

DEVELOPMENT OF CUSTOMER RELATIONSHIP MANAGEMENT (CRM) FROM BANKING SECTOR

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ABSTRACT

The service region is receiving much deserved attention resulting from its inevitable role in a country's economic development. Despite all the efforts gaps such as the relationship between technological advances and service development are yet to be revealed from the perspective of new applications that organizations want to develop and implement. This paper explores opportunities using a comprehensive model that can be used to extend the research relating service development to the technology development aspects of the market.

KEYWORDS: *Economic development*

INTRODUCTION

There is a probability of huge increase in employment opportunities. A number of web-sites are coming up on insurance, a few financial magazines exclusively devoted to insurance and also a few training institutes being set up hurriedly. In the insurance sector various new tools are coming to facilitate the business. E-CRM, E-insurance leading a new way for the development of this sector it leads to increase in the employment opportunity in future. Technology has opened up new markets, new products, new services and efficient delivery channels for the banking industry. Online electronics banking, mobile banking and internet banking are just a few examples. The IT revolution has set the stage for unprecedented increase in financial activity across the globe. The progress of technology and the development of world wide networks have significantly reduced the cost of global funds transfer. It is information technology which enables banks in meeting such high expectations of the customers who are more demanding and are also more techno-savvy compared to their counterparts of the yester years. They demand instant, anytime and anywhere banking facilities. It is information technology which enables banks in meeting such high expectations of the customers who are more demanding and are also more techno-savvy compared to their counterparts of the yester years.

With all the hype over CRM, most business practitioners believed that CRM technology would be able to solve all marketing problems and automatically create profitability from the customers. However many CRM implementation plans fail or are unsatisfactory. CRM incurs expensive introduction costs of technology and organizational transformation. In addition, more resources are needed for leveraging customer value, which is an important goal of CRM activities. Researchers blame CRM failure on the use of the wrong CRM strategy and imperfect organizational transformation. Then is there any right CRM guidance to correct these problems.

Now days business institutions worldwide are undergoing fundamental shifts in how they operate and interact with their "customers": employees, alumni, donors, faculty members, and staff members. Kotler and Fox (1995) state that "the best organization in the world will be ineffective if the focus on 'customers' is lost. First and foremost is the treatment of individual employees, alumni, parents, friends, and each other (internal customers). Every contact counts!" During the mid-1980s and the late 1990s, many colleges and universities began restructuring and reengineering their operating processes to cut costs and become more efficient while

responding to increased competition. Yet these organizations also realized that building the in-house technology necessary to achieve these goals was expensive, difficult, and time-consuming. As a result, many turned to enterprise resource planning (ERP) applications. These applications helped them automate and optimize their internal business processes—in areas such as finance, grants management, student information, enrollment, inventory management, and human resources and freed them from some of the minutia found in day to- day operations.

The focus is currently shifting from improving internal operations to concentrating more on customers. Banking industry customers are demanding more attention and immediate service—that is, “Internet time.” Proactive institutions are now adjusting their practices by refocusing their efforts externally. Because of the need to concentrate more on customers, many institutions are once again turning to technology—this time to customer relationship management (CRM) software. Similar to ERP, CRM solutions focus on automating and improving processes, although the focus is on front office areas, such as recruiting, marketing, customer service, and support.

INFORMATION TECHNOLOGY (IT) IN BANKING

In the five decades since independence, banking in India has evolved through four distinct phases. During Fourth phase, also called as Reform Phase, Recommendations of the Narasimham Committee (1991) paved the way for the reform phase in the banking. Important initiatives with regard to the reform of the banking system were taken in this phase, entry of new banks resulted in a shift in the ways of banking in India. The growing competition, growing expectations led to increased awareness amongst banks on the role and importance of technology in banking. With arrival of foreign and private banks with superior technology pushed Indian banks to follow the latest technology to meet the growing competition and retain their customer base. Now Indian banking industry is in the mid of IT revolution.

The Software Packages for Banking Applications in India had their beginnings in the middle of 1980s, when the Banks started computerizing the branches in a limited manner. The early 2010s saw the plummeting hardware prices and advent of cheap and inexpensive but high-powered PCs and servers and banks went in for what was called Total Branch Automation (TBA) Packages. Information Technology has basically been used under two different avenues in Banking. One is Communication and Connectivity and other is Business Process Reengineering. Information technology enables sophisticated product development, better market infrastructure, implementation of reliable techniques for control of risks and helps the financial intermediaries to reach geographically distant and diversified markets. Internet Banking – A Global Way To Banks In India Today we are in the era of globalization. Multinational organizations worldwide have adopted globalization as their first strategic choice. Advancement in technology has facilitated globalization too. There has been a marked improvement particularly in the area of maintenance, storage, availability and transfer of data. The world has literally shrunk to become a “global village”.

EVOLUTION OF TECHNOLOGY IN INDIAN BANKING

The computerization and subsequent development in history of Indian banks can be traced back to 1966 when Indian Bankers Association (IBA) along with exchange banks association signed first wage settlement with the unions, which accounted for the use of IBM or ICT accounting machines for inter-branch reconciliation etc. A committee on computerization and mechanizations was appointed by RBI in 1983 under chairmanship of Dr. C. Rangrajan recommended that computerization and installation of Advanced Ledger Posting Machines (ALPM) at branch, regional and head offices of banks will bring around a new era in banking. Narsimhan Committee in 1991 paved way for reform phase in banking. Saraf Committee was constituted by RBI in 1994 that recommended the use of Electronic Fund Transfer System (EFT), introduction of electronic clearing services and extension of Magnetic Ink Character Recognition (MICR) beyond metropolitan cities and branches.

IMPACT OF ON LINE BANKING

It has been observed that customers who adopt online banking are typically more profitable to the bank, stay with the bank longer and use more products strengthening the bank customer relationship. Information Technology and Internet banking has bridged the information gap, which was interestingly because of human involvement. A Banks can make the information of products and services available on their site, which is, an advantageous proposition.

Prospective customer can gather all the information from the website and thus if he comes to the branch with queries it will be very specific and will take less time of employee. A Customer can visit these websites and can compare the services offered by a bank with that of another. A Customer can get all the information, by saving money and time. The trend thus emerging out is that of virtual corporate system where the human role is minimized to maximum effect.

APPLICATIONS

(i) Customer Relationship Management (CRM)

Insurance industry is a data-rich industry, and thus, there is a need to use the data for trend analysis and personalization. It is very difficult to interact with each and every person to whom the insurer wants, and in the insurance sector the customer relationship management is base. Thus with the help of e-CRM insurer are taking knowledge about their customer and providing information directly to them. It also reduces the cost of marketing which increases the profit of business.

(ii) E-Insurance

Today various insurance companies are providing facilities to their clients. They can check the balance premium, maturity date, dues and outstanding of their policy. They are provided various new information regarding new policy. The customer can pay the premium amount of there policy from the e-insurance option.

CUSTOMER RELATIONSHIP MANAGEMENT AND KNOWLEDGE MANAGEMENT

Unfortunately, many firms possess limited knowledge of customer relationship management, and underestimate its significance. It is a common sense that missing favorable opportunities for proper customer service, provide the competitors in their market share with more opportunities. To become successful in increasingly competitive environments, firms should be able to continuously examine a wealth of knowledge, and create value-added. Davenport and Prusak have emphasized that knowledge management is associated with knowledge-based creation, use, and sharing. Knowledge has been interpreted as information which is relevant, practical, and based on little business experience. As this new ground was broken, it provided industrial society with support. Peter Drucker refers to knowledge as the most important source in 21th century. Additionally, Davenport and Prusak indicated that how knowledge acquisition, retention, and sharing are useful and important. The process of customer relationship management can be studied as a knowledge-oriented process associated with huge mass and complexity of knowledge. Many organizations, recently, undertake studies aiming at applying knowledge management in order for knowledge to penetrate inside and outside their organization with stockholders and customers. A number of individuals and organizations have established frameworks for knowledge management. In fact, they prescribe various methods for engaging in knowledge management activities.

Tiwana defines knowledge-oriented customer relationship management as the management of customer knowledge targeted at creating value and knowledge base to improve the relations and collective efficiency. Knowledge-oriented customer relationship management is more than a business model/strategy or a technology-based solution. On the contrary, it identifies the significance of knowledge management and

customer relationship management as determinant and information technology expert for every enterprise. Mass of data about customers, by new technology tools, might lead to opportunities as well as challenges for enterprise, as a result, bring about a rise in competitive advantages.

CONCLUSION

As more and more consumers are active on social media, marketers' use of these tools is also increasing. 21 % of marketers say that social media has become more important to their company over the past six months. Marketers have found customers via Facebook (52%), LinkedIn (43%), Twitter (36%). Social media technologies as the element of CRM have the capability to bring company and customers closer together through two-way interactions and dialog. It was showed that s-CRM systems may effectively support customer relations and usage of its potential. It is important to perceive s-CRM system from the perspective of: supporting customer information management and improving dialogue with customers by using new channels of communication. Newly acquired customers can become in the future: the ambassadors of the brand, reviewers, innovators or consultants. Social media creates new behaviors of community members, such as sharing of experiences and emotions. Companies can later use those behaviors in order to build and strengthen relationships with customers

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