2.1 INTRODUCTION

Continuous changes in the economic scenario and intense global competition are causing business of today to undergo radical changes in the approach to business. In the new economy, the customer occupies the control seat. Today, everything begins and ends with customer. Their profile, preferences, likes/dislikes, wants and desires, and customer orientation have become mandatory. Moulding the business around what the customer wants has become a tool for survival.

To win the hearts of the customers, the banks should analyse the customer needs, introduce technological aspects in services, improve communication, set and attain service delivery standards, handle consumer complaints and grievances, introduce new services, measure customer satisfaction and so on. These help in better customer relationship management.

The plethora of goods and services available in almost every sector of industries, the educated well bred customer has a variety to choose from. And every business wants the customers to choose its products. This results in incessant luring of customers, done in all possible manners. Delivering high quality service and achieving high customer satisfaction has been closely linked to profits, cost savings, and market share. Leading companies today are modifying
their traditional measurements of corporate performance and are looking for new parameters that include the customer’s perceptions and expectations.

One of the modern skills required in the present competitive business world is winning new customers or retaining the existing ones. The banking business is not exception to this. Banking is a personalised service oriented industry and hence should provide service that satisfies the customers’ need. This involves anticipating, identifying, reciprocating and satisfying the customers’ needs and wants effectively, efficiently and profitability. The customer service involves improving service facilities for customers in banks, good treatment to customers by bank employees, good public relations, organisation of customer week and so on.

The customers are becoming more affluent, increasingly comfortable with technology, demanding new financial services and are willing to go anywhere. They must be able to get the products and services that they demand. Next millennium’s community, bank may have to become the equivalent of a financial supermarket and escort its customers through the isles towards a full range of products and services.
2.2 CUSTOMER RELATIONSHIP MANAGEMENT

The Customer Relationship Management (CRM) in general is operationally defined by authors as a management focuses of acquiring customers by understanding their requirements and, by fulfilling their requirements more than their expectations and attracting new customers through customers specific strategic marketing approaches. The process invites total commitment on the part of the entire organization in evolving and implementing relationship strategies that would be rewarding to all concerned.

Customers are viewed as outsiders to the business. Under transactional approach customers expectations, satisfaction, multiple influences on their decision making process etc. are not given due significance. Very little attention is paid to customer services and customer commitment. The thrust of transactional marketing is in gaining more and more new customers rather than retaining existing customers.

In today’s highly competitive business world, CRM is becoming the ultimate solution for both customers as well as organizations. Any organization must have a clear idea as to why it loses it customers. This would help informing proactive and reactive measures to minimize or avoid the same.
2.3 THE ORIGIN OF CRM

The origin of CRM is varied and diverse. One would think that it would be easy to pinpoint the origin of a field coming to the forefront of business in the mid to late 1990s. Not so. There are many different views as to CRM today. Most of them see the roots of CRM in the following areas.

2.3.1 Relationship Marketing

Relationship marketing focuses on maintaining a continuous relationship with customers and building long term bonds. Over time, a company learns more about the customer’s needs and wants and is therefore able to provide more personalized and relevant one-to-one service. Relationship marketing and CRM focus on the maintenance of long term relationships between customers and partners, they involve analytical and operational components, and they extend beyond functional borders. They also need to be encompassed by the entire enterprise.

2.3.2 Marketing Research

Marketing researchers measured customer satisfaction, and others in the company continuously tried to improve quality through TQM techniques. In addition, marketing researchers must maintain the anonymity of respondents, and
they do this by focusing on market segments as opposed to individuals. Their demographic, product usage and attitudinal questions are the basis of their analytical focus, not individual names or customer identification numbers.

2.3.3 B2B Relationships

Many claims that B2B interactions between companies and their suppliers are the origins of the B2C CRM models that are so prevalent in the market today. To mirror such relationships on a mass marketing basis, however, required advances in IT so that information from customer contact could be collected and updated on a real time basis.

2.3.4 Materials Resource Planning, SAP, and Enterprise Resource Planning

In the mid 1980s, Materials Resource Planning (MRP) was introduced, companies began to construct customer database. In the early 1990s, a company called SAP integrated traditional MRP functions with accounting, and customer data warehouses were established. Once this occurred, companies had the demographic, behavioral, and contact data necessary for CRM.

2.3.5 Customer Contact Center

The domain of CRM has always been marketing – in particular, customer service and sales. In the late 1980s, telemarketing technology was built in to the
Customer Call Center (CCC). In the early 1990s, customer service and support applications were introduced as well. Using “Screen-Pops,” customer contact personnel can effectively cross-cell or up-sell to customers while they are on the phone. Using the web, customers can keep track of their orders.

2.3.6 Sales Force Automation

The customer service CRM point solution was followed by Sales Force Automation (SFA), another point solution, SFA tools were developed and introduced to improve the capture of customer and prospect information and provide the sales force with real time information. Today SFA tools control follow-up with potential customers, allow sales teams to collaborate in real time, identify client decision makers, track customer account histories, and monitor leads and follow-up strategies. SFA products also provide sales personnel with company presentations, handbooks, proposals and contract form etc., that they need to manage their business.

2.3.7 Campaign Managements Tools

Initial CRM campaign management techniques were based on customer lists containing variables that companies could target for smaller, more focused promotional campaigns. Companies could plan, target, schedule and measure responses to each campaign and modify future campaigns based on the results.
2.3.8  The Web and Channel Integration

Today’s CRM efforts include channel integration geared toward gathering customer information from each touch point and integrating into the customer profile in order to provide seamless service across all channels. Thus, companies have moved beyond the simple customer database into systems that link the database to call centers and internet systems, allowing direct interaction with data capture, data updating, and data availability for future interactions. The web has shaken up the ways that companies do business.

2.3.9  Diffusion of Personal Computers and Analytical CRM

The diffusion of the personal computer meant every desktop have the capability to analyse customer data. This led to company divisions having the ability to manipulate their own customer data, develop their own marketing programs, and assess their own performance, with out regard to what headquarters was doing.

2.3.10 The Success of Direct-Response Marketing

These techniques enabled organizations to target prospects and customers one-to-one. E-based marketing followed directly in the footsteps of earlier, successful direct-response efforts such as toll-free calling and direct mail. These
techniques provided for the identification of individual target prospects, personalized communications and messages, and measures of success. Through direct marketing, not only personalized communication but dialogue was also possible.

2.3.11 Relational Databases

Relational databases allowed companies to identify, access, manipulate, and share customer information across departments. Database contained customer transaction histories, all customer-company contacts, demographic and behavior information, and customer responses to company campaigns. Customer information could be supplemented with external information and analysed quickly.

2.3.12 Industrial and Services Marketing

Service marketers looked at service quality, satisfaction and the need to maintain one’s customer base. Service marketers also were the first to offer a commonly adopted alternative to the four P’s (product, place, promotion, and price) that had been the gold standard for decades. Service marketers added people, physical environment, and process to the mix.
2.4 NEED FOR CRM

It is needless to mention the need for retention of customers by an organization for which designing an efficient customer retention plan is very essential. The possible reasons are listed below:

- **Price related reasons:** Customers try to match the price they pay for acquiring a brand and the value the brand could generate. If the customer perceives a mismatch between the price and the value, he would opt for a competitor’s brand. Also, if the price of a brand for any reason goes beyond his reach, he would switch over to a low priced brand. Thus, the role of price in customer retention is very significant.

- **Product related reasons:** In view of technological advancement, the new brand which makes market entry would be capable of offering better performance as compared to the already existing brand. This would induce the customers to make a brand switch over.

- **Services related reasons:** The customer’s concentration is not only on the brand, but also on the accompanying services offered at three different stages *viz.*, presales, during sales and after sales. Any dissatisfaction as regards to services would cause the customer to move away from the brand.

- **Benefit related reasons:** The customers may be attracted by various augmented benefits offered by the competitors. Such benefits may be more appealing and will induce customers towards brand changes.
• **Competitors related reasons:** Technological advancements, attractive offers, value added services, *etc.*, offered by competitors would also draw the attention and induce customers towards brand switching.

• **Personal reasons:** On the personal front, a customer would become a brand defector due to the following reasons:
  
  o Moved away from the market area where the brand is sold.
  o Role changes in life cycle, consequently leading to changes in brand preference.
  o Anger, disgust, distress developed with the process of product delivery.
  o Sentimental reasons
  o Influence of other members of the family or friends.

The organization must periodically analyse the reasons behind losing customers and accordingly develop a customer retention plan that would serve as the basic tool towards building a strong and long-standing relationship with customers. To optimise the success of the CRM efforts, first should be created a clear, customer-focused vision or strategy to build profits and customer loyalty then design the business processes and technology solutions in order to address the strategy objectives. Nevertheless, the destination of the CRM project decides by the people, process and technology work together.
The goals of CRM is to build relationships with the customers where they see mutual benefit and value is continuing to do business with their company and view moving to another company as an inconvenience. The principles of CRM allow both small and large companies to increase their bottom line and customer satisfaction. It is about converting the way companies view their customers, moving from an internal – to an outward-focused, more customer-centric approach to running the business.

It can be observed from any standard marketing text book, about the four P’s of marketing. Product, Price, Promotion and Place (Sales). In the past, marketers were highly made to focus on this four P’s, as a major contribution for the success of any marketing related programme, irrespective whether the customer was the individual or company. However, these days, it is believed that technology has changed the rules of the game, as the customers are prime based on which anything is been constructed. So, as a consequence, successful marketing today requires in-depth planning and analysis of the four P’s + C were C is the Customer. The marketing programme is must include a comprehensive strategy for each of the five elements including the customer.
2.5 STRATEGIES FOR CRM

An organisation’s strategies towards developing and maintaining sustainable relationship differ from one organization to another depending on certain factors. These includes nature of business, its size, its market share, nature of product type, volume of sales, geographic concentration, socio-economic status and life style of the customers concerned, competitors strength, and so on. The following are the strategies for building customer relationship management.

- **People:** People with in the organization have the basic role in developing and maintaining relationship with customers. Every one in the organization must realize the fact that their work is towards satisfying customers. The marketing department can coordinate integrated activity towards customer satisfaction. Obviously, people with in the organization form the basis for building customer relationship.

- **Process:** Process involves a logical sequence of activities right from the need identification of potential customers to need fulfillment. The process has to be derived from the customer’s view point, which paves way for total customer satisfaction. The performance of each link must be objectively analysed and corrected in tune with the internal and external customers’ expectations.
• **Product:** The product offered must constantly provide value addition. The expectations of the customers may always be on the increase due to various reasons. Customer’s expectations go much beyond physical tangible things.

• **Organisation:** In order to build customer relationship, an organisation should be aware of the technology advancements and provide quality services in tune with the customer expectations. It should concentrate on total customer satisfaction and respond to the requirements of the customers faster than its competitors.

• **Setting satisfactory service standards:** A customer not only expects quality products but also quality services. Organization is expected to render services in all three phases, viz., pre-sales, during sales and after sales. Such services, which are provided immediately and instantly, will bring total customer satisfaction.

• **Concentration on competitors:** An organisation must focus constant attention on the competitors’ performance, there strategy and style of operations and compare same with its own performance. Customers always make this comparison and decide their future purchase pattern. Such analysis done by organization would help in increasing its strengths and reducing its weaknesses.

• **Customer analysis:** Customer must be periodically analysed from several perspectives such as who constitute that the customer inventory, level of
customer retention, what makes them buy, what their level of satisfaction, where they are placed in the loyalty ladder, what makes them disloyal, and so on. This analysis is to be performed not only on the existing customers but also on the former customers, so that corrective actions may be instigated to retain current customer. For customer analysis and competitor analysis, the organization may depend on external agencies, so that an unbiased report can be obtained, which in turn would enable the organization to further minimize its errors.

- **Cost analysis:** An organization must focus attention on the cost of the product or services. Always, there must be sincere attempt towards cost reduction without compromising on quality. The organization must perform value analysis and try to reduce cost and retain the same quality or improve quality of product or services. This would help to award switching over of the customer to other brands.

- **Concentration of the paying ability on the customers:** Pricing decisions are to be governed not nearly by cost related factors. Before fixing price, the paying ability of the potential customers must also be viewed. To some extent prices are to be adjusted in tune with the fluctuations in the paying ability of potential customers. In this process, an organization may have to sacrifice small portions of the profit tentatively.
• **Knowledge on purchase behaviour pattern:** Organizations should have a thorough knowledge of the purchase behaviour pattern of their customers. The outcome of purchase decision may be any one of the four *viz.*,

1) Purchase,

2) Rejection,

3) Postponement and

4) Search for substitutes.

With regard to organizations purchasing decisions, the key persons influencing the decisions, their characteristics and expectation *etc.*, have to be understood in clear terms.

• **Differentiation in prices and quality standards:** An organization may come forward to offer services or brands of different varieties with price variations. To meet a particular need, three or four brands of varied quality and at differing price level must be available so that, the customer depending on his financial position may prefer at least one of the varieties available. These would prevent the customers from switching over to other brands.

• **Focus on reducing dissatisfaction:** All dissatisfied customers will not come forward to show their displeasure. To avoid this, the causes for dissatisfaction are to be identified and have to be attended well.

• **Empowerment to service Providers:** Organisations must evolve suitable methods of empowering employees in the service chain. Also, empowerment
would help the service providers to evolve customer specific incentives schemes, terms of sales and so on. Empowerment would boost the confidence of both service providers and receivers. This would obviously strengthen the relationship.

- **Develop Partnership with customers:** Partnership alliance would go a long way in building relationship with the customer. This type of a partnership may be in the form of buy back arrangements, training employees and extending managerial support to the customer organization and so on. This short of a partnership approach would create evidence for the care and interest on the customer’s organization.

- **Relationship based pricing schemes:** Introduction of relationship based differential pricing scheme would encourage customers towards relationship building. Under this method, the prices charged from customers would be depending on their extent of loyalty. A customer who makes very frequent repeated purchase would be charged fewer prices as compared to the other category of buyers. Hotels, air travels, hospitals, *etc.*, have started practicing this method of pricing. This method would induce customers to go for continuously buying from or making use of the service from the same organization and their by relationship would emerge and continue.

- **Effective customer communication system:** Organization must have simple, open efficient customer friendly communication. Special training may be
given to personnel working in the communication channel specially in being receptive, encouraging, positive, optimistic and customer friendly to customers. Each communication received should be recorded, classified and analysed as to their nature, and significance. The response from the organization to the compliance received also should be recorded. Communication system that is based on customer requirement would obviously contribute towards relationship development.

- **Focus on preventive actions**: Factors contributing negatively towards customer relationship are to be identified and measures are to be taken towards preventing possible and desirable happenings. More attention should be devoted for order processing, delivery scheduling and the related aspects. Such preventive actions would help damage control and enable best running of the business

- **Building switching barriers**: In order to customers, organizations must come forward build brand switching barriers. In view of those barriers, switching may be made difficult and not worthwhile. Those barriers may include incentive schemes: relationship based pricing, additional services, attractive price scheme, sentiments based schemes and so on.
2.6 CRM IN INDIAN BANKING SECTOR

Banking is a core of service industry, most transactions are dependent on the type of relationship, that the banks share with those who trust in them. In other words, relationship management can be termed as the pillars stability of banks. Indian nationalised banks which are largely governed by the RBI norms, are facing stiff competition from foreign banks that have entered India, sometimes ago. In the wake of such serious competition, Indian banks are left with no choice but to take adequate steps to protect themselves.

To attract customers, retain them and further expand the business through them is a big challenge for the banks. To retain customers, the banks must have a stronger focus on measuring and managing individual customer relationship. In today’s increasingly complex environment, customer relationship management is critical to corporate success. To be successful, a bank must fulfill the customer – banker relationship throughout the customer life cycle. This is to ensure that their customers as well as the bank receive the benefits expected. Customer relationship management enables the bank not only to retain its existing customer base and customising the products and services to suit them but also helps to attract new customers through superior customer satisfaction. In the future, the focus is going to shift from increasing customer satisfaction to customer delight. Customer relationship management having become imperative and it has been adopted by
Indian banking industry. The phenomenal change towards the customer focus for the past five decades is depicted in Figure 2.1.

**FIGURE 2.1**

**DYNAMISM PROJECTED BY BANKS TOWARDS CUSTOMERS IN THE PAST FIVE DECADES**

- Serving the Customer  1950’s to 1960’s
- Satisfying the Customer  1960’s to 1980’s
- Pleasing the Customer  1980’s to 1990’s
- Delighting the Customer  1990’s to 2000
- Retaining the Customer  2000 and beyond
CRM is an integrated business strategy that places the customer at the centre of a business consciousness.\textsuperscript{1} Indian banks have now seriously started to recognise the value of superior customer care and maintenance of well greased relationship with its customer as very important tools to profitability. In the community banking world, CRM has become a rallying call around which the bank organises a ‘customer-centric’ business strategy that harnesses information technology to discover and anticipate customers’ financial needs and engages all the business lines in the bank in satisfying those needs. CRM uses both internal and external data to identify the bank’s most profitable customers and prospects and devotes time and attention to expanding account relationships with those customers through individualised marketing, re-pricing, discretionary decision making and customised service, all delivered through the various sales channels that the bank uses.\textsuperscript{2}

It provides a holistic view of the customer across all of an organisation’s products and channels. It involves relationship marketing which is to establish, maintain, enhance long term relationships with customers and other partners so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfillment of promises. CRM is a complete system that


Provides means and methods to enhance the experience of the individual customers so that they will remain loyal.

Provides technical and functional tools for customer identification, capturing and retention.

Provides an integrated view of the customer across the enterprise.

If customer relationship is the heart of business success, then CRM is the valve that pumps a company’s life blood. As such CRM is best suited to help businesses people, processes and technology to gain insight into the behaviour and value of customers. This insight allows for improved customers service, increased call center efficiency, added cross-sell and up sell opportunities, improved close rates, streamlined sales and marketing process, improved customer profiling and targeting, reduced costs, and increased share of customer and overall profitability.

In order to build customer relationship, banks should be aware of the technology advancements and provide quality services in tune with the customer’s expectations. It should concentrate on total customer satisfaction and respond to the requirements of the customers faster than its competitors. The responsive and learning nature of the organisation must build confidence in the mind of the customer and that will go a long way in building the customer relationship.

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2.6.1 Customer Analysis

Customers who contact a banker will only ever need or want two things:

- They need a solution to a problem.
- They want to feel in someway special.

The seven most important elements in making a customer feel special, over and above solving their initial problem or basic concern are:

- Speed and time
- Personal interaction with a customer
- Expectations
- Courtesy and competence
- Information and keeping the customers informed
- Attitude and customer liaison
- Long term relationships.

◆ Speed and Time

The speed with which the banks offer their services will actually gain a competitive advantage and allow them to offer higher satisfaction. On account of technological revolution at present, products are offered to take care of the element of speed and time like
- Internet and mobile banking
- Debit cards
- Anywhere banking
- ATM

- **Personal Interaction with a Customer**

  Due consideration on small matters like remembering a customer’s name, a tone of voice and remembering details about the customer including his birth date enhance personal interaction and relationship with customers. There are certain banks who identify every opportunity that they possibly can make the customer feel unique and an individual. The front line staff should be trained to answer the telephone calls and deal with customer face to face, to treat every single customer as not their only customer, but their most important customer.

- **Courtesy and Competence**

  Competence means that whoever serves the customer has to do things and do well. It means getting things done rightly at first time. It means knowing what should be done and how best it can be done. It is a license to keep customers for life time.
❂ **Expectations**

A successful banker will be judged by his ability to manage the expectations of his customer well and they systematically and consistently exceed them. A delighted customer will come back to the bank, will convey his friends about his experience and will become an ambassador for the bank’s business- an unpaid salesperson. A satisfied customer is one whose expectations are equal to the experience.

❂ **Information and Keeping the Customer Informed**

One of the simplest ways to keep customers feeling special and make them feel important is to keep them informed. They should be informed of things they are waiting for and let them know how things are going on.

❂ **Attitude and Customer Liaison**

One of the most important aspects of attitude is when the customer is dissatisfied and one of the most important and outward expressions of attitude is the verbal and non verbal behaviour that people use at critical times. The banker should try to see every customer as a million dollar customer, somebody who has access to a large revenues, either through their direct spending or indirectly through referrals and repeat business.
◆ **Long Term Relationships**

A customer will feel special if the banker will actually reward, recognise and encourage his loyalty and in the long run either personal or business given the right elements and environment he would prefer to be consistent. When put together, each one of the above seven elements accelerate customer satisfaction beyond even their widest dreams.

◆ **Technology**

Technology driven products such as debit cards, credit cards, tele banking, mobile phone banking, internet banking, Fax, and E-mail help desk services have given more access to customers to communicate their needs instantly and transact their business promptly. Bankers have to gear up to keep up the customers expectations. Bankers have to learn to use the technological advances to gain the maximum advantage in the business.

◆ **Communication**

Interaction with customers is an important aspect in providing better service to the customers to their fullest satisfaction. Communication with customers at front office level will help bankers to really identify the needs and priorities of customers. Therefore, the role of human resources department of bank is to provide efficient staff at all levels, wherever there is an interaction with
customer either directly or indirectly. Proper communication skills are required for the staff to deal with the customers. It is one of the top priorities of banks to provide good service.

Demonstrating good communication skills and building good relationships means consistently providing responses to the customer enquiries. Communication skills are more important in the area of tele-conversations, mails and phone calls. Empathic listening and responding to customer enquiries will provide more satisfaction to customer and so reflect in service standards. Face to face interaction between the customer and the bankers in crucial issues relating to any service, will make the customer understand, how the banker cares for his needs. Good communication means instantly – answering customer’s queries about the status of a particular transaction. That amounts to providing best service.

**Mapping the Customers Needs**

In the present day banking, though the banking services are technology driven and major role is played by technology in all decisions on customer services, the tested methods like customer surveys continue to help the management in identifying the customer needs. Identifying the needs is important before providing the service, so that the actual requirement of the particular segment of customer is met with. This will help managements to have an insight
into customer needs and attitudes. In order to identify the customer needs, banks have to develop a proactive approach. Such approach, will not only enhance the image of the bank in the customers viewpoint, but also provides a satisfaction to the bank for having served the customer for this actual needs. Customer surveys will help to know good feeling among customers about the bankers providing service. Bankers enhance customer satisfaction by giving continuous attention to customer service. Mapping the customer needs is therefore an important aspect in servicing the customer.

- **Service Delivery Standards**

  In order to maintain good service delivery standards in the operations and the branches of banks, efficient and skilled staff are to be deployed by banks in all branches, particularly in front office. These staff should have better communication skills to maintain standards in service delivery. The concept of service delivery denotes, proper servicing of the customer by giving an appropriate answer and solution to the queries raised and service them to the fullest satisfaction. A required level of standard is required to be maintained. To maintain this standard, bank’s branches should have adequate infrastructure and required literature to explain the products and the personnel at front office. Beside this, the amenities, like seating arrangement to customers, cash deposit queues are properly maintained, adequate ambience is also maintained for attraction. The
bank should provide all the required facilities and operate the schemes provided by their competitors. These service delivery standards are the basic minimum and bankers should maintain to cater good customer service, ‘service with a smile’ should be the motto of all the personnel working in the front office to maintain service delivery standards.

Customer Complaints and Grievances

Like in any other business organisation, in banks too, there are machineries for dealing effectively with customer complaints. Successful organisations are those that have realised that prompt attention to customer complaints is an essential ingredient of a profitable customer relationship. In service organisations, like banks, handling of complaints should be a high priority item. Receiving customer complaints, listening to the grievances patiently and solving the problems is one of the important areas of customer service. For this, a separate mechanism is provided by banks such as customer grievance cells in banks.

Customers are free to contact the grievance cells in banks to make complaints about the service, problems and so on. Banks should immediately attend such grievances and settle the issues. Today customers are more discerning and have very low tolerance regarding poor service. Customers have a greater propensity to switch over to another service providers. They should be satisfied to the maximum possible extent to retain by the bankers. Solving customer problems
therefore, is an important aspect in retaining customer loyalty. Once good service is extended, a loyal customer will work as an ambassador to the bank and facilitate growth of business.

- **Customer Satisfaction Research**

  A bank must initiate research on customer satisfaction in terms of customers level of satisfaction, factors contributing towards satisfaction, extent of customer retention influence competitors services on customer satisfaction, customers attitude towards services, perception of bank’s image and so on. This would enable the bank to find more appropriate approaches towards building customer relationship.

- **Organising Customer Clubs**

  Formation of customer clubs is another way to promote relationship. An ideal customer club can act as a bridge between bank and the customers. Regular meetings can be organised on behalf of the clubs and in those meetings, representatives of the banks can understand the attitude of customers and react accordingly. Customer clubs would act as a forum that enables performance of customer related activities in a smooth manner. This approach would enhance the level of satisfaction and customer would obviously respond favourably towards relationship building.
2.7 SUMMARY

Companies are designing strategies to retain customers and build long-term relationships with them through CRM. CRM is a relative newcomer that appeared in the business radar. With the advent of e-commerce, CRM has become a typical area of interest. It is a business strategy with technology as its nucleus. The successful implementation of CRM in the organization requires reorientation of a company’s culture – the way the company is managed, employees are trained and evaluated. The whole business organization should become consumer-centric. Banking industry is not an exceptional one.

With a view to combating competition and becoming more effective in the manner of customer service, bankers would do well to draw up a strategic framework addressing the key issues concerning the CRM. Banks have to evolve plans and strategies to cater better service and enhance satisfaction levels and try to create a brand image. Service culture is to be developed among the staff. Technology implementation should be speeded up such as computerisation, electronic banking through e-mail, tele-banking, mobile phone banking and wide net of ATMs through channel migration process. All these factors will help to implement Customer Relationship Management efficiently and effectively.