demand for this technology is coming from State owned banks. Until now, ATM services have been confined to deposits and withdrawal from bank accounts by customers. The growth in ATMs has been fueled by a race among banks to expand their customer base by going in for more value added services (bill payments and ticketing services) on these machines.

4. Telebanking or Mobile banking: These services empower the customer with an instant access to routine queries and transaction or check bank balances.

5. Computerized decision support system: This helps the banks in applying optimization techniques in functional areas such as, asset-liability management, optimization of investment portfolios and asset portfolios through linear programming. This is a practical tool which helps the bank managers and customers in optimizing investment decisions.

6. E-mail: Banks can maintain the list of its best customers and inform these members through Email the various services and schemes offered by the bank. These days this is considered as one of the cheapest and effective means of communication.

7. Computer networking: Networking between the branches of divisional, regional, zonal and head office of banks provide access to customer data base from the executive desk. This will integrate the front-office applications with back-office requirements, thus generating MIS for branch managers and executives at the different controlling offices including Head office for accurate, speedy and cost-effective customer services.

8. Customer smart cards: These cards are issued to key customers which carries all the relevant information, details of previous and repeat purchases, to make it convenient for the customers to recall and for the banks to keep a track of the behavioral and purchase trends. Utilities like BEST in Mumbai are already using smart cards for

9. Analytical CRM: Analytical CRM aims at storing, analyzing and applying the knowledge about ways to approach customers, typically using data mining. Analyzing customer relationships from a lifetime perspective is critical for success.

Opportunities:-

- To improve business ability to generate qualified leads in greater quality and quantity
- Effective CRM can help to turn those leads you generated into successful selling opportunities.
- Implementing CRM can increase the velocity of company's sales efforts.
- Effective CRM can help with customer retention.
- Enhance customer experience and loyalty with Digital CRM build escalations and alerts to ensure timely action.
- Execute high impact campaigns facilitate execution of joint marketing campaigns & events with intermediaries.
- Maximize Cross-sell/Up-sell opportunities provide cross sell offers at all touch-points and a fast track closure process.
- Ensure accountability by deploying preventive alerts and escalations. Provide complete 360° customer/distributor view including segments, interactions, complaints, policy holdings, claims, etc. on a single window.
- Get real-time reports across teams, products and geographies. Provide actionable insights Boost results by measuring and improving critical performance indicators.

Suggestion:-

Firms use a number of techniques to build, maintain and enhance CRM. The techniques includes the software programmes, promotional techniques, pricing techniques, MVC's programmes and so on. Some of the techniques which were commonly used were Data warehousing and Data mining , Loyalty Programmes, One -to-One Marketing , Priority Customers Programmes, After -Sale- services, Satisfaction Surveys , Customers Service agents , Suggestion Schemes.

In an e-world where, business is done at the speed of thought, the real challenge for the future lies in anticipating the demands of the new age and providing sustainable solutions. CRM strategy must cover all the market segments such as retail customers, Indian corporate sector, trade and agricultural sector for their banking requirements.

Firms must use digital ways to increase CRM by E-CRM with includes Data Mining, Internet banking ,ATMs , Telebanking or Mobile banking , Computerized decision support system , E-mail , Computer networking , Customer smart cards , Analytical CRM

Conclusion

The banks must adopt e-CRM 'Customer-centric' focus approach, as it is believed that products should be devised for the customers and not the other way around. Banks must build their brand image in assuring customers about the safety of their money and security of transaction on the Net. Operational CRM with the help of analytical CRM with predictive data mining models as its core provides the business a cutting edge to maintain and enhance relationship.

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