

Customer Relationship Management In Indian Banking Sector

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The biggest management challenge in the new millennium of liberalisation and globalization for a business is to serve and maintain good relations with **the king-the customer**. In the past, producers did not take their customers for granted because at that time customers were not demanding nor had many alternative sources of supply or suppliers. Since he was a passive customer, the producer dictated terms and had little customer commitment. But, today, there is a radical transformation. The changing business environment is characterised by economic liberalisation, increasing competition, high consumer choice, enlightened and demanding customer, more emphasis on quality and value of purchase. All these changes have made today's producer shift from traditional marketing to modern marketing. Modern marketing calls for more than developing a product, pricing it, promoting it and making it accessible to target customers. It demands building trust, a binding force and value added relationship with the customers to win their hearts. The new age marketing aims at winning customers forever, where companies greet the customers, create products to suit their needs, work hard to develop life time customers through the principles of customer delight, approval and enthusiasm.

Customer Relationship Management

The process of developing a cooperative and collaborative relationship between the buyers and sellers is called customer relationship management shortly called CRM.

CRM stands for Customer Relationship Management. It is a process or methodology used to learn more about customer's needs and behaviour in order to develop stronger relationship with them. In the commercial world the importance of retaining existing customers and expanding business is paramount. The more opportunities that a customer has to conduct business with company, the better, and one way of achieving this is by opening up channels such as direct sales, online sales, franchises, use of agents, etc. Customer relationship management (CRM) helps businesses to gain an insight into the behaviour of their customers and modify their business operations to ensure that customers are served in the best possible way. In essence, CRM helps a business to recognise the value of its customers and to capitalise on improved customer relations. The better understanding, the customers, the more responsive the businesses can be to their needs.

Introduction to CRM in Banking

Consumers largely selected their banks based on how convenient the location of bank's branches was to their homes or offices. With the advent of new technologies in the business of bank, such as Internet Banking and ATMs, now customers can freely chose any bank for their transactions. The pressures of competitive and dynamic markets have contributed to the growth of CRM in the Financial Services Sector. 5% increase in customer retention can increase profitability by 35% in banking business, 50% in insurance and brokerage, and 125% in the consumer credit card market. Therefore, banks are now stressing on retaining customers and increasing market share. Private Banks have traditionally viewed themselves as exceedingly 'Customer Centric' offering what they believe to be highly personalized