Perception Towards CRM as a Tool of Banking Sector in Retention of Customer

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Abstract

Customers are the focal point in the development of successful marketing strategy. Customer relation assumes significance in revenue analysis of various organizations. The perception of CRM process depends on the active involvement of all managers and employees in the banking field. A unique 'Relationship' exists between the customers and the bank. But because of various reasons and apprehensions like financial burdens, risk of failure, marketing inertia etc., many banks are still following the traditional ways of marketing and only few banks are making attempts to adapt CRM.Providing service to customers has been identified as the prime responsibility of the Banks and therefore, Banks considered that CRM is the best tool to perform the job of rendering good services. The lack of understanding on Customer Relationship Management (CRM) is always a concern among the service providers especially banks. Banks have their own way of managing their relationships with the customers. However, the perception of customers on CRM practices among banks should also be taken into consideration. CRM activity attend the needs of customers without delay in time, the banks can create more awareness to customers and can create a customer data base very significantly.

Key Word: - Strategy, Perception, Relationship, good service etc.

Introduction

With intensifying competition, globalization and technological breakthroughs, the banking sector is compelled to realize the importance of knowing their customer better. Banking sector is a customer-oriented service where the customer is the KEY focus. Experts define CRM as "a business strategy to acquire and retain the most valuable relationships. CRM

requires a customer centric business philosophy and culture to support effective marketing, sales and service processes. CRM applications can enable effective customer relationship management, provided that an enterprise has right leadership, strategy and culture". This move has increased the importance of customer relationship management (CRM) for organizations. Customer relationship management is an approach to manage customer related information and utilize it to acquire new customers, retain existing ones, and maximize their lifetime value. This is the reason it is considered as a source of competitive advantage for organizations. The new age marketing aims at winning customers through the principles of customer delight and customer life time value. CRM involves gathering of customer data, and then using it to facilitate customer service transactions by making the needed information available to resolve the specific issue and concern of the customers. This results in more satisfied customers, a more profitable business and more resources available to the support staff. Some recent CRM packages integrate the speech-enabled specific application functions which embrace customer support order management and sales force automation or modules within individual applications. These products are provided by companies such as Siebel system, Oracle, and SAP Indian banking industry has undergone tremendous transformation post liberalization and globalization process initiated from 1991. These changes have forced the Indian banking industry to adjust the product mix to effect the rapid changes in their process to remain competitive in the globalised environment.

Over the years the nature and scope of services provided by banks have changed and expanded so much. Customer Relationship Management (CRM) is an information industry term for methodologies, software, and usually Internet capabilities that help an enterprise to deal with customer relations in an organized and competent manner. In many cases, an enterprise builds a database about its customers. This database describes relationships in sufficient detail so that management, salespeople, and customer service people can access information; match customer needs with product plans and offerings; remind customers of service requirements; know what other products a customer had purchased; etc. CRM can be helpful in customer identification, cross selling of products, customer acquisitions or retention etc. Past decades, banking industry has changed tremendously, because of this consolidating and improvement in banking services became inevitable. Banks have realized the significance of customer service not only for business expansion but also for their survival. They have reacted so fast that the customer need have understood and managing them is improved. CRM helps in categorization and segmentation of customers and align products that best suit them.

Literature review

CRM appeared in the literature after the evolution in the relationship marketing philosophy. **Berry (1983)** defined relationship marketing as attracting, maintaining and enhancing the Customers' relationships in multi-service organization. After a few decades, the evolution in relationship marketing philosophy changed the word relationship marketing to CRM. According to **Brown (2000)** CRM is a process of acquiring new customers, retaining the existence customers, and at the same time understands, anticipates and manages the needs of an organization's current and potential customers.

Over the last few decades, technical evolution has highly affected the banking industry (Sherif, 2002). CRM in financial service industry is a cyclical process which starts with definition of customer actions (Panda, 2003).

CRM is fundamental to building a customer-centric organization. CRM is a key element that allows a bank to develop its customer base and sales capacity. The goal of CRM is to manage all aspects of customer interactions in a manner that enables the organization to maximize profitability from every customer.

Panda (2003) described customer expectations are difficult to manage but are often the cause of dissonance which results in loss of existing customer base. In today's competitive banking industry, customers have to make a choice among various service providers by making a trade-off between relationships and economies, trust and products, or service and efficiency (Sachdev et al., 2004).

The challenge before the banks is not only to obtain updated information for each customer, but also to use the information to determine the best time to offer the most relevant products (Lau et al., 2003). It is also important to understand that if customers bring in profits for the bank, it becomes imperative for the bank to provide excellent services to those customers, otherwise they switch to other banks (Ray, 2007). CRM is a key to create a superior customer experience. It manages the customer relationship by creating a clear understanding (Know), by developing services and products based on the added value for target groups (Target), then enabling the actual sale and delivery of services and products through the selected channels (Sell), and developing long term profitable relationships with customers after sales services (Service) (Hussain, et.al., 2009) Furthermore, Mylonakis (2009) described CRM as an innovative process to create a long term relationship and gaining trust.

Nguyen and Mutum (2012) found that the firm creates long lasting relationships and successful CRM implementation when there is an effective blend of the following four factors; namely (a) trust and commitment; (b) satisfaction; (c) symmetry and dependence; and (d) fairness.

Objectives

1. To study customer perception towards CRM practices in banking sectors in Moradabad.
2. To study the importance of CRM practices in private sector banks in Moradabad.
3. To investigate the impact of Technology-Based CRM on performance of banks in Moradabad.
4. To determine the effect of Knowledge Management on performance of banks in Moradabad.

Hypothesis

H0: There is a positive significant towards banking perception of banking sector with the help of CRM and proper utilize for customer service.

Research Methodology

The research in Perception towards on CRM as A Tool of Banking Sector in Retention of Customer Analytical and descriptive type of research has been carried out for the purpose of the study. The majority of the study is conducted using primary data. The Primary data for the purpose of the study has been gathered from the Customers and the Executives of the Nationalized Banks, old and New Private Sector Banks, and Multinational Banks. Secondary data has been collated from a range of print and online sources.

Sampling Technique

Simple Random Sampling Technique is used to gather the primary data. The sample for the objective of the study is selected scientifically. Two different varieties of questionnaires have been utilized for achieving the objective of the study which were gathered from -
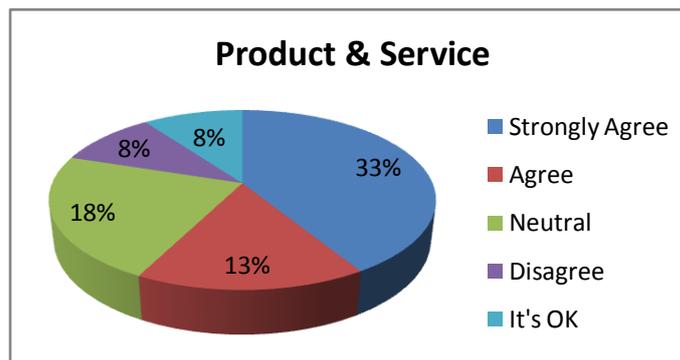
Customers

Data Analysis

Table 1:

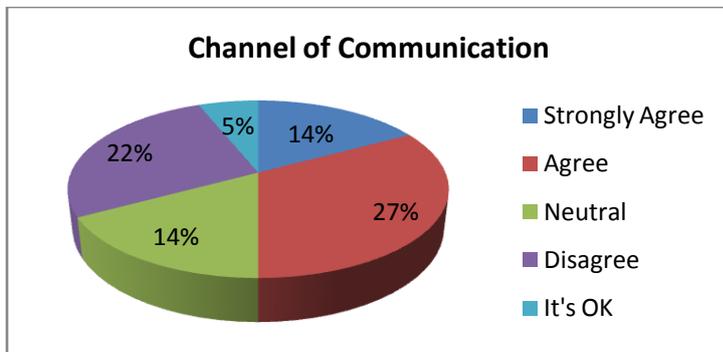1) **Perception towards on CRM as tool of Satisfaction from Product & Service**

Strongly Agree	Agree	Neutral	Disagree	It's OK
33	13	18	08	08

These survey on the based on CRM tool of satisfaction from product & service with the given respondent of 80 is working on major part of the CRM Attributes but there are present a categorization of these survey in the categorization discuss the Satisfaction from Product & service in banks It is clear from above Chart shows 33% respondent are strongly agree with tool of satisfaction from product & service and minimum 8% respondent are disagree & its ok with the satisfaction level of the perception towards the tool of product and service.

2) **Perception towards on CRM as tool of channel of communication between customer and bank-**

Strongly Agree	Agree	Neutral	Disagree	It's OK
14	27	14	22	05

Channel of Communication

These survey on the based on CRM tool of channel of communication between customer and bank with the given respondent of 82 is working on major part of the CRM Attributes but there are present a categorization of these survey in discuss the perception towards on CRM as tool of channel of communication between customer and bank It is clear from above Chart shows 27% respondent are Agree with tool of satisfaction from communication and minimum 5% respondent are its ok with the satisfaction level of the perception towards the tool of communication.

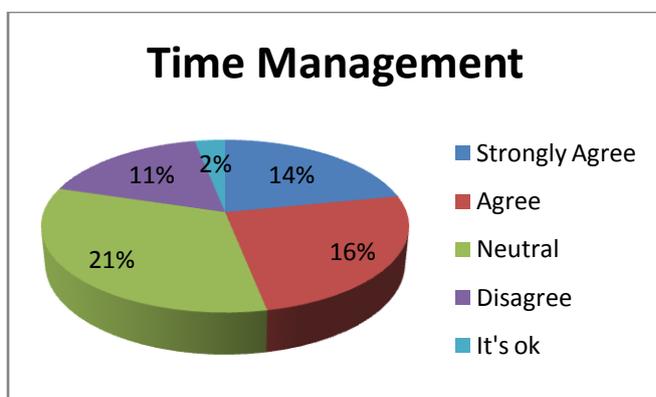### 3) Perception towards on CRM as tool of addressing customer queries

Strongly Agree	Agree	Neutral	Disagree	It's OK
29	05	12	32	08
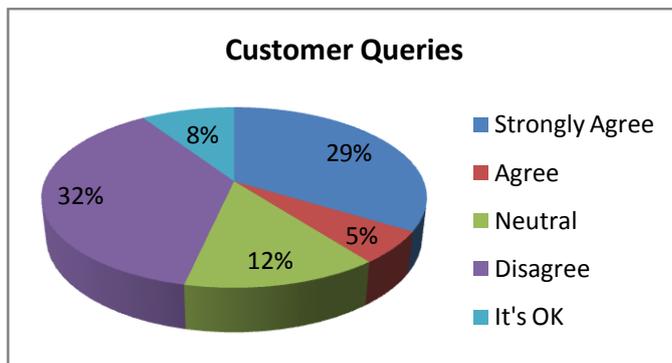
Customer Queries

These survey on the based on CRM tool of channel of addressing customer queries with the given respondent of 86 is working on major part of the CRM Attributes but there are present a categorization of these survey in discuss the perception towards on CRM as tool of addressing customer queries It is clear from above Chart shows 32% respondent are Disagree with tool of satisfaction from customer queries and minimum 5% respondent are agree with the satisfaction level of the perception towards the tool of customer queries.

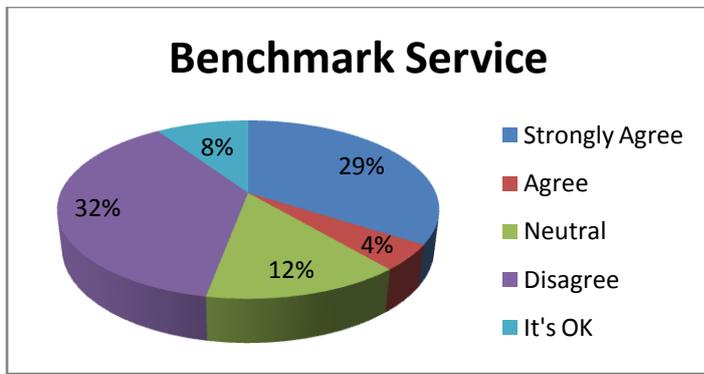4) **Perception towards on CRM as tool of satisfaction from Time Management**

Strongly Agree	Agree	Neutral	Disagree	It's OK 74
14%	26%	21%	11%	2%

These survey on the based on CRM tool of satisfaction from Time Management with the given respondent of 74 is working on major part of the CRM Attributes but there are present a categorization of these survey in discuss the perception towards on CRM as tool of addressing Time management with customers It is clear from above Chart shows 21% respondent are Neutral with tool of satisfaction from customer queries and minimum 2% respondent are Strongly agree with the satisfaction level of the perception towards the tool of customer queries.

5) **Perception towards on CRM as tool of Benchmark services against competitors-**

Strongly Agree	Agree	Neutral	Disagree	It's OK 29
29%	4%	12%	32%	8%

Benchmark Service

These survey on the based on CRM tool of satisfaction from Benchmarking service with the given respondent of 85 is working on major part of the CRM Attributes but there are present a categorization of these survey in discuss the perception towards on CRM as tool of addressing Benchmark Service with customers It is clear from above Chart shows 32% respondent are Disagree with tool of satisfaction from Benchmark Service and minimum 4% respondent are agree with the satisfaction level of the perception towards the tool of Benchmark service.

6) Perception towards on CRM as tool of Innovative and customize offerings-

| Strongly Agree	Agree	Neutral	Disagree	It's OK 80
33%	08%	13%	18%	08%

Innovation and Customize
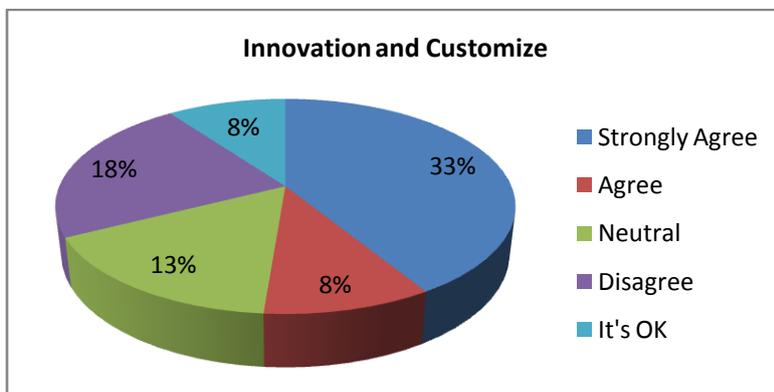
These survey on the based on CRM tool of satisfaction from Innovation and Customize with the given respondent of 80 is working on major part of the CRM Attributes but there are present a categorization of these survey in discuss the perception towards on CRM as tool of addressing Innovation and Customize with customers It is clear from above Chart shows 33% respondent are Strongly with tool of satisfaction from Innovation & Customize and

minimum 8% respondent are agree & It's OK with the satisfaction level of the perception towards the tool of Innovation and Customize.

7) Perception towards on CRM as tool of Banks welcome employee suggestion-

Strongly Agree	Agree	Neutral	Disagree	It's OK 95
26%	14%	37%	11%	7%
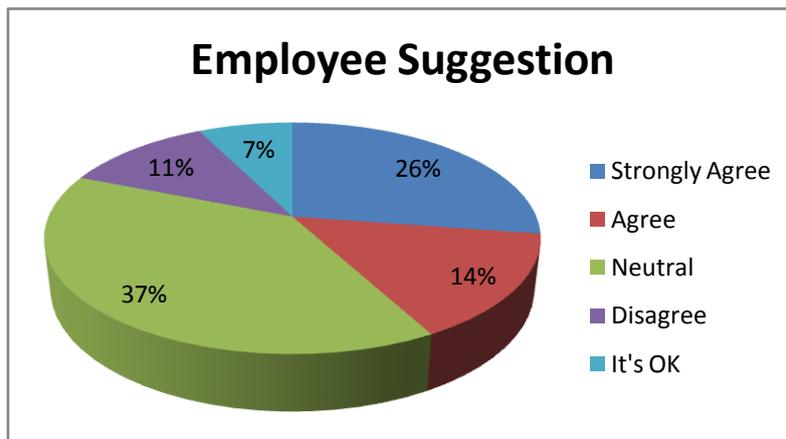
These survey on the based on CRM tool of satisfaction from Employee Suggestion with the given respondent of 95 is working on major part of the CRM Attributes but there are present a categorization of these survey in discuss the perception towards on CRM as tool of addressing Employee Suggestion to customers It is clear from above Chart shows 37% respondent are Neutral with tool of satisfaction from Employee Suggestion and minimum 7% respondent are agree & It's OK with the satisfaction level of the perception towards the tool of Employee Suggestion to customer .

CUSTOMERS' LOYALTY & SATISFACTION

When faced with organizational change customers usually require explanatory information as to why the change is conducted. It has been argued that the quality of information is the key for organizations to succeed with change. In this case managers should treat information about change as product for customers where customers' needs are clearly recognized. In relation to the organizational changes, the bank should inform its beneficiary customers via

personal letter where all the necessary information is provided as to where, when, and how they could do their errands related to services. In my personal opinion, the bank should also use all possible ways for informing its customers, especially in places where customers are interacting with the bank in most. It can be at the desk when receiving service, via personal bank advisor, via e-mail and letter.

The information about the organizational change should be made in a form of short verbal notice when interacting with customers in other banking matters. This way of informing customersis regarded to be the most efficient due to having possibility for making further explanations when customers require such. However, of more significant value for customers is guidance in new system that requires information and education which is positively related to customer loyalty. Moreover, the information process, life cycle of information along with control should be well managed by the bank. Furthermore, the bank should constantly work on ensuring security and privacy of internet banking and e-card usages since these issues are closely related to the trust and thus customers' loyalty.The focus should be not only on providing right services for the right customers but also ensure the safety and confidentiality of the operations customers engage into with the bank.

The information about the organizational changes is of the most important value for the customers. Therefore, the information should be given in time, in a consistent and clear way so customers would not be confused with new system. In addition when pursuing its organizational strategies the bank should always consider the cost for educating the personnel and customers especially in the cases of going to complete banking activity. Customers who cannot manage ATMs, e-cards, internet banking would be put aside of the change which could result in less satisfaction of the services offered by the bank. Therefore, it is essential to meet customers' expectations by studying customers' demands and needs and try to match or to change customers' behavior and attitudes with help of well-defined reorganizational strategies.

However, the concept of customers' loyalty which is seen as relation between the relative attitude that customer has to the services he/she receives and the trust directed behavior he/she shows. Such conclusion could be probably drawn by the personal bank advisors who interact in a specific personal way with beneficiary customers. Relying on the customers' satisfaction of personal advisors one can say that these beneficiary customers are loyal.

CONCLUSION

The general discussion can be said that the bank is yet to develop an integrative approach which focuses on the customer needs and to deliver to it. As shown by the study, the bank is far from developing a customer centric approach both for the customer as well as for the employees. Thus, for customer relationship management to deliver to its expectations, it should play an integrative role within the bank and ensure that all processes are integrated in the bank global strategy, which is far from reality in the study above. In view of this, to implement a CRM integration strategy, the following recommendations can be adopted:

1. In a competitive environment, the Banks should adopt suitable marketing skills rather than depending on the trading skills. Hence, new services should be constantly introduced to ensure the growth of the Banks and to be competitive in the market and to keep up the enthusiasm of the employees and customers etc.

2. Implement a Customer Centric Process in Banks.

3. Employee Relationship Management first before Customer Relationship Management.

4. Increase customer experience through the web site.

5. Develop channel integration for effective Customer Relationship Management.

6. Proper training should be given to the bank personnel regarding the behavioral patterns by the Banks before they come and work in the field.

7. More importance should be given to handling online transaction and using m - commerce and mobile banking services.

8. It should be realized that customer relation cannot be built overnight. CRM should be considered as Continuous Relationship Management.

9. Data gathered from the customers should be given proper value and it should be properly utilized. Decision making authority should be extended to field force and some resources should be given for faster implementation.

10. The Banking sector is developing and getting higher day by day in urban and semi urban areas; there is large number of customers using the services in the urban and semi urban areas. So a wide scope in rural areas is expected in the days to come.

Particularly in marketing approach, considering customer retention as a big challenge, provisioning the facilities attending the needs without delay in time, meeting the changing needs creating the database, employee approach to customers, customer awareness impact of CRM relationship with customer impact over bank objectives, CRM and public image, CRM and updating the data, CRM and customer satisfaction, other nationalized is found quite

good. On the other hand, in terms of retention of existing key customers, enhancing customer loyalty, provisionising technological infrastructure, location of CRM, existence of CRM, approaches of CRM, coverage of CRM by e-Marketing, relationship with the customer, CRM's objectives and making the customer delight, retention of customers benefits of CRM to the organization, loyalty, customer confidence, are found quite satisfactory and in good condition with specific bank. It is very clear from the foregoing analysis that the approach of CRM by banks is to some extent same and one but the reach is quiet distinguishable. It is due to the profile, their capability and the strategy of CRM in making it and reaching down to customers. On the contrary, it can also be asserted that the background of both banks also found as a big cause for reaching the top CRM. Hence, CRM is an inevitable tool of marketing that can be considered as Critical Responsibility of Market with regard to Banks in present context. The results in this study show the respondents either agree or strongly agree on majority of the statements in the dimensions used. This study is significant to banks as they get information on what are items that are important to customers so as to maintain the relationship.

The targeted campaigns through Internet and the call center for customers actively using one or both of these innovative channels for their banking operations. The same approach is now being extended to small and medium businesses and to commercial customers.

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