

CUSTOMER RELATIONSHIP MANAGEMENT (CRM) SIGNIFICANCE IN BANKING INDUSTRY: A STUDY

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Abstract

Customer relationship management systems are becoming popular across several sectors and have emerged as chief business strategy in today's competitive environment in companies. It has been viewed as a process aimed at collecting customer data, find profiles of customers and use the customer knowledge in specific marketing activities. This concept allows bank to identify, segment, communicate and build long-term relationships with customers on individual basis. In today's business environment, banks have aim to identify customers and to adjust offer to meet customer's needs, in order to maximize profits. Using modern technologies, Customer Relationship Management is becoming a method to maintain existing structure and development of high quality customer base. It involves development of marketing strategy through a better understanding of the entire customer base, understanding needs and attitudes of customers, as well as more efficient consideration of profitability and added value that each customer have for the bank. This paper presents need and urgency for banking sector for implementation of CRM to increase their business in all dimensions.

Keywords: Performance, Customer Data, Business Strategy, Customer Relationship Management.

Introduction

Customer Relationship Management is becoming an important factor in Indian banking sector. Now each and every bank is realizing the significance of relationship with customer to survive in the competitive world. So, in this paper, we have discussed the Role of Customer Relationship Management (CRM) in the Indian banking Sector. The concept of CRM originated in developed economies, primarily in organizations whose priority is to retain existing customer base as an important business segment especially in competitive environment. CRM is a philosophy, process, concept of development and management of customer relationships. With implemented CRM concept banks are able to identify and anticipate customer's needs and desires. Rapid changes in technology and changes in customer's everyday life have enabled successful implementation of CRM concepts and new forms of communication. CRM concept is based on a marketing strategy which integrates internal processes, functions and external networks in order to create value to customers, in order to achieve profit (Buttle 2009,). CRM concept helps banks to effectively coordinate efforts to present a unified message to individual customer. Therefore it is necessary to submit a unique proposal to customer by phone, mail, personal contact or by email; in accordance with method of communication that customer has chosen.

CRM Value Chain for Banking



Source: Richards et. al (2008)

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