Chapter-III

Theoretical Foundations
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Introduction

Banks are in the business of marketing their services. In today's challenging and competitive era, the business organizations have to anticipate the needs of clients and then to provide products and positive response. Satisfied customers are the sources of free publicity for a Bank. For this, the Bank has to anticipate the needs of customers and provide suitable services besides maintaining good standard of service. The liberalization
and deregulation of Banking sector has led to the entry of private and foreign Banks making the Banking market more competitive and quality conscious.

3.1 Customer

It is of very much important to define a “Customer”, but the word customer is not defined in any act of land. As per the judicial pronouncement in the case of Central Bank of India Vs Gopinathan and Others (AIR 1970 Kerala 1974) Justice KK Mathew stated that so far as Banking transaction is concerned, Customer is a person, whose money has been accepted on the footing that the Banker will honour drawings up to the amount standing to his credit irrespective of his connections being short or long standing. Accordingly, a customer is one who has a (Saving / Current / Fixed) deposit account irrespective of its debit or credit balance with the Bank. Even an agreement to open an account makes one a customer. But one, who has any other transactions / business only, but no account with the Bank, cannot be called its customer. It is also noteworthy that merely because of becoming customer of one branch of a Bank; one would not become customer of other branches of the Bank.

3.1.2 Customer Service Guidelines:

The appointment of Talwar Committee in 1976 by the Government of India was the first effort in this direction; the committee submitted its report in 1977.

• 1986 was declared as “Year of Customer” and since then Banks have become very conscious of the need for improving customer service.

• Setting up of customer / consumer forum at district, state and national level in 1986.

• Another committee was constituted under the chairmanship of M.N.Goiparia which submitted its report in 1991.
• The concept of signing MOU by Banks’ with RBI was another step in this direction, followed by the appointment of Bank Ombudsman in 1995.

3.1.3 GOIPORIA COMMITTEE

The committee submitted its report during December 1991 and gave 97 recommendations. Important among them are:

1. Employees’ working hours should commence 15 minutes before business hours in metropolitan and Urban centres.

2. Banks may extend business hours for all Banking transactions except cash, upto one hour before close of the working hours.

3. All branches with 30 or more staff strength should provide “May I help you” counters.

4. Teller should pay cash upto Rs.5000 and non-cash transactions upto Rs.10000.

5. More facilities in respect of acceptance of cash, mutilated and solid notes should be given and notes / coins counting machines may be introduced and currency notes should be packed in paper seal / band.

6. Nomination should be provided unless customer does not want it.

7. All customers who enter inside the Bank hall before close of business hours should be attended to.

8. Change in interest rate by Bank branches should be affected on the basis of press reports.

9. Single window concept of issuance of drafts upto Rs.5000 should be introduced.

10. Facility of instant credit of out-station instruments should be available for instruments upto Rs.5000 instead.
11. Value dating of mail orders and telegraphic transfers should be started.

12. Delay on collection of out-station instruments be compensated by allowing interest at the rate 2% above SB rate.

13. Clearing houses at centres with 10 or more Banks should be opened.

14. Decision on credit proposals in consortium accounts should be conveyed within 45 days.

15. Before launching any scheme, the government may consult the RBI, NABARD, IBA to make it compatible for easy implementation.

16. More centres for creation of mortgage should be notified.

17. Training programs should be in line with customer orientation.

18. Quality circles should be encouraged.

19. New procedures should be adopted and obsolete ones should be discarded.

20. Special attention should be given to complaint areas.

21. Infrastructural facilities at branches should be upgraded by bestowing particular attention to provide adequate space, proper furniture, drinking water facilities etc.

22. The manpower should be re-deployed with emphasis on rural areas.

Majority of these recommendations have already been implemented by Banks.

3.1.4 RBI instructions on Customer Service:

The Reserve Bank of India has been, for the past couple of years, endeavouring towards having the Banks to deliver quality service to their customers at reasonable price. It has taken several measures towards financial inclusion, so that basic Banking facilities are made available to a larger Indian population. Some of the recent initiatives that the Reserve Bank has taken are:-
With effect from January 1, 2006, the Reserve Bank has put in place a revised Banking Ombudsman Scheme for redressal of grievances of Banking customers. The scope of the scheme has been enlarged to cover customer complaints in the areas like levying service charges without prior notice to the customer, non-adherence to the fair practices code as adopted by individual Banks, credit card complaints, deficiencies in providing the services assured by Banks and Banks’ sales agents, etc.

The RBI has also set up an independent Banking Codes and Standards Board of India in February 2006. The Board has been set up as an independent watchdog to ensure that Banks deliver services in accordance with the Codes and Standards to which they have agreed.

Though the Reserve Bank has deregulated levy of service charges by Commercial Banks, Banks have been advised to fix reasonable service charges in line with the average cost of providing these services.

Further, the Reserve Bank has made it obligatory for Banks to display and update, in their office / branches and also in their websites, the details of various service charges in a format approved by the Reserve Bank.

Apropos the credit card guidelines, it has become mandatory for the Banks to maintain a Do Not Call Registry containing the phone numbers of customers as well as non-customers (non-constituents) who have informed the Bank that they do not wish to receive unsolicited calls / short messaging service for marketing of its credit card products.

Public sector Banks have put in place several measures which would lead to better facilities to customers, such as, computerisation of branches, installation of ATMs,
single window concept, time norms for important services, any branch Banking,
delivery channels like electronic clearing service, electronic fund transfer,
teleBanking, internet Banking services, etc.

The Reserve Bank has issued instructions to all scheduled commercial Banks on
implementation of core Banking solutions and has advised that the pace of internal
computerisation of Bank branches and their inter-connectivity, providing for core
Banking solutions or centralised database access / clustered solutions need to be
expedited. So far seven public sector Banks have reported that they have fully
implemented the core Banking solution.

3.1.5 Reserve Bank of India’s Instructions to Banks

In order to ensure transparency in Banking services, the RBI has advised Banks to
display and update, on their website, the details of various service charges levied by them
for the services provided / products offered to their customers.

Banks have also been advised to display the charges relating to certain services in
their offices / branches. These charges should also be displayed in the local languages.
Banks are required to furnish the details of service charges presently applicable, to the
RBI by May 31, 2006 to enable the RBI to place them on its website.

It may be recalled that the RBI has deregulated the levy of service charges by
commercial Banks and the decision to prescribe service charges has been left to the
discretion of individual Banks’ Boards. While fixing service charges, Banks have been
advised to ensure that the charges are reasonable, consistent with the cost of providing
these services and that customers with low value / volume of transactions are not
penalised. The RBI had been receiving representations from the public about the
unreasonable and non-transparent service charges being levied by Banks indicating that the existing institutional mechanism in this regard is not adequate.

3.2 Evolution of CRM:

Customer Relationship Management (CRM) is one of those magnificent concepts that swept the business world in the 1990's with the promise of forever changing the way businesses small and large interacted with their customer bases. In the short term, however, it proved to be an unwieldy process that was better in theory than in practice for a variety of reasons. First among these was that it was simply so difficult and expensive to track and keep the high volume of records needed accurately and constantly update them.

In the last several years, however, newer software systems and advanced tracking features have vastly improved CRM capabilities and the real promise of CRM is becoming a reality. As the price of newer, more customizable Internet solutions have hit the marketplace; competition has driven the prices down so that even relatively small businesses are reaping the benefits of some custom CRM programs.

The 1980s saw the emergence of Database marketing, which was simply a catch phrase to define the practice of setting up customer service groups to speak individually to all of a company's customers.

In the 1990s companies began to improve on Customer Relationship Management by making it more of a two-way street. Instead of simply gathering data for their own use, they began giving back to their customers not only in terms of the obvious goal of improved customer service, but in incentives, gifts and other perks for customer loyalty.
This was the beginning of the now familiar frequent flyer programs, bonus points on credit cards and a host of other resources that are based on CRM tracking of customer activity and spending patterns. CRM is now being used as a way to increase sales passively as well as through active improvement of customer service.

The generally accepted purpose of Customer Relationship Management (CRM) is to enable organizations to better serve its customers through the introduction of reliable processes and procedures for interacting with those customers.

In today's competitive business environment, a successful CRM strategy cannot be implemented by only installing and integrating a software package designed to support CRM processes. A holistic approach to CRM is vital for an effective and efficient CRM policy. This approach includes training of employees, a modification of business processes based on customers' needs and an adoption of relevant IT-systems (including soft- and maybe hardware) and/or usage of IT-Services that enable the organization or company to follow its CRM strategy. CRM-Services can even redundantize the acquisition of additional hardware or CRM software-licences.

The term CRM is used to describe either the software or the whole business strategy oriented on customer needs. The second one is the description which is correct. The main misconception of CRM is that it is only software, instead of whole business strategy.

Major areas of CRM focus on service automated processes, personal information gathering and processing, and self-service. It attempts to integrate and automate the various customer serving processes within a company.

There are three parts of application architecture of CRM:
• Operational - automation to the basic business processes (marketing, sales, service)
• Analytical - support to analyse customer behaviour, implements business intelligence alike technology
• Co-operational - ensures the contact with customers (phone, email, fax, web...)

3.2.1 Importance of CRM

Customer Relationship Management is a broad approach for creating, maintaining and expanding customer relationships. CRM is the business strategy that aims to understand, anticipate, manage and personalize the needs of an organization's current and potential customers. At the heart of a perfect strategy is the creation of mutual value for all parties involved in the business process. It is about creating a sustainable competitive advantage by being the best at understanding, communicating, and delivering and developing existing customer relationships in addition to creating and keeping new customers. So the concept of product life cycle is giving way to the concept of customer life cycle focusing on the development of products and services that anticipate the future need of the existing customers and creating additional services that extend existing customer relationships beyond transactions.

3.2.2 Present and Future of CRM in Banking

Bank is merely an organization that accepts deposits and lends money to the needy persons, but Banking is the process associated with the activities of Banks. It includes issuance of cheque and cards, monthly statements, timely announcement of new services, helping the customers to avail Online and Mobile Banking etc. Huge growth of customer relationship management is predicted in the Banking sector over the next few
years. Banks are aiming to increase customer profitability with any customer retention. It is a sound business strategy to identify the Bank’s most profitable customers and prospects, and devotes time and attention to expand account relationships with those customers through individualized marketing, pricing, discretionary decision making.

In Banking sector, relationship management could be defined as having and acting upon deeper knowledge about the customer, ensure that the customer such as how to fund the customer, get to know the customer, keep in touch with the customer, ensure that the customer gets what he wishes from service provider and understand when they are not satisfied and might leave the service provider and act accordingly.

CRM in Banking industry is entirely different from other sectors, because Banking industry purely related to financial services, which needs to create the trust among the people. Establishing customer care support during on and off official hours, making timely information about interest payments, maturity of Time Deposits, issuing Credit and Debit cum ATM card, creating awareness regarding online and e-Banking, adopting mobile requests etc are required to keep regular relationship with customers.

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. Hence asking reference from the existing customers can develop their client base. If the base is increased, the profitability is also increased. Hence the Bank has to implement a lot of innovative CRM to capture and retain the customers.
There is a shift from Bank-centric activities to customer-centric activities are opted. The private sector Banks in India deployed much innovative strategies to attract new customers and to retain existing customers. CRM in Banking sector is still in evolutionary stage, it is the time for taking ideas from customers to enrich its service. The use of CRM in Banking has gained importance with the aggressive strategies for customer acquisition and retention being employed by the Bank in today's competitive milieu. This has resulted in the adoption of various CRM initiatives by these Banks.

Steps to follow

The following steps minimize the work regarding adoption of CRM strategy. These are:

- Identification of proper CRM initiatives
- Implementing adequate technologies in order to assist CRM initiative
- Setting standards (targets) for each initiative and each person involved in that circle
- Evaluating actual performance with the standard or benchmark
- Taking corrective actions to improve deviations, if any.

3.2.3 SIGNIFICANCE:

A customer driven Bank provides unique attributes to products and services that are important to the customer. Such a Bank dedicates itself to be capable of delivering the products and services at levels that not only meet but exceed customers' expectations. Customer satisfaction is the essence and goal of the Bank. Goals, resource allocation, policies, procedures and management style are all focussed at this objective and all other goals are subservient to it. Banking has traditionally operated in a relatively stable environment for decades. However, today, the industry is facing an aggressive
competition and Banks have lost a substantial proportion of their domestic business to essentially non-Bank competition. Fighting competition is vital for the profitability and ultimate survival of Banks.

3.2.4 GUIDELINES FOR IMPROVING CUSTOMER SERVICE

The nature and scope of customer service is wide. The following key points should be adhered to by Bank personnel for improving customer service:

- Greeting the customer
- Be helpful to the customer
- Avoid Technical Banking terminology
- Positive approach
- Understanding the significance of the role
- Accurately and timely handling of customer’s business
- Effective use of telephonic queries
- Take minimum time
- Automatic performing of routine Banking functions
- Keep informing the customers about the new products / services

3.2.5 PLANNING OF CUSTOMER SERVICE

Guidelines for Improving Customer Service at Micro Branch Level

The following guidelines are helpful in improving Customer service in branches.

- Understanding role, nature of business and work
- Application of operational fundamentals
- Understand, respect and monitor the customer
- Incentives
Inter-personal relations

Allocation of counters by 'participation'

Developing of positive approach

Greeting the customer and courtesy

Helping the customer

Avoid Technical Banking terminology

Language

Accuracy and 'minimisation of Time'

Automatic performance of routine Banking function

Telephonic queries

Service Excellence

The essence of service excellence is to delight the customer and exceed his/her expectations. The market place is demanding more and better service. Service leaders are moving beyond quality service to a new level called service excellence. Exceeding customer expectations or service excellence is becoming the differentiating and essential factor for the success of a Bank.

Quality service achieves customer satisfaction, for instance by:

➢ Reducing the time for providing quality service

➢ Eliminating factors that cause errors

➢ Simplification of process for the customer

➢ Creating a climate for continual improvement

➢ Ensuring the availability of employees for customer service
Automatic providing of Account Statements

3.4 MEASURING SERVICE QUALITY - BENCHMARKING

The concept of benchmarking as a method of establishing performance goals and quality improvements objectives based on the best industry practices is gradually getting acceptance in the Indian Banking Spectrum.

The Japanese concept ‘dantotsu’ – striving for the ‘best of the best’ captures the essence of benchmarking. Benchmarking is a positive, proactive process, i.e. to change operations in a structured fashion to achieve superior performance. The purpose of benchmarking is to gain a competitive advantage. Benchmarking is based on seeking the best practices and measures of those practices to attain superiority. Benchmarking is popularly defined as the “continuous process of measuring products, services, and practices against the toughest competitors or those companies recognized as industry leaders”.

3.4.1 BENCHMARKING AND PERFORMANCE MEASUREMENT

A bit of caution is required before a Bank goes whole hog in benchmarking best processes and practices. There are some very important lessons which have emerged from the experiences of active bench markers. These are:-

Not to strive to benchmark everything at best-in-country or best-in-world levels. It is very difficult for a Bank to be best in every function. There is an old Japanese adage, “If you chase too many rabbits, you catch none.” The Bank, in its eagerness to attain the leadership position in every function, without giving much thought for the function’s strategic importance, will dilute its resources and its focus.
Best-in-class benchmarks to be sought for core processes and functions which only have the highest strategic importance. One has to understand and realize the fact that world and country leadership benchmarks require greater time, resources, and efforts to develop. Therefore, these benchmarks are required to be applied to strategic or core processes of the Banking businesses that compete daily in national or global markets.

To seek for internal, regional, or industry benchmarks for secondary and support processes. For those processes and business activities that are not critical to the Bank's strategic advantage, internal, regional or competitive benchmarks may be very appropriate. Such benchmarks keep on producing incremental improvements, which over a period becomes substantial.

3.4.2 THE PROCESS OF BENCHMARKING

A comprehensive benchmarking process for a Bank may include several measurement categories. Some Banks may identify other performance categories for which they wish to develop benchmarks. However, a study shows that the following ten basic categories can work as a framework to help the Bank in charting the performance measurements that are most meaningful for it. Through discussion, experimentation, and refinement the Bank can and should work out its own performance benchmark framework. These ten categories are:

- Customer service performance
- Product/service performance
- Core business process performance
- Support processes and services performance
- Employees' performance
Suppliers’ performance

Technology performance

New product/service development and innovation performance

Cost performance

Financial performance

Whether the service delivered is perceived as quality service or not, the feedback should be collected directly from customers. Therefore, many customer-related benchmarks emerge from statistical samples obtained from a representative customer group randomly selected from among all customers. Customer service performance measures typically probe Bank’s performance in the following areas:

- Overall customer satisfaction with products and services.
- Customer evaluations of back up and front-line personnel.
- Customer assessments of Bank’s understanding of customer needs.
- Customer ratings of how clearly a Bank communicates cost information and how well the organisation suggest customer solutions.
- Customer appraisals of delivery timeliness of services.
- Customer impressions about the usefulness of Bank’s product and service documentation
- Customer feelings concerning how easy it is to conduct business with the Bank.
- The value customers place on Bank’s products and services.

3.5 CUSTOMER SATISFACTION MEASUREMENT

Willy-nilly Banks are beginning to recognize that customer satisfaction measurement is no longer an option but an essential part of the management systems,
perhaps as important as strategic planning. This is especially true for Banks which are now operating in severe competitive markets and where customers have numerous choices to opt for should they become dissatisfied. The emerging competition is making customer's loyalty less and less with any Bank. In the last few years, it is heartening to see that, concern about customer satisfaction has permeated public sector Banks (who even today control 88 per cent of the Indian Banking business mix) which were hitherto operating in protected markets, because of deregulation and consequent competition. These factors have loosen the hold the public sector Banks previously had on their customers.

It makes pure business sense to have an organizational focus on customer satisfaction for the following three reasons:-

1. Satisfied customers are more likely to recommend the Bank to others, which is the cheapest and most effective form of promotion

2. Satisfied customers are loyal customers. It is estimated to be five to seven times more expensive to attract a new customer than to keep an old one.

3. Satisfied customers are better customers. They buy more, more often and are willing to pay higher prices.

For a Bank to survive and to grow, it is imperative that for it, customer satisfaction is the objective and end result of effective customer relationship management. The goals of relationship management are to attract, retain and enhance customer relationships.

3.6.1 EVOLUTION OF MEASURING CUSTOMER SATISFACTION

In the Indian context the first comprehensive study on customer satisfaction was undertaken by the National Institute of Bank Management in 1986. With the
popularization of the marketing concept in the Indian Banking system in late 1980s and early 1990s, as a philosophy to conducting business, resulted in Banks to rethink in terms of the importance of customer satisfaction. The gradual noting of the obvious connection between "meeting customer needs" and "customer satisfaction" took place. Customer perceived quality was defined as "meeting or exceeding customers expectations".

The increased attention to quality is also the result of a paradigm shift to the philosophy of total quality management. Total quality management, meant that all functions within the company are blended into a holistic, integrated philosophy built around the concepts of quality, teamwork, productivity, and customer understanding and satisfaction. A key premise of TQM is that "customer is the final judge of quality". There is a potentially larger role for customer satisfaction measurement in facilitating the TQM process. Customer satisfaction measurement is instrumental in identifying customer requirements. Also, low customer satisfaction measurement scores signify a breakdown in the TQM process and help to provide direction to the company's quality improvement efforts.

In theory and also in practice, customer satisfaction measurement is a management tool. It is a strategic tool for determining how to allocate the Bank's resources to obtain a competitive advantage.

It is an operations tool for determining how to improve the Bank's business process. It is a public relations tool for communicating the Bank's commitment to quality.
It is a motivation/leadership tool for giving energy and direction to the efforts of employees.

It is an auditing tool for assessing the Bank's performance on customer-oriented variables that ultimately determine its financial standing and market position.


Why survey?

Whom to Interview?

What to Interview?

Where to Interview?

When to Interview?

How to Interview?

The data thus collected form the above questions can be presented in a format, designed to provide the Bank management both score board (what is the position of the Bank against various parameters) and diagnostic (where the Bank is supposed to take remedial measures to improve service quality) information. The score card customer satisfaction measurement results are used to audit the Bank's performance in meeting or exceeding customer expectations. Comparisons can be made across products/service lines; customer segments; branch/region/zonal units; against the competition; and over time (i.e. to find out the trends). Diagnostic information also helps in ascertaining the gains/losses likely to result from certain quality improvement programmes. To sum up, customer satisfaction measurement programme provides direction to the Bank's quality improvements effort be able to detect modest changes when they occur. It also helps in
finding out the gaps for benchmarking against best practices and processes. Gaps could be positive or negative. Positive gaps need to be reinforced, whereas negative gaps need to be reduced.

3.6.2 MEASURING CUSTOMER VALUE

To remain competitive, the emerging paradigm requires that a customer-value orientation be driven into all parts of the Bank. For this, it is essential, people in the organization, particularly managers must develop a comprehensive approach to measuring customer needs, quality of products and services delivered, customer value and customer satisfaction. Today's customers are more value-conscious and for them rather than prestige, image, positioning, or low price, value today means real performance, delivering what was promised so that customer gets the right combination of product quality, fair price, and good service\textsuperscript{14}. Thus, delivering value as defined by the customer has become paramount. Measurement of quality and customer satisfaction was key to find out this improvement in performance.

To provide superior value to customers, managers and employees must meet customers' needs, yet exceed expectations. Studying customer needs can offer many opportunities to improve value. For this, it is imperative for Bankers (at all levels) to think like customers in order to please them, and that Bankers must understand the uses as well as the users to be able to improve value. To realize the benefits of a customer value strategy, the concept of customer value must be made operational. One way to render the concept operational is to devise methods to measure value and use the information to make better strategic and operational decisions\textsuperscript{15}. 

115
To meet this, imperative Bankers have to clearly understand their market and opportunities to improve, should measure separately customers' needs/wants/preferences, product/service quality, customer values and customer satisfaction. This comprehensive approach usually leads to much better understanding of unmet needs, important quality attributes, the relative value of various dimensions of product and services to the customer, and satisfaction or dissatisfaction customers desire from dealing with the firm. Customers' needs are to be understood and used to design the products (or product-mix) and services (or service-mix) offered. The experience customers have with the product or service in a given situation determines the value they realize. Customer satisfaction or dissatisfaction is the result of providing value that meets or does not meet the customers' need in that situation.

3.6.3 MEASURING CUSTOMER SATISFACTION

There are occasions when a Banker may fall into the trap of using measures of customer satisfaction and dissatisfaction to assess the Bank's performance in providing value, rather than to plan for understanding customer value and needs. Measuring customer satisfaction comes after understanding customer value. Satisfaction (or dissatisfaction) is the judgement on the perceived value of the service received by the customer. The customer's valuation (judgemental) process attaches a measure (positive or negative) to the experience perceived (of having the service). Satisfaction or dissatisfaction is the result where customer compares the experience (perceived value) to some standard of anticipated or expected value. This standard could be an expectation such as what the value was "supposed to be" prior to the use of the service. Therefore, satisfaction or dissatisfaction expectation was not fulfilled\(^\text{16}\).
Researches have found out that the pre-use expectations are not the only standards customers use.

The list of possible standards include:

Predicted performances
Experience-based norms
Equity
Values
Ideal
Minimum tolerable
Deserved
Desires and
Sellers' promises

It will be incumbent on Bankers to determine what standards people use to rate satisfaction or dissatisfaction, so that they are in a position to understand better the meaning of their measures and take suitable actions for improvement.

3.6.4 THE AMERICAN CUSTOMER SATISFACTION INDEX

The American Customer Satisfaction Index (ACSI) represents a type of customer-based measurements system for evaluating and enhancing the performance of firms, industries, economic sectors, and national Economics. On an annual basis, the ACSI system estimates a firm level customer satisfaction index for each organization. It measures the quality of goods and services as experienced by the customers that consume them. An individual firm's ACSI represents its served market, i.e., its customers' overall evaluation of total purchase and consumption experience, both actual and anticipated.
Similarly, an industry ASCI represents and industry’s customers’ overall evaluation of its market offering, a sector ASCI is an overall evaluation of that sector, and the national ACSI gauges the nation’s total consumption experience. ACSI, therefore, represents a cumulative evaluation of a firm’s market offerings, rather than a person’s evaluation of a specific transaction. Although transaction-specific satisfaction measures may provide specific diagnostic information about a particular product or service encounter, overall customer satisfaction is a more fundamental indicator of the firm’s past, current and future performance\(^{18}\).

### 3.6.5 BENCHMARKING IN BANKING ORGANIZATIONS

Undertaking benchmarking projects as a conscious and planned activity is not a regular feature in the Indian Banking organizations. Benchmarking is a relatively new concept and its acceptance in the Banking industry has been in fits and starts. In some Banks isolated projects on benchmarking have been undertaken. A few Banks have taken it more seriously as part of their Management Services Division’s activity. However, data available is scarce and too few to come to a definite conclusion as regards to the status of benchmarking of best practices and processes in the Indian Banks. One thing is for sure, that the concept is in its nebulous status and slowly gaining acceptance, still evolving and being understood by the Bankers. It is, therefore, important at this stage to learn from the experiences of others (from other industries).

Despite the fact that a well designed performance measurements and benchmark system is essential, the other critical success factors are:

- Top management support.
- Benchmarking training for the project team.
Appropriate Information Technology support systems.

Positive organizational culture which supports learning from other organization's best practices.

Availability of resources in terms of time, money and support, etc.

Customer Relationship Management is concerned with attracting, maintaining and enhancing customer relationship in multi service organizations. CRM goes beyond the transactional exchange and enables the marketer to estimate the customer's sentiments and buying intentions so that the customer can be provided with products and services before the starts demanding. Customers are the backbone of any kind of business activities, maintaining relationship with them yield better result.

According to a study conducted in the sector of Banking, convenience of location, price, recommendations from others and advertising are not important selection criteria for Banks. From customers' point of view, important criteria are: account and transaction accuracy and carefulness, efficiency in correcting mistakes and friendliness and helpfulness of personnel. Thus, CRM, high-quality attributes of the product/service and differentiation proved to be the most important factors for customers. Another study conducted in a European Bank shows that with CRM, the Bank was able to focus on profitable clients through efficient segmentation according to individual behaviour. Information about 'who buys what and how much' enabled the Bank to have a commercial approach based on the client and not solely on the product. Thus, the Bank was able to better satisfy and retain its customers.
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