

Customer Relationship Management & Sustainability in Banking Sector

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Introduction

Customer Relationship management (CRM) is one of the essentials of marketing and information system. CRM is business strategy that provides any organization complete, dependable and integrated view of its customer base. It helps organization to improve profitability by enhancing customer satisfaction.

Over the last decade, organizations assumed that their products and services were so superior that customers will automatically keep coming back. But in order to compete in today's cut throat competition they have to change their focus towards customer needs and giving them more than their expectations. Relationship marketing is emerging as the core marketing activity for organizations. It provides mutual benefit to service providers and customers. For the success of the company, treating customers in special way is essential.

Thus, CRM aims at:

- Customer selection
- Customer acquisition
- Customer retention
- Customer extension

Bank Plays Vital role as an intermediary in mobilizing public savings and channelizing the flow of funds for productive purposes, keeping on the process of the economic growth of the country. Realizing the importance of the role of the banks in economic development, Government of India/Reserve Bank of India took several major initiatives after the country attained independence to gear the banking system to serve the national objective.

Banks assisted in the rehabilitation of sickly weak industrial units and in the prevention of unemployment, which would result from the closure of industrial units for want of credit. Measures thus mentioned substantially contributed to the channelizing of the bank credit to the various sectors of the economy which involved inter alia, flow of credit to sectors, which were hitherto neglected or the so called 'priority sectors'.

An efficient financial sector is an engine for economic growth. It converts the fuel of savings. In to kinetic energy for the economy. The banking industry which is at the core of the financial sector must take the lead. The reform process started in the 90's has given the new concept in Banking sector that is sustainability of customers through providing customer focused services.

Today banking industry changed drastically i.e. from traditional functions of providing loan and giving interest on savings it focuses on customer satisfaction.

Banking Scenario before liberalisation

Before 1991 Indian economy suffered from serious inflationary pressures. Essential commodities were in scarcity. The access to external commercial credit markets was completely denied.

A programme of macroeconomic stabilisation was initiated and Narasimham Committee was appointed to review financial services in India.

Present scenario in banking sector

The task before most banks is to tackle their problems such as:

- 1 maintaining capital adequacy
- 2 Installing risk management system and implementing them successfully.
- 3 technological improvements
- 4 keeping pace with requirements of consumers

Till the reform was initiated banks competed between themselves because new institutes were emerged in market . In short banks has much more to face in present situation.

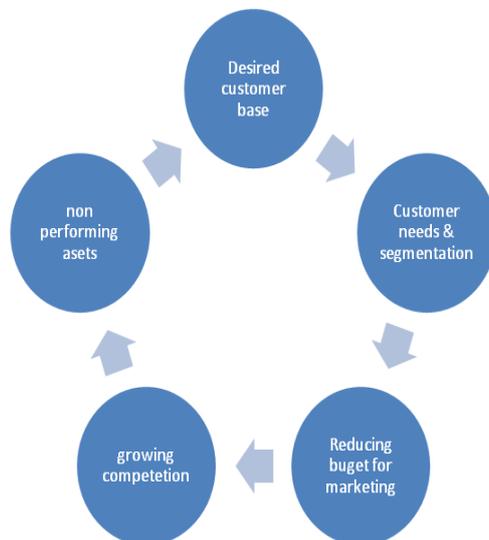
Marketing of Banking Sector:

In India nationalised banks are having utmost importance till 1991. after that with entry of private banks and financial institutes it was felt by established banking organisations that not only faith of people will continue their business but they have to take help of marketing tools. After nationalisation , banks in India have largely succeeded in mobilising surplus funds in Indian economy .at the same time usage by customers of non fund services were quite low therefore banking industry has to adopt a marketing approach towards deposit mobilisation and promotion of banking services.

Marketing approach

Banking is a personalised service oriented industry and hence should provide services which satisfy customers needs. to meet these needs bankers are expected to provide satisfactory benefits through provision of form ,place, time and ownership utilities.

Components of Marketing Approach of Banking Institutes



1. Desired customer base:

Any institute has to identify the customer base and it should be rational base for future marketing strategies. This helps to meet customer requirements. Customer base provides strong data base for any bank to establish strong relation between customers and bank

2. Customer needs and segmentation:

Today's customer is expecting much more from banks as it no longer just financial institute but it saves time money and gives satisfaction to them. First of all bank has to understand what their customers want.

3. Reducing budget for Marketing:

Marketing and advertising requires huge cost as it is prise to be paid by organisation to remain in competition. But on the other hand marketing budget is also on the lower side as other challenges are more prominent in financial market.

4. Growing Competition

Today private banks are emerging in market in high accelerating rate and to compete with them Nationalized banks are also ready to give them answer. If we observe marketing strategies of nationalesd and private banks we can say that now marketing is on boom for financial institutes.

5. Non-performing assets

Non-performing assets are the biggest challenge before banks now a days. NPA is at alarming rate for Nationalised Banks than that of Private Banks .

Current Scenario

Currently, overall banking in India is considered as fairly mature in terms of supply, product range and reach even though reach in rural India still remains a challenge for the private sector and foreign banks. Well-computerized foreign banks are beginning to compete seriously with the nationalized banks. They aim at a profitable and wealthy part of the market and, in contrast to the nationalized banks, do not recognize any social responsibilities to small account holders or to a rural and semi urban clientele. Almost 80% of the businesses are still controlled by Public Sector Banks (PSBs). PSBs are still dominating the commercial banking system.

The bank system is facing the challenges with stiff competition and advancement of technology, the services provided by banks

have become more easy and convenient. The competitive character has been promoted by facilitating the entry of foreign banks. The country is flooded with foreign banks and their ATM stations. Efforts are being put to give satisfactory services to customers

So we can say that CRM is an information industry meant for methodologies, software and internet capabilities that help an enterprise for building effective customer data. Thus CRM consist of:

- Allowing formation of individualized relations with customers with aim of improved customer satisfaction and maximizing profits.
- Providing employees with information and process necessary to know their customers understand their needs and effectively build relations.

The idea of CRM is that, it helps businesses use technology and human resources gain insight into the behavior of customers and the value of those customers. If CRM works as expected business can provide better customer service, discover new customers, and increase customer's loyalty towards organization.

Conclusion

To conclude the paper we can say that every Bank whether Nationalised or Private Bank it is highly essential to maintain customer base and due to effective application of CRM , bank can sustain in market. Due to CRM customer retention, customer loyalty and most important customer satisfaction is possible.