

STUDY OF CUSTOMER RELATIONSHIP MANAGEMENT MODELS FOR INDIAN BANKING SYSTEM

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Abstract: For the aim of this study, analytic and descriptive types of research have been conducted on a large scale. The main data is gathered using a simple random sampling method. It is a perfect representation of the impression of consumers and employees when this parameter is used. When evaluating the success of CRM in the eyes of customers, the total means score of the workers is taken into account. Customer impression of CRM components is successful at many levels, according to the model, with a 13.45 percent gap between perception and reality. In order to close the gaps in the CRM process and ensure that CRM is fully successful, banks must develop particular methods to accomplish this goal. The research has given rise to the notion that the main difficulty facing banks is to convert emotions into transactions.

Keywords: Customer Acquisition, Customer Retention, Customer Satisfaction, Customer Loyalty.

INTRODUCTION

When compared to the past, the core of the information revolution and the widespread use of the internet have allowed companies to build stronger relationships with their individual consumers. Organizations nowadays have a great deal of scope and a broad range of possibilities to provide their consumers with the finest possible service. Firms may now conduct customer acquisition and retention in a more established way than they have in the past. One of the main objectives is to transform these connections into better productivity by doubling the buy rates while simultaneously reducing the cost of goods sold.

The expense associated in acquiring new consumers In the field of Customer Relationship Management (CRM), this insurgency is being hailed as the new “mantra” of marketing. For a long time, marketers focused their efforts primarily on gaining new consumers for the goods and services that they provided. Massive investments in advertising and sales promotion efforts enabled this to be accomplished. However, there has been a paradigm shift from client acquisition to customer retention in recent years. The emphasis has moved away from gaining new consumers and toward maintaining current ones. In order to carry out the same, new sets of plans and policies must be implemente

USTOMER RELATIONSHIP MANAGEMENT

CRM is the main business of any enterprise, and it necessitates the development of an entire strategy and course of action in order to be successful. Jagdish N Sheth (2001)

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describes a formalised formalised formalised formalised (Jagdish N Sheth 2001). CRM is widely acknowledged as the main aim of marketing and the key purpose of every company. It is particularly important in service sectors, because the cost of retaining a current client is much less expensive than the cost of obtaining a new customer in a service transaction. The service sector has been a pioneer in the adoption of customer relationship management techniques. The implementation of financial sector reforms has resulted in significant development in the Indian banking industry. As a result of the reform of the financial sector, the effectiveness and competitiveness of the monetary system have both increased and improved. A fresh face has been given to the Indian banking sector by the creation and operation of new generation technology-driven financial institutions. The use of customer relationship management (CRM) is critical to improving the operation of banks. Banks must distinguish themselves from their competitors by providing broad goods to satisfy the general needs of consumers while also providing tailored services to meet the particular requirements of those customers.

STATEMENT OF THE PROBLEM

In the financial sector, there is a revolution taking place right now. Customers are taking centre stage, outshining all other variables in the process. Customers are inundated with information and are getting more technologically sophisticated. As a result, there has been an increase in rivalry among bankers. Over the years, competitive pressures have compelled banks to focus more on growing the number of customers and on delivering improved service quality to those clients.

They have recognised that customer relationship management (CRM) is a significant instrument for achieving success in their company. CRM In order to attract new consumers and maintain current customers, bankers may use this technology effectively. CRM is very important in the banking industry from a strategic standpoint. In 2006, Evangelia and Michalis published their findings.

NEED AND IMPORTANCE OF THE STUDY

There are many issues that banks are dealing with when it comes to recruiting new clients and maintaining their current customer base. As a result of technological advancements, consumers have become more educated, and as a result, customer loyalty is on the decline. In the year 2000, Ellie and Malcolm published their work. Following the acquisition of clients, the implementation of CRM presents a bigger challenge to the banks. The different methods and techniques by which banks adopt customer relationship management (CRM) influence the success or failure of the whole idea. Banks should place a strong emphasis on the valid components of their customer relationship management strategy in order to increase customer satisfaction and loyalty. (Kalyani and Aidan 2007)

Regardless of the idea that is applied, greater outcomes will only be obtained if the concept is maintained over an extended length of time. In this case, customer relationship management (CRM) is not an exception. When it comes to distributing

customer data to management, a Customer Information System (CIS) is critical. There is a large organisation that maintains and distributes consumer information that serves as a boundary crossing function. However, the distance between marketing and information technology has an impact on the effectiveness of CIS adoption. It is necessary to make changes to the CIS in order to create a more effective communication system between customers and the company. (Chung et al. 2003; Young 2003)

Once a client has formed a connection with a bank, the banks cannot be certain that the customer will continue to transact with them. Customer relationships are getting more complicated to manage as more financial institutions provide multi-channel access to their services.

CRM may be utilised as the most effective method for keeping track of information about past interactions between customers and businesses.

CRM is capable of generating a complete report on the whole client engagement. CRM may provide data to all departments in order to provide improved service quality. CRM is a potent tool in the hands of business people to survive in today's highly competitive business environment. Joseph and Michael 2007 (Thuy Uyen, Joseph and Michael 2007)

The capacity to create customer happiness is critical to the overall success of the customer relationship management concept. A client who is very pleased will continue to look for methods to improve his or her connection with the bank.

The banks should gather information on the current levels of client satisfaction as well as the factors that influence them. Customers' happiness would be improved as a result of their efforts to work more toward this goal as they are narrowed. Customer satisfaction in the banking sector is heavily influenced by the location of the branch as well as the polite and pleasant attitude of the bank's staff.

The peak of CRM application success would be achieved if the bank was able to build client loyalty via several channels. When it comes to customer retention, loyalty is regarded to be the ultimate goal. For financial institutions, particularly public sector banks, to remain competitive in the modern competitive era, they must improve the quality of their services in order to gain a competitive advantage based on the knowledge discovered from old data bases by implementing new technologies. This is important both for retaining their existing customers and for expanding the domain of new customers.

The current research has also made an earnest effort to create an empirically validated Customer Relationship Model that may be utilised by banks to improve the efficacy of customer relationship management.

OBJECTIVES OF THE STUDY

- To assess the efficiency of customer relationship management (CRM) in banks in terms of CRM components.

To evaluate the efficacy of CRM and to discover the lacunae in the CRM process

via the development of an empirically validated CRM model

LIMITATION OF THE STUDY

Customer impressions and bankers' perspectives are based on the present situation, which may or may not change in the future.

RESULTS AND DISCUSSION

Effectiveness of CRM in Banks with Respect To CRM Elements

The efficacy of customer relationship management (CRM) is evaluated by comparing the opinions of customers and bank staff with regard to the six CRM components. For the purposes of this research, the following CRM components have been identified:

1. Customer Acquisition
2. Implementation of Customer Relationship Management (CRM)
3. Keeping CRM up to date via General Policies
4. Keeping CRM up to date via the use of certain strategies
5. Customer Satisfaction
6. Customer Loyalty

Regarding the application of customer relationship management (CRM), there is a considerable disparity between the observations of consumers and the perspectives of bank personnel. The efforts taken by the banks to put CRM into reality are insufficient in their own right. Customers have not yet taken a significant interest in the idea of customer relationship management (CRM). According to a comparison of the mean value of CRM implementation, it is shown that bank workers have a high mean value of 3.92. This clearly demonstrates that bank workers are very optimistic when it comes to expressing their views on the adoption of CRM. However, the perspectives of consumers and bank workers in the same situation are only marginally different.

Additionally, there is a considerable gap in the knowledge of consumers and the attitude of bank personnel when it comes to maintaining client relationships via general rules. Customers do not seem to appreciate the passionate efforts made by banks to maintain customer relationship management (CRM). Customers have shown some reluctance in adopting the same. Comparing the mean value of maintaining customer relationship management (CRM) via general policies, it is discovered that bank workers have a high mean value of 4.10. This obviously demonstrates that bank workers are very enthusiastic about expressing their opinions on how to preserve CRM via general rules. Customers' opinions, on the other hand, vary somewhat from those of bank workers in the same situation. As a result, it is possible to infer that the practices followed by banks in order to preserve CRM do not serve the intended goal as intended. It is necessary for the bank to make more deliberate attempts to convince consumers about

the importance of CRM upkeep.

Customers, on the other hand, have their own motivations for switching to other financial institutions. However, the perspectives of consumers vary from those of bank workers working in the same environment. As a result, it may be argued that the banks' strategy to achieving their ultimate goal of building client loyalty has not been as effective as they would have liked. It will take more intentional effort on the side of the bank to increase client loyalty.

The current investigation discovered six elements, which are as follows:

1. CustomerAcquisition
2. Implementation of Customer Relationship Management (CRM)
3. Keeping CRM up to date via GeneralPolicies
4. Keeping CRM up to date via the use of certain strategies
5. CustomerSatisfaction

CUSTOMER LOYALTY

During this verification procedure, the literature studies revealed that the six components listed above are the most important factors in determining the success of CRM. The concept is developed in order to build a connection between consumers and financial institutions. Customers' efficiency as well as their behavioural elements are extensively categorised depending on their demographic characteristics.

The one-to-one connection between the opinions of consumers and the perceptions of workers about customer relationship management (CRM) showed a shift in the descending order of the six components of CRM. It has also been noted that the mean values of bank workers are considerably higher than the mean values of the prospective components of CRM, according to the views of customers. The Z values of the six elements viz., 6.88, 10.25, 11.63, 14.34, 8.88 and

CONCLUSION

Client relationship management (CRM) has become an increasingly important tool for building and sustaining customer loyalty, as well as assisting businesses in the migration from low-value customers to higher-profit customers. Bankers can now manage every single contact with a customer in order to build long-lasting relationships, as well as collect data about the customer's wants and purchasing habits in order to customise services, which will in turn help to generate value for both the customer and the financial institution. Banks should continue to promote their products and services while using easily accessible CRM software. They should go above and beyond the use of technology to ensure that their consumers are satisfied. The banks that adopt CRM techniques will outperform their rivals. To get unbeatable results in CRM, it is necessary to take a planned strategy. The process involves developing customer-focused

initiatives, ensuring that technology and tools are properly implemented, empowering workers, and increasing the knowledge levels of consumers. CRM It is not just about technology; it is also about developing a business strategy to identify and maintain the most important client connections.

CRM enables businesses to perform better at every step of the customer relationship by facilitating the exchange of information. Despite the fact that the CRM environment is time-consuming to implement, direct, and market, the economic benefits are undeniable. In this context, network and application suites must operate in concert with one another in every aspect of the environment. In today's competitive environment, which is characterised by constantly shifting consumer expectations, banks are experiencing significant challenges in maintaining their customer bases in order to reap significant benefits. With all of the knowledge at his disposal, the client has risen to a position of great power. The consumer expects a diverse variety of high-quality goods with additional value. Customer wants value, value for money, time, and effort. Change has become all too frequent, and it is the one thing that is constant. In order to face the difficulties posed by strong competition and technological innovation, it is essential to establish an unique connection with consumers.

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