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# Customer Relationship Management in Public Sector Banks

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**Introduction :**

Indian Banks have recorded a phenomenal growth in the past decade with the initiation of Economic Reforms. In an attempt to be more profitable, the banks have become competitive and more customer-oriented. This new orientation has compelled them to take a more pragmatic approach for conducting the business. In the backdrop of this scenario, the study reviewed implementation of Customer Relationship Management (CRM).

The importance of Customer Relationship Management (CRM) and its potential to help them acquire new customers, retain existing ones and maximize 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. The role of Customer Relationship Management in banking sector is very important and the need for Customer Relationship Management to increase customer value by using some analytical methods in CRM applications.

**Objective of the Study :**

The basic aim is to analyses the CRM supported facilities provided by the selected both sector banks. The aim is :

➢ To gain understanding of the customer relationships management programs.

➢ To gain insights into the aspects that contributes to the accomplishment of CRM.

**Statement of the Problem :**

Customers tend to have products and services from multiple product areas across a Bank. It is important to bridge these divisions both from the Bank's perspective - so that a group wide view of customer risk can be assembled - and from a customer perspective - so that a single customer isn't faced with myriad service personnel.

This paper explores the importance of CRM in banking industry and also highlights the dominant role of CRM in creating and retaining customers.

**Types of CRM in Banking :**

There are five different types of CRM software in Bank :

➢ **Operational :** This type allows you to better manage your business based on the customer data you collect.

➢ **Analytical :** This kind of CRM that allows for data visualisation, giving you better insights about your customers, their interactions with your business, and the possibilities.

➢ **Collaborative :** Here, the emphasis lays in the way you can interact with your vendors and distributors based on shared customer data.

➢ **Campaign management :** A combination of analytical and operational CRMs, used to run sales or marketing campaigns using the contact information gathered in the system.

➢ **Strategic :** This type puts customers first, allowing you to use the information about customers and market trends to make better business decisions.

**Benefits of CRM in Banking :**

➢ **Improves your understanding about the customer :**

A CRM system for banks organizes the information on all the customers and prospects. Because all of it is available in one single place, your teams get the larger picture about the customer. This fine-tunes their understanding about the customer and helps them pitch right.

➢ **Handles segmentation :**

The importance of CRM in banking lies in the way it prevents wastage of precious marketing resources. It helps create segments, where customers within the same segment have similar profiles and requirements.

➢ **Improves collection efficiency :**

Disbursements are only half of the credit story; the other half is collections and recovery. Without timely collections, your profits can quickly erode, bad debts can tarnish your balance sheet and you begin losing your stakeholders' confidence.

➢ **Speeds up customer onboarding :**

One of the benefits of CRM in banks is the way it dramatically slashes your turnaround time (TAT). If you can streamline and automate processes, you are not just saving a lot of time, but you're also keeping your business from losing customers.

➢ **Improves customer experience :**

One of the modern-day benefits of banking CRM software is the extent to which it contributes to improving the customer experience. That's because customer experience is one thing no business can afford to ignore today.

**Uses of CRM in Banks :**

Customer Relationship Management is all about overcoming the below mentioned problem -

➢ It's difficult to share customer information in a team environment and see a reliable and holistic view of all customer interactions.

➢ You'd like to be sure which of your customers are the most profitable.

➢ There isn't a single, overall view of all customer touch points across your organization.

➢ It's difficult to profile and target customers for marketing campaigns.

**Product Vs Customer-Centric Business Strategy :**

Traditionally, banking services are organized around product-centered and function-centered models rather than a customer-centered model. By becoming truly customer-centered, a bank or financial organization can achieve the following benefits :

➢ Higher Returns on Invested Capital

➢ More Profitable Customers

➢ Lower Capital Costs (Due to the Consistency of Financial Results that Comes from those Long-Term, Carefully Managed Customer Relationships)

➢ Larger Investment Opportunities (Due to their Understanding of Customer Finances and Unmet needs)

**Analytical Customer Relationship Management (CRM) :**

Analytical Customer Relationship Management is a frequent commercial application of Predictive Analysis. Methods of predictive analysis are applied to customer data to pursue CRM objectives which is to have a holistic view of the customer no matter where their information resides in the company or the department involved.

**Predictive Analysis :**

Predictive analytics encompasses a variety of statistical techniques from modeling, data mining and game theory that analyze current and historical facts to make predictions about future events.

In business, predictive models exploit patterns found in historical and transactional data to identify risks and opportunities. Models capture relationships among many factors to allow assessment of risk or potential associated with a particular set of conditions, guiding decision making for candidate transactions.

CRM uses predictive analysis in applications for marketing campaigns, sales, and customer services to name a few. These tools are required in order for a company to posture and focus their efforts effectively across the breadth of their customer base.

**Conclusion :**

The present day CRM includes developing customer base. The bank has to pay adequate attention to increase customer base by all means, it is possible if the performance is at satisfactory level, the existing clients can recommend others to have banking connection with the bank he is operating. There should be a shift from bank centric activities to customer centric activities.

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