CRM IN BANKS- A COMPARATIVE STUDY OF PUBLIC AND PRIVATE SECTORS BANKS WITH SPECIAL REFERENCE TO PUNJAB NATIONAL BANK & AXIS BANK

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ABSTRACT

The banking sector is facing enormous challenges of attracting the new customers and retaining the existing ones. The problems commonly encountered by the bankers are shifting of customer loyalty, difficulty in synchronising demand and supply, controlling the performance quality of human interaction, etc. – need to be articulated and tackled by managers. Today, many businesses such as banks, insurance companies, and other service providers realise the importance of Customer Relationship Management (CRM) and its potential to help them acquire new customers, retain existing ones and maximise 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. This paper deals with the role of Customer Relationship Management in banking sector and the need for Customer Relationship Management to increase customer value by using some analytical methods in CRM application. Customer Relationship Management has emerged as a popular business strategy in today’s competitive environment. It is a discipline which enables the companies to identify and target their most profitable customers. CRM involves new and advance marketing strategies which not only retain the existing customers but also acquire new customers.

OBJECTIVE OF THE STUDY

• The key objective of customer relationship management is to use an integrated CRM system to streamline business processes and increase sales.
• To identify various banking services offered by public and private sector bank to consolidate their CRM strategies.
• To compare the CRM performance of public sector and private sector banks.
• To evaluate the service quality offered by Axis Bank and Punjab National Bank.

KEYWORDS

Customer Relationship Management.


INTRODUCTION

CRM is an application that enables companies to make the move towards being a customer centred organisation by putting the customer at the centre of all the information that relates to them and allowing authorised people within the organisation to access the information. In a customer centred organisation, salespeople would have access to all the information that affects their relationship with their customer. Customer relationship management systems are becoming popular across various sectors and have emerged as an important 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. It is a discipline which enables the companies to identify and target their most profitable customers. CRM implementation is on way in many Indian banks. However, such implementations are not without hiccups. This paper takes a look at the status of CRM in Axis Bank & Punjab National Bank operating in Jabalpur. CRM involves new and advance marketing strategies which not only retain the existing customers but also acquire new customers and also analyses their efforts in terms of a strategic framework and points out some of the deviations that have occurred in the implementations. It has been invented as a unique technique capable of remarkable changes in total output of companies. The liberalisation, privatisation and globalisation has ushered the customer relationship management in banks. The process of globalisation and our move towards global standards changed the perception of customer service and the banking endeavour to serve the customer better, resulted in innovative banking services & products. Banks are looking for more and more interaction with customers to build customer relationship banking. But to deliver an improved and in-depth understanding of customer’s needs, fully integrated customer management system is required along with complete transparency. Customer relationship management helps in profiling prospects, understanding their needs, and in building relationships with them by providing the most suitable products and enhanced customer service. It integrates back and front office systems to create a database of customer contacts, purchases, and technical support, among other things. This database helps the company in presenting a unified face to its customers, and improve the quality of the relationship, while enabling customers to manage some information on their own.

Benefits of CRM

Benefits of CRM can be categorised into three groups namely: Benefits for customers, benefits for employees and benefits for banks.

1. Benefits for Customers

• There is a more coordinated and professional approach to customer contact.
• With up-to-date customer information, banks can offer more personalised services.
• Customers feel empowered if they have greater access to products and services. For example 24 Hours banking.
• Targeted product and service offerings can be timed to coincide with customer events and requirements e.g., Education Loans and Tourism Loans.

2. Benefits for Employees
• Employees are empowered with the information to deliver high quality service and meet customer expectations.
• Employees have more time to serve customers.
• Employees have higher satisfaction ratings.

3. Benefits for Banks
• Managers are empowered with information that can help them manage customer relationships and make better decisions.
• Optimum use of resources.
• Customer satisfaction and increased loyalty.
• Improved customer acquisition and cross-selling.
• It helps in capitalising on short windows of opportunities in the market.

Why CRM in Banking Industry?
Customer relationship is necessary in banking industry as it is a tool in the modern industry to serve the banking customers. The need of CRM is necessary:

In Today’s Environment as it fulfils the following Things

• **Intense Competition** - Today, every organisation wants that their customers do not leave them and switch up to the other organisations due to which there is intense competition among the Private Sector Banks, Public Sector Banks and Foreign Banks and they are all taking steps to attract and retain the customers. New technologies, research facilities, globalisation of services, the flood of new products and the concept of all the facilities under one roof to provide better customer service are all leading to customer delight.

• **Decline in Brand Loyalty** - In the present scenario, brand loyalty is on decline. The customers are switching over frequently to avail the better facilities from other banks. Newer and superior products and services are being introduced continuously in the market. Thus, the banks have to upgrade their products, improve customer service and create bonds of trust through proper care of customer needs and regular communications.

• **Improved Customer Retention** - In the intensely competitive banking industry, retention of existing customers is vital, which can be achieved through the process of CRM. With increased number of banks, products and services and practically nil switching costs, customers are easily switching banks whenever they find better services and products. Banks are finding it tough to get new customers, and more importantly, retain existing customers.

• **Well-Informed Customers** - The Customers in Banking Industry today are well informed. With the introduction of new technology, the world has become like a small village. Thus, if a Bank wants to have more customers, it should develop a good relationship with its present customers and try to maintain the same in the future also.

Research Methodology
Research Methodology is a way to systematically solve the research problem. It may be understood as science of studying how research is done, scientifically. In it we study the various steps that is generally adopted by a researcher in studying his research problem along with the logic behind them.

Sampling Design
Sampling is a means of selecting a subset of units from a target population for the purpose of collecting information. This information is used to draw inferences about the population as a whole. The subset of units that are selected is called a sample.

Sampling Unit
The sampling unit of my survey includes people from Axis Bank and Punjab National bank.

Data Collection Method-
There are 2 methods of data collection
1. Primary Data Collection.
2. Secondary Data Collection.

Primary Data Collection
Primary Data was collected by Face to Face interaction with the managers of Axis and Punjab National Bank.

Secondary Data Collection
This was done by referring to the literature available and through internet.

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<tr>
<th>Basis of Comparison</th>
<th>Punjab National Bank</th>
<th>Axis Bank</th>
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<tbody>
<tr>
<td>Relation with clients</td>
<td>Friendly and professional</td>
<td>Friendly and Professional</td>
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<tr>
<td>What is CRM?</td>
<td>Maintain the existing customers</td>
<td>Retaining customers, keeping relation with clients and getting new customers</td>
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<tr>
<td>Need for CRM</td>
<td>Maintain the clients</td>
<td>Keeping relation, maintaining the customers, retaining and handling queries of customers</td>
</tr>
<tr>
<td>Channels to Interact</td>
<td>Face-to-face, telephone and direct mail</td>
<td>Face-to-face, telephone and direct mail</td>
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<td>Type of Customer Info.</td>
<td>Professional and financial information</td>
<td>Professional and financial</td>
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<tr>
<td>Sources of info.</td>
<td>Company’s database and sales force</td>
<td>Company’s database, personal contact and sales force</td>
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<tr>
<td>Channels to manage CRM</td>
<td>Database management</td>
<td>Call centres, internet, sales force and database management</td>
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<tr>
<td>Programs for customer satisfaction &amp; loyalty</td>
<td>Schemes and offers</td>
<td>Membership cards and various schemes and offers to the customers</td>
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Methods of measuring customer satisfaction

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<th>Technology for CRM</th>
<th>Feedback from clients, no. of clients and no. of complaints and Kapiti software</th>
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<tbody>
<tr>
<td>No technology</td>
<td>Online services, customer, call centre automation database, Kapiti software</td>
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Importance of tech.

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<th>Dept. in org. responsible for CRM</th>
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<td>Agree Agree</td>
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Challenges for CRM

<table>
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<th>Customer service, Professionalism, Responsiveness, Quality of support</th>
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<tr>
<td>Customer service, Price of CRM tools, Delivery of service, Quality of support</td>
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Table 1: Data Analysis & Interpretation of Facts

CONCLUSION

It can be concluded that private sector banks provide better services to their customers than the PSBs. As customers ensure bread and butter for banks by way of income generation, without them there is no business.

Hence, apart from focusing on developing product strategies alone, banks need to accord equal or higher priority to customer service particularly by way of installing an effective CRM system. This study shows that if organisations want to attain a sustainable competitive advantage through CRM, they should efficiently apply all the CRM resources to create CRM process capabilities which are unique and cannot be copied by other organisations. There is a direct relationship between perception and satisfaction, which is important. And employing CRM may only strengthen the relationship between perceptions and up-buying and cross buying which is all in support of introducing CRM in service sector. Banks are realising that CRM is the magic bullet that helps financial institutions to build stronger and more profitable relationships.

Hence, Banks should focus on delivering to customers by having concise and precise ways of doing things through effective CRM solutions rather than developing product strategy.

REFERENCES