products. The Bank has tied up with the Export Credit and Guarantee Corporation Limited (ECGC) for marketing export credit insurance products through its branch network. The Bank has also entered into a franchise agreement for the Money Transfer Service Scheme of M/s UAE Exchange and Financial Service Ltd. The ICICI, the Doha Bank and the Bank of India for effective and speedy receipt of funds remitted abroad.79

3.1 INTRODUCTION

In this chapter an attempt is made to analyze the significance of customer relationship management in Indian banking sector, its importance, implementation, principles and benefits to their customers, challenges for CRM implementation and the method of its effective implementation.

3.2 CUSTOMER RELATIONSHIP MANAGEMENT

3.2.1 The Concept

Customer Relationship Management is the establishment, development, maintenance and optimization of long-term mutually valuable relationships between consumers and the organizations. Successful customer relationship management focuses on understanding the needs and desires of the customers and is achieved by placing these needs at the heart of the business by integrating them with the organization's strategy, people, technology and business processes. At the heart of a perfect CRM strategy is the creation of mutual value for all the 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. CRM is a comprehensive approach for creating, maintaining and expanding customer relationship. It provides seamless co-ordination between customer service, marketing, information technology and other customer related functions. It integrates people, process and technology to maximize relationships with all the customers. It does not aim to build closer relationship with all customers, but it recommends that organizations take initiative to identify the most valuable customers by looking for their lifetime value. CRM means building an interdependent relationship with the customer in which each one relies on the other for business solutions and successes. From the Bank’s point of view, it the management process or approach of acquiring, retaining and growing.

3.2.2 Significance of Relationships

Defining relationship is a difficult work and mostly defining relationship at academic and practical level is avoided. Operationally, relationship consists of a number of episodes and that buying a service twice is a minimum requirement for relationships. Similarly, a relationship exists when a series of interactions between customer and organization occur. Relationships play a vital role in human’s daily and professional lives, for example, choosing careers, involvement in work and the like. Generally, people make major decisions in their lives based on their relationships with organizations and persons.

Based on the above criteria, firstly it shows clearly that there is commitment on both sides that is commitment on the side of bank as well as on the side of its customers. Secondly, banks accommodate customers as best as it can. Thirdly, there is trust on both sides, that is customer and bank trust each other. Fourthly, parties that are customers and banks respect each other, fifthly, there is affection among customers and banks, sixthly, and there is effective communication between banks and customers like verbal and non-verbal communication. Seventhly, banks give priority to its customers and try to take care of the various interests on its customers with banks. Eighth, banks try to support its customers and if a customer has a strong relationship with their banks, they also support their banks like mouth reference and the like. Finally, banks try to assist their customers in achieving their long-term goals.

3.2.3 Significance of Customer Relationship Management

In this globalized world managing relationships with the customer and making them contented has become a necessity. It is a ground reality for many companies which had realized the customers need. They had started seriously
giving more care to them than ever before. The perception and understanding of the bank is based on the customers varied experiences with their employees and services. It is accepted that the cost to bring a new customer is ten times higher than to retain the existing customer. In addition to this it is also agreed that the various choices have opened today for the customers. Therefore all this require a better understanding of the customer. What customer expects from the bank and their requirements are to be understood, even though all customers do not contribute equally to the profit kitty of the banks. If the customer relationship management is attended to properly it will not only help to improve the bank but also help to focus bank’s effort where it required the most. Customer relationship management is the most efficient and strongest approach while creating and maintaining relationship with consumers. It is not only pure business but also it develops strong personal bonding with the customers. Through maintaining CRM it is very easy for them to identify the customer’s actual requirement. It may help them to serve with a better quality and way of services. It is said that if banks want to be strong and fruitful, they should implement sophisticated strategies involved in customer relationship management. It is also the most important tool for better future growth. Customers’ requirements and complaints are part of their banking business life.\footnote{www.crm.com}

3.7 CRM IN BANKING SECTOR

Customer relationship management helps banking sector to use of technology and human resources. These factors allow them to gain insight of consumer behavior and their values. If CRM works better then the bank can provide better customer service, help sales staff close deals faster, cross sell products more effectively, make call centers more efficient, discover new customers, simplify marketing and sales processes and increasing consumer revenue. It could not happen with just buying software and installing into the system. In this the bank must decide as what type of customer information that they are asking. It has to further decide as to what they intend to do with the information. After all these after that the banks decide and run a model considered by them simply the best. Efficiently dealing with all the customers and providing them what they actually need increases the customer satisfaction. This increases the chance of getting more business which ultimately enhances turnover and profit. If the customer is satisfied they will always be loyal to the bank and will remain with the same bank forever resulting in increasing customer base and
ultimately enhancing net growth of banking business. In today’s commercial world, practice of dealing with existing customers and get a thriving business by bringing in more customers into loop is predominant. Installing a CRM system can definitely improve the situation and help in challenging the new ways of marketing and business in an efficient manner. Hence in the era of business every organization should be recommended to have a full-fledged CRM system to cope up with all the business needs. So, banking business is not an exception. \(^{81}\)

CRM is a powerful management tool that can be used to exploit sales potential and maximize the value of the customer to the bank. Generally, CRM integrates various components of a business such as sales, marketing, IT and accounting. This strategy may not increase a business's profit today or tomorrow, but it will add customer loyalty to the business. In the long run, CRM produces continuous scrutiny of the bank's business relationship with the customer, thereby increasing the value of his business. Although CRM is known to be a relatively new method in managing customer loyalty, it has been used previously by retail businesses for many years. The core objective of modern CRM methodology is to help businesses to use technology and human resources to gain a better view of customer behavior. With this, a business can hope to achieve better customer service, make call centers more efficient, cross-sell products more effectively, simplify marketing and sales processes, identify new customers and increase customer revenues.

As an example, banks may keep track of a customer's life stages in order to market appropriate banking products, such as mortgages or credit cards to their customers at the appropriate time. The next stage is to look into the different methods of gathering customers', where and how this data is stored and how it is currently being used. For instance, banks may interact with customers in a countless ways via mails, emails, call centers, marketing and advertising. The collected data may flow between operational (such as sales and stock systems) and analytical systems that can help sort through these records to identify patterns. Business analysts can then browse through the data to obtain an in-depth view of each customer and identify areas where better services are required.

3.4 CRM AND BANKS

\(^{81}\) [www.sodhganga.com](http://www.sodhganga.com)
One of the banks' greatest assets is their knowledge of their customers. Banks can use this asset and turn it into a key competitive advantage by retaining those customers who represent the highest lifetime value and profitability. Banks can develop customer relationships across a broad spectrum of touch points such as bank branches, kiosks, ATMs, internet, electronic banking and call centers.

CRM is not a new phenomenon in the industry. Over the years, banks have invested heavily in CRM, especially in developing call centers, which, in the past, were designed to improve the process of inbound calls. In future, call centers will evolve to encompass more than just cost reduction and improve efficiency. According to Gartner Group, more than 80 per cent of all US banks will develop their call centers as alternative delivery channels and revenue centers, to be used for the delivery of existing products and services. But to be successful, a bank needs more than the ability to handle customer service calls. It needs a comprehensive CRM strategy in which all departments within the bank are integrated.

3.4.1 Objectives of CRM in Banks

CRM, the technology, along with human resources of the banks, enables the banks to analyze the behavior of customers and their value. The main areas of focus are as the name suggests: customer, relationship, and the management of relationship and the main objectives to implement CRM in the business strategy are:

- To simplify marketing and sales process
- To make call centers more efficient
- To provide better customer service
- To discover new customers and increase customer revenue and
- to cross sell products more effectively

The CRM processes should fully support the basic steps of customer life cycle. The basic steps are:
Attracting present and new customers

Acquiring new customers

Serving the customers and

retaining the customers

In today's increasingly competitive environment, maximizing organic growth through sales momentum has become a priority for banks and financial institutions. To build this momentum banks are focusing on customer relationship management initiatives to improve

- Customer satisfaction and loyalty
- Customer insight/360° view of customer
- Speed to market products and services
- Increase products-to-customer ratio
- Improve up sales and cross sales and
- capitalizing on new market opportunities

The idea of CRM is that it helps businesses use technology and human resources to gain insight into the behavior and value of those customers. If it works as hoped, a business can: provide better customer service, make call centers more efficient, cross sell products more effectively, help sales staff close deals faster, simplify marketing and sales processes, discover new customers and increase customer revenues. It doesn't happen by simply buying software and installing it. For CRM to be truly effective an organization must first decide what kind of customer information it is looking for and it must decide what it intends to do with that information.
For example, many financial institutions keep track of customers' life stages in order to market appropriate banking products like mortgages or IRAs to them at the right time to fit their needs. Next, the organization must look into all of the different ways of gathering information about customers who come into a business, where and how this data is stored and how it is currently used. One company, for instance, may interact with customers in a myriad of different ways including mail campaigns, web sites, brick-and-mortar stores, call centers, mobile sales force staff and marketing and advertising efforts. Solid CRM systems link up each of these points. The collected data flows between operational systems and analytical systems that can help sort through these records for patterns. Company analysts can then comb through the data to obtain a holistic view of each customer and pinpoint areas where better services are needed.

3.4.2 Need of CRM in Banks

The bank merely is an organization as it accepts deposits and lends money to the needy persons, but banking is the process associated with the activities of banks. It includes issuance of cherubs 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 customer retention. It is a sound business strategy to identify the bank’s most profitable customers and prospects, and devotes time and attention to expanding 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 that when they are not satisfied might leave the service provider and act accordingly. CRM in banking industry is entirely different from other sectors, because banking industry is 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 deposit, issuing credit and debit cum ATM cards, creating awareness regarding online and e-banking, adopting mobile request and others 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 they are connected. Hence seeking references from the existing customers for the prospective future customers can develop their client base. If the base is increased, the profitability also increases. Therefore the bank has to implement lot of innovative CRM measures to capture and retain the customers. There is need for a shift from bank centric activities to customer centric activities. 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 an 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 banks in today’s competitive milieu. This has resulted in the adoption of various CRM initiatives by these banks.  

3.4.3 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 and
- taking corrective actions to improve deviations, if any

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

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82 [www.articlesbase.com](http://www.articlesbase.com)
the customer’s sentiments and buying intentions so that the customer can be
provided with products and services before they start demanding. Customers are
the backbone of any kind of business activities, maintaining relationship with them
yield better result.

3.4.4 CRM Strategies

This is a new way of thinking for many banks with thousands, even
millions of customers. Managing customer relationships successfully means
learning about the habits and needs of the customers, anticipating future buying
patterns and finding new opportunities to add value to the relationship.

3.4.4.1 Customer Behavior Patterns

In the financial sector, early beneficiaries of successful CRM strategies
were the banks. These banks use data warehousing and data mining technologies
to learn from the millions of transactions and interactions with their customers,
and to anticipate their needs. The patterns of customer behavior and attitude
derived from this information enable the banks to effectively segment customers
on pre-determined criteria. Detailed customer data can provide answers to the
following questions:

- Which communication channel do they prefer?
- What would be the risk of giving up one bank for another bank? and
- What is the probability that the customer will buy a service or product?

This knowledge assists financial institutions with CRM solutions in place
to develop marketing programs that respond to each customer segment, support
cross-selling and customer retention programs. It enables the staff to understand
how to maximize the value of each customer’s interaction. CRM applications
provide functionality to enhance customer interactions. Banks known for their
high level of customer service might use this characteristic as a starting point for
implementing a CRM application. Another company may be very good at
targeting profitable customers. Each bank should seek a niche for itself on which
to develop its CRM strategy.

3.4.4.2 Customer Data
A common problem many organizations share is integrating customer information. When information is disparate and fragmented, it is difficult to know who the customers are and the nature of their associations or relationships. This also makes it difficult to capitalize on opportunities to increase customer service, loyalty and profitability. For example, knowing that other family members are also customers provides an opportunity to up-sell or cross-sell products or services, or knowing that a customer uses several sources of interaction with a supplier can also provide opportunities to enhance the relationship. The creation and execution of a successful CRM strategy depends on close examination and rationalization of the relationship between an organization’s vision and business strategy. Building toward a CRM solution and evaluating the use of customer data requires analysis and alignment of the following core capabilities:

- Customer value management
- Prospecting
- Selling
- Collection and use of customer intelligence
- Customer development (up-selling and cross-selling)
- Customer service and retention and
- protection of customer privacy

Successful CRM implementations result from the capability of the organization and its employees to integrate human resources, business processes and technology, to create differentiation and excellence in service to customers, and to perform all of these functions better than its competitors. The current economic context and financial crisis has most probably led many financial services institutions to refocus their CRM strategies with the customer relationship being more than ever the key to profitability of a retail activity. These institutions have to design a new approach to regain and reassure customers. Even if they have only started building a “how to win back trust" strategy, there is a general
movement towards “refocusing on the customer” for the “post-financial” crisis phase.

3.4.5 Techniques in CRM

Techniques in customers’ relationship management can be classified as follows.

3.4.5.1 Customer Service and Retention

More competition and increased regulation made it more difficult for banks to stand out from the crowd. However, the development of CRM gave banks proactive access to technology that helped them improve customer retention by using customer feedback to offer conveniences like ATMs and online banking. Banks can also use CRM tools to improve customer loyalty by using data collected through customer sign-ups, transactions and feedback processes.

3.4.5.2 Call Centers

Bank call centers use CRM solutions for various purposes. Cost-driven call centers use CRM to track call transactions and troubleshooting techniques to fine-tune the service resolution processes. Metrics like average handle time and customer feedback ratings help bank call centers improve their customer support for retention. Profit-driven call centers also leverage CRM customer account records for add-on selling opportunities.

3.4.5.3 Sales

Sales have gained more importance in banks with the evolution of CRM. Bundling of products and premier customer accounts are examples of techniques used by banks to build single-product customer accounts into full product suites including a range of financial services. With CRM software, bankers can easily see what products the customers currently use, what products they are eligible for and what the benefits should be added to the additional product or service.83

3.4.6 Critical Success Factor of CRM

83 www.ehow.com
CRM is a holistic approach, which needs alignment of different aspects of a business. Management and leadership, change of management, human resources and using right technologies are the critical success factors of CRM.

3.4.6.1 Management and Leadership

Leaders/Mangers in a bank should have an important role by sharing CRM team’s vision with the management. The leaders’ role has to be that of a facilitator for implementing CRM. Effective Leadership skills result in the success of CRM initiatives. An innovative manager work with his team makes decisions by consulting his team, while still maintaining control over the group as well as appreciates all the feedbacks in the organization related with CRM implementation and strategies and try to integrate people into it. Because CRM is the backbone of communication, manager’s communication and coaching skills are important in CRM implementation in any bank.

3.4.6.2 Change Management

“CRM is an evaluation. Change is inevitable." When new IT systems, software, etc. are deployed, the way people doing their jobs would also change, Therefore the cultural change adaptation is crucial. It can be also be as Multi Pronged Change Strategy. Instead of rushing, CRM team can prefer a gradual change. Workshops and brainstorming meetings with sales, marketing, and customer service staff can be conducted to discuss CRM strategies. Banks do train employees and first of all, they tried to change employees’ mindset from operation
centric to customer centric ones. Change in management is crucial to promote user adaptation. Major focus is based on training to achieve adaptation.

3.4.6.3 Human Resources

CRM is the backbone for communication. For a successful CRM implementation, human resources management of a company is very important. Integrating employees into strategies and training them is very important to adapt them to change. Employees are the interface of the company and so they can highly affect the bank’s image.\(^8\)

3.5 CRM IN INDIAN BANKS

In recent years, the banking industry around the world has been undergoing a rapid transformation. In India also, the wave of deregulation of early 1990s had created heightened competition and greater risk for banks and other financial intermediaries. The cross-border flows and entry of new players and products have forced banks to adjust the product-mix and undertake rapid changes in their processes and operations to remain competitive. The deepening of technology has facilitated better tracking and fulfillment of commitments, multiple delivery channels for customers and faster resolution of miscoordinations.

Unlike in the past, the banks today are market driven and market responsive. The top concern in the mind of every bank's CEO is increasing or at least maintaining the market share in every line of business against the backdrop of heightened competition. With the entry of new players and multiple channels, customers (both corporate and retail) have become more discerning and less "loyal" to banks. This makes it imperative that banks provide best possible products and services to ensure customer satisfaction. To address the challenge of retention of customers, there have been active efforts in the banking circles to switch over to customer-centric business model. The success of such a model depends upon the approach adopted by banks with respect to customer data management and customer relationship management.

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Over the years, Indian banks have expanded to cover a large geographic and functional area to meet the developmental needs. They have been managing a world of information about customers - their profiles, location, and the like. They have a close relationship with their customers and a good knowledge of their needs, requirements and cash positions. Though this offers them a unique advantage, they face a fundamental problem. During the period of planned economic development, the bank products were bought in India and not sold. What our banks, especially those in the public sector lack are the marketing attitude. Marketing is a customer-oriented operation. What is needed is the effort on their part to improve their service image and exploit their large customer information base effectively to communicate product availability. Achieving customer focus requires leveraging existing customer information to gain a deeper insight into the relationship a customer has with the institution, and improving customer service-related processes so that the services are quick, error free and convenient for the customers.

Furthermore, banks need to have very strong in-house research and market intelligence units in order to face the future challenges of competition, especially customer retention. Marketing is a question of demand (customers) and supply (financial products and services, customer services through various delivery channels). Both demand and supply have to be understood in the context of geographic locations and competitor analysis to undertake focused marketing (advertising) efforts. Focusing on region-specific campaigns rather than national media campaigns would be a better strategy for a diverse country like India. Customer-centricity also implies increasing investment in technology. Throughout much of the last decade, banks world-over have re-engineered their organizations to improve efficiency and move customers to lower cost, automated channels, such as ATMs and online banking. But this need not be the case.

As is proved by the experience, banks are now realizing that one of their best assets for building profitable customer relationships especially in a developing country like India is the opening of branch-branches which are a key channel for customer retention and profit growth in rural and semi-urban set up. However, to maximize the value of this resource, our banks need to transform their branches from transaction processing centers into customer-centric service centers. This transformation would help them achieve bottom line business benefits by retaining the most profitable customers. Branches could also be used to inform and educate customers about other, more efficient channels, to advise on and sell new financial instruments like consumer loans, insurance products, mutual
fund products, and the like. There is a growing realization among Indian banks that it no longer pays to have a "transaction-based" operating model. There are active efforts to develop a relationship-oriented model of operations focusing on customer-centric services. The biggest challenge the banks face today is to establish customer intimacy without which all other efforts towards operational excellence are meaningless. The banks need to ensure through their services that the customers come back to them. This is because a major chunk of income for most of the banks comes from existing customers, rather than from new customers.

Customer relationship management (CRM) solutions, if implemented and integrated correctly, can help significantly in improving customer satisfaction levels. Data warehousing can help in providing better transaction experiences for customers over different transaction channels. This is because data warehousing helps bring all the transactions coming from different channels under the same roof. Data mining helps banks analyses and measure customer transaction patterns and behavior. This can help a lot in improving service levels and finding new business opportunities. It must be noted, however, that customer-centric banking also involves many risks. The banking industry world over is being thrust into a wild new world of privacy controversy. The banks need to set up serious governance systems for privacy risk management. It must be remembered that customer privacy issues threaten to compromise the use of information technology which is at the very center of e-commerce and customer relationship management – the two areas which are crucial for banks' future. The critical issue for banks is that they will not be able to safeguard customer privacy completely without undermining the most exciting innovations in banking. These innovations promise huge benefits, both for customers and providers. But to capture them, financial services companies and their customers will have to make some critical tradeoffs.

3.5.1 Importance of CRM in Indian Banks

For long, Indian banks had presumed that their operations were customer-centric, simply because they had customers. These banks ruled the roost, protected by regulations that did not allow free entry of anybody into the sector. And to their credit, when the banking sector was opened up, they survived by adapting quickly to the new rules of the game. Many managed to post profits. For them an unexpected bonanza came from government bonds. Ironically, the Reserve Bank of India's moves to cut aggressively the interest rates after 1999, pushed up the prices of bonds. So banks had a windfall doing almost nothing. The bond profits,
like manna from heaven, improved the balance-sheets of all banks irrespective of their core performance. However, the era of lazy banking is soon to end. The mesh of rules that propped up the Indian banking industry is now being dismantled rapidly.

According to a RBI road-map, India will have a competitive banking market after 2009. As one of the most attractive emerging market destinations, India will see allows foreign banks to come in with more freedom grow and acquire. Therefore, it is imperative that Indian banks wake up to this reality and re-focus on their core asset — the customer. A greater focus on customer relationship management is the only way the banking industry can protect its market share and boost growth. CRM would also make Indian bankers realize that the purpose of their business is to "create and keep a customer" and to "view the entire business process as consisting of a tightly integrated effort to discover, create, and satisfy customer needs."

CRM is variously misunderstood as a fancy sales strategy, an expensive software product, or even a new method of data collection. It is none of these. Customer relationship management in the Indian banking system is fundamental to building a customer-centric organization. CRM systems link customer data into a single and logical customer repository. CRM in banking is a key element that allows a bank to develop its customer base and sales capacity. The goal of CRM is to manage all aspects of customer interactions in a manner that enables banks to maximize profitability from every customer. Increasing competition, deregulation, and the internet have all contributed to the increase in customer power. Customers, faced with an increasing array of banking products and services, are expecting more from banks in terms of customized offerings, attractive returns, ease of access, and transparency in dealings. Retaining customers is a major concern for banking institutions which underscores the importance of CRM. Banks can turn customer relationship into a key competitive advantage through the strategic development across a broad spectrum. This chapter examines issues related to changing banking industry in India and the challenges in CRM.

CRM is a simple philosophy that places the customer at the heart of a business organization’s processes, activities and culture to improve his satisfaction of service and, in turn, maximize the profits for the organization. A successful CRM strategy aims at understanding the needs of the customer and integrating them with the organization’s strategy, people, and technology and business process. Therefore, one of the best ways of launching a CRM initiative is to start
with what the organization is doing now and working out what should be done to improve its interface with its customers. Then and only then, should it link to an IT solution. For large organizations it can be a mammoth task unless a gradual step-by-step process is adopted. It does not happen simply by buying the software and installing it. For CRM to be truly effective, it requires a well-thought-out initiative involving strategy, people, technology, and processes. Above all, it requires the realization that the CRM philosophy of doing business should be adopted incrementally with an iterative approach to learn at every stage of development.

3.5.2 Implementation of CRM in Indian Banks

Although CRM as a concept is of recent origin its tenets have been around for some time. Field officers in the banks have always promoted close relationships with customers, but the focus on customer orientation rather than product orientation as a commitment had been on the Indian banking scene for nearly a decade. But the fact remains that implementing customer relationship management is not easy. There are really very few organizations that are actually optimizing customer experiences at all points of contacts. It is necessary to understand the customers are and their value, select customer carefully, design products and services that deliver the desired value, design effective sales channels and customer touch points, recruit, equip employees to deliver, increase customer value, and constantly refine bank’s value proposition to ensure customer loyalty and retention.

With the advancement of banking technology and computerization and networking of bank branches, bank customers are becoming more and more dynamic and less loyal in their behaviour. The development of the Internet is further adding to this trend and the whole market becomes transparent and customers are in a position to move easily from one bank to another. In such a situation, customer satisfaction is the key to bank marketing, which aims at retention of the old customers and their bringing in new customers.

CRM deserves differential treatment to different class of customers at times. Service can be given to customers either personally through individuals such as customer service manager or the process that can be automated by using computers. These different approaches are adopted depending on the value of relationship with the customer. Personal management of relationship is extended to business customers and high value personal customers and automated relationship management to lower margin mass-market segments.
CRM system can open up new channels of delivery, which are most cost effective, as in the case of the Internet and call centers. According to an estimate, cost per transaction through these modes can be reduced by 90 per cent when compared to cost of transaction at branch. To offer better and extended services to customers new technology platforms are being created through huge investment in information technology in the banking sector. The recent development in this field is the introduction of CBS (Core Banking Solutions). A CBS helps in centralizing the transactions of branches and different banking channels and the customers start banking with the bank instead of at different branches. This is the only way to offer seamless transactions across different channels (branches, the Internet, the telephone and Automated Teller Machines or ATMs). As such nowadays a customer is called a customer of the bank rather than that of a branch.

Another problem generally faced by a bank in implementing CRM is resistance to change. The banking industry is passing through a radical transformation, from a seller’s market to a customer’s market, a regulated economy to a more liberalized and open economy, advancement in technology and a lot of other developments. These complex changes are forcing the banks to change the way they do business. A change denotes making things in a different manner. It should be planned properly, proactive and goal oriented. It requires two things:

Firstly, the ability of the organization to adapt changes in the business environment is to be increased. Secondly, the mindset of the employees has got to be changed in the development of right attitude, skills, expectations, perceptions and behaviour. Implementation of CRM in Indian banking is still in its initial stage and has to go a long way to be developed to the global standards. But the Indian banks including the public sector banks are coming in a big way to address this issue to remain competitive with their counterparts—the foreign and private sector banks.

### 3.6 CUSTOMERS RELATIONSHIP MANAGEMENT– PRINCIPLES

Nowadays banks have to work keeping in mind the position of the financial market and anticipate change in the market place and prepare themselves accordingly. They have to make new resolutions to build further on their own strengths to explore new avenues of customers relationship management. This is
the only strategic weapon to be pursued for excellence in the pursuit of performance and achievement. Both the retention of old business as well as to search for new business, CRM is the only choice. CRM, being the essence of modern banking, a sound understanding of the key principles, its theories and practices should be revisited and redefined to provide a road map to new ideas and techniques in the field. Over the years, banking institutions have been feeling the pressing need of putting up greater thrust on this initiative for improving their operations and appearances.

3.6.1 CRM Principles

The main principles of CRM can be grouped into seven guiding factors:

3.6.1.1 Customer focus

The first and foremost important guiding principle in CRM is customer focus. The first question that arises in this regard is to define the customer. This question is very fundamental. A customer is a person or group of persons who receives the product or service—the final output of a process or group of processes. A customer is the final arbiter of quality, value and price of a product or service. A satisfied customer only assigns value to a service, on the contrary, to a dissatisfied customer a product or service has no value, even if the concerned service or product has been designed with lot of effort, energy and cost after a thorough planning. A satisfied customer motivates his fellow members to go in for the service or product that he has already acquired. But a disgruntled customer always counsels his friends, and fellow members not to go to banks where his experience proved to be wrong bitter or otherwise. So customer’s delight or customer’s satisfaction is the essence of any CRM program. As a part of this focus on customers, banks should ensure that clients are identified; their requirements are determined, understood and met duly enhancing customers’ satisfaction.

3.6.1.2 Leadership
Persuasion, judgment and decision-making abilities are the main attributes of quality leadership. When there is a slight chance of getting a business but the client is hesitating or in a fix, or not in a position to decide properly, it should be followed up by the relationship manager by patient hearing, mild counseling and to stand by the side of the prospective client to help clear his doubts and to make him feel happy by realizing that he is going in the right direction and he is right in choosing his requirements.

The following points may be found helpful in this regard:

- It is to be communicated to all employees that all customers should be given a proper hearing and it should be supported from all levels.

- Ways and means should be identified and practiced in getting and staying closer to customers.

- Proper regard should be extended to the customers. All relevant information about them should be collected from them with a humble and discrete approach. Proper value should be given to their feedback.

- There should be proper re-action to the information and feedback provided by the customers in designing, developing and providing desired products at affordable cost.

### 3.6.1.3 Process Approach

A process transforms an input into desired output by the use of resources, energies and time. In producing an output there may be one single process or a group of inter-related processes. In case of inter-related processes, often the output from one process directly forms the input for the next. For effective functioning of an
organization, it has to identify and manage numerous linked activities with the help of different processes for accomplishing its goal.

Proper attention should be given to the following points:

- All processes should be designed keeping in view the requirements and desires of the customers, within the policy, resource availability, strategy of the company.

- All processes should meet the legal and statutory requirements to perform the activity or deliver the product or service.

- Time involved in processing should be less with least waiting time for the customers. If required delegation of authority and assignment of accountability at various executive levels should be addressed, they should be revised and fine-tuned to meet the requirements.

- All the processes should be properly integrated to meet the goal of congruence and should not function at cross-purpose and

- There should be in built control mechanism for ease of measuring, reviewing and taking corrective action.

3.6.1.4 System Approach

Customer’s requirement is one level of commitment. That level implies a system that is reactive and provides customers what they want but the target should be to achieve more and to exceed the customer’s expectation to accommodate their future requirements and to build a cushion against the competitors’ attributes. CRM denotes the management of the entire system and is not confined to only one or the other sub-systems or functional departments. CRM is based on a system approach to management. Its primary objective is to increase
value to customers on a continuous basis by designing and improving organizational processes and systems on an ongoing basis. Meeting each sub-system may have its own goal but the goal and objectives of all sub-systems are to be integrated to achieve the overall goal.

There may be one sub-system to acknowledge the customer’s order, a separate one to deliver the product within the delivery schedule, another sub-system to comply with the complaints of the customers etc, but all directed to accomplish the goal—value to the customers. The total system as a whole should decide on the product to be manufactured, the services to be offered, the quality to be imbedded, the price to be fixed, markets and customers to targeted upon and similar other issues.

3.6.1.5 Involvement of People

The fundamentals of CRM bear the genes of customer relationship through involvement of people, i.e., the work-force at the disposal of the organization. The whole gamut of CRM is for the people, of the people and by the people. People’s involvement at all levels is essential for the success of a CRM program. The bank managers and staff must be in a position to exploit the concept of customer relationship completely. Customer relation may be defined as that dimension of relationship marketing that seeks and ensures customer loyalty by fulfilling promises and continuing to satisfy customer’s wants and needs so that defection is zero. It comprises of three levels of; financial, social and structural relationships.

The main focus of financial relationship is frequency marketing programs based on financial incentives such as reduction of processing fees, lower rate of commitment charges, organization of loan mela on special occasions etc. A social relationship program revolves round a social bonding between company and its customers and establishes brand loyalty. Bankers, nowadays, make house calls, offer different services outside their formal activities, share the feelings and emotions of clients and even send clients bouquets on birthdays and anniversaries. A marketing relation with the middleman and interested groups is developed in an in-side-out manner mainly based on software, which would help in data warehousing, data mining and data analysis. The optimization of structural relationship lies in the replacement of physical resources by total service replacement. Drawing of money through ATMs instead of physical presence in the branch for withdrawal of cash through cheques or withdrawal forms may be cited as an example. To obtain the full benefits of people involvement, the human
resource management should focus on employee empowerment, productivity linked reward, zero defeat service oriented training and total quality management.

3.6.1.6 Mutually Beneficial Customer Relationship

The relationship with the customer should be based on a mutually beneficial relationship. A bank should not concentrate its attention towards earning of profits only, but focus should be directed to the customers’ wealth creation or value enhancement with the motto of earning through service. As an example we can talk of a savings account that’s ‘fixed up’ to give a customer more interest. It ensures that any balance in your savings account above a certain amount, say, Rs 3,000 automatically gets transferred to a fixed deposit to give you higher returns, which will be swept back into your savings account, when you need it.

Sometimes, other benefits are also extended, such as, free personal accident insurance coverage along with fixed deposit scheme above a certain amount and above a certain term. Banks are no more restricting their activities to deposit and advances; rather they work with the motto of offering ‘integrated total package solutions’ to all needs of a customer. Banks have gone to the extent of booking cinema tickets, paying utility bills, school fees etc. for the ease of their clients who are very busy and do not find time for such works. Many of such activities are not profitable in terms of time and efforts spent by the bank. But banks are carrying out such services for mutual benefits, which pays in the long run.

Wealthy individuals are in the habit of placing all sorts of demands on their private bankers and a bank has to respond to such requests not merely for income generation but as a gesture of goodwill and at times such activities add a consider-able percentage to a bank’s fee based income. According to an estimate, a bank can earn Rs 35,000 to Rs 100,000 per an-num for a good customer. But generally it is found that earnings start after the first two- three years of dealing with the customer. In a mature relationship, such fee-based income is a regular feature and is very much crucial in today’s banking where interest spread is getting reduced due to competition and fee based income can increase the bottom line. But in many instances, the expenses in terms of time, effort, recognizing individual needs and offering a customized investment solution are high. Retention of customers and building a long lasting relationship is the main criteria under this concept.
3.6.1.7 Continuing Improvement

Another objective of CRM is the efforts towards continuous improvement in the customer relationship through the provision of value added services at a favorable cost. Business processes in the areas of finance, system integration, human resource management etc are to be automated and optimized with an aim to increase the efficiency and effectiveness of operations.

The most effective way of improvement lies in innovation and change management. Today’s successful organizations must stimulate and foster innovation and master the art of change. Organizations that maintain their flexibility, spontaneity and unpredictability, continually improve their quality and beat their competitors in the market place with a constant stream of innovative products and services,. They will be will be the winners.

The major areas to be targeted are:

- Improving the effectiveness of marketing.
- Implementing multichannel trigger driven marketing
- Implementing a strategic analysis capability to support strategic decision making and
- the ability to deliver the increasing levels service demanded by customers.

Also building a transparent communication system and employee participation to better define the needs of the customers and deliver the right services and products are equally important.

3.7 BENEFITS OF CRM

Despite the fact that in most banks sometimes fail to get profits, they seldom pay attention to or adopt any customer strategy. It has long been the misconception that banks need not pay much attention to customer focus just because they had customers. Some banks even if they possess good customer relationships are unable to cross sell as they have not figured out the product or
service with which to target the customers. They also are unaware of what may happen when customers are often approached with the wrong products. However the new millennium has resulted in banks and financial agencies rethinking their strategies and goals. They have come to understand the importance of banking on to the customer and keeping him happy. The rules that once governed the banking industry have changed. They have realized that adopting a customer centric strategy is essential and needs to be compulsorily undertaken. The vast majority of banks now realize that they need a customer strategy and are opting for CRM.

Banking CRM software serves to increase the market share and boost growth in the banking industry. CRM banking solutions change the way the employees think and mould them into customer conscious people. CRM induces bankers to know that they are required to maintain good relationships with their customers and should strive to retain them. They are made to realize that the business process should consist of efforts to discover and satisfy customer requirements. Since the banking field now boasts of so much of technological innovations there has been a wide variety of innovations in CRM banking as well. Statistics show that bankers will bear staggering expenditure on CRM. The sector will also evidence an increase in expenditure of 14 percent each year. With such phenomenal statistics it is but a surety that with CRM, banking solutions sales will improve in the coming years.

3.7.1 Benefits of CRM for Banks

3.7.1.1 Focus on the Customer

CRM manages to place the customer at the focal point of the organization in order to cater to his needs, satisfy him and thus maximize its profits. CRM understands the needs of the customer and integrates it with people, technology, resources and business processes. It focuses on the existing data available in the organization and uses it to improve its relationship with the customers. Banking CRM uses information and analytical tools to secure customer focus. Thus it is completely essential that banks implement CRM in order to secure maximum gain all-round.

3.7.1.2 Overall Profitability

CRM enables banks to give employee's better training that helps them handle customers easily. It achieves better infrastructure and ultimately contributes to better overall performance. The byproducts of CRM banking solutions are
customer acquisition, retention and profitability. Banks that don't implement CRM will undoubtedly find themselves with lesser profitability coupled with a sharp decline in the number of customers.

3.7.1.3 Satisfied Customers

It is important to make a customer feel as if he / she is the only one customer in the bank. This will go a long way in satisfying and retaining them. Bankers need a return on investment and it has been proved that increase in customer satisfaction more than contributes a fair share to ROI. The main value of CRM banking lies in satisfaction and increased retention of customers.

3.7.1.4 Centralized Information

CRM banking solutions manage to clearly integrate people, processes and technology. CRM banking provides banks with a holistic view of all bank transactions and customer information as well and stores it in a single data warehouse where it can be studied later.

3.7.1.5 CRM Banking Boosts Small Banks

Banking CRM software meets the needs of banks of all sizes in terms of attaining the required accuracy and understanding of customers. Merely assuming that banks that are considerably smaller in size have a better customer approach and are able to deal with their customers in a better manner is wrong. They are just as much in need of CRM aid as the others. Small banks on account of a limited amount of money have had to realize that a large contribution to profits is directly the result of good customer service. CRM makes sure that the bank delivers exactly what the customer expects.

3.7.1.6 Customer Segregation

CRM enables a bank to see which customers are costing them and which are bringing benefits. CRM provides them with the required analytical tools that will help them focus on the importance of segregating these two and doing what is required to avail of the maximum returns. After this segregation is done CRM easily enables banks to increase their communication and cross-selling to their customers effectively and efficiently.

3.7.1.7 Aggressive Customer Acquisition
CRM solution supports the creation of demand generation through multi-channel and multi-wave campaigns. The solution ensures that the bank’s marketing message is appropriately personalized and targeted towards the most suitable segment of prospects. This optimizes marketing efforts and results in greater conversion of prospects.

3.7.1.8 Improved Cross-selling Framework

The solution presents a unified 360° view of the customer, allowing single point access to all the relationships the customer has forged with the bank. This along with robust customer analysis effectively supports true relationship banking, providing a robust framework for cross-selling opportunities. CRM solution also integrates with other white labeled solutions to facilitate contextual and personalized customer engagement, with a keen focus on right-talk driven right-sell.

3.7.1.9 Increased Operational Efficiencies and Collaboration

CRM solution supports business automation for processes and business activities, eliminating manual tasks and reducing process time. Straight through processing abilities enhance reduction in turnaround and processing time, increasing output and enabling speedy completion of tasks. The multilingual web-based single repository of information enables remotely located bankers to collaborate and transact seamlessly.

3.7.1.10 Lower Total Cost of Ownership (TCO)

A web-based solution leveraging new-generation technologies, Finacle CRM solution is future-proof and can be seamlessly integrated with other enterprise applications. With a robust architecture and proven scalability, it ensures protection for the bank’s technology investments.

3.7.1.11 Campaign Management

Banks need to identify customers, tailor products and services to meet their needs and sell these products to them. CRM achieves this through campaign management by analyzing data from banks internal applications or by importing data from external applications to evaluate customer profitability and designing comprehensive customer profiles in terms of individual lifestyle preferences, income levels and other related criteria. Based on these profiles, banks can identify
the most prospective customers and customer segments, and execute targeted, personalized multi-channel marketing campaigns to reach these customers and maximize the lifetime value of those relationships.

3.7.1.12 Customer Information Consolidation

Instead of customer information being stored in product centric silos, (for e.g. separate databases of savings account and credit card customers), with CRM the information is stored in a customer centric manner covering all the products of the bank. CRM integrates various channels to deliver a host of services to customers, while aiding the functioning of the bank.

3.7.1.13 Personalized Sales Home Page

CRM can provide a single view where sales managers and agents can get all the most up-to-date information in one place, including opportunity, account, news, and expense report information. This would make sales decision fast and consistent.

3.7.1.14 Lead and Opportunity Management

These enable organizations to effectively manage leads and opportunities and track the leads through deal closure, the required follow-up and interaction with the prospects.

3.7.1.15 Operational Inefficiency Removal

CRM can help in strategy formulation to eliminate current operational inefficiencies. An effective CRM solution supports all channels of customer interaction including telephone, fax, e-mail, the online portals, wireless devices, ATMs, and face-to-face contacts with bank personnel. It also links these customer touch points to an operations center and connects the operations center with the relevant internal and external business partners.

3.7.1.16 CRM with Business Intelligence

Banks need to analyze the performance of customer relationships, uncover trends in customer behavior, and understand the true business value of their customers. CRM with business intelligence allows banks to assess customer segments, which help them calculate the net present value (NPV) of a customer segment over a given period to derive customer lifetime value. Customers can be
evaluated within a scoring framework. Combining the behavior key figure and frequency to monetary acquisition analysis with a marketing revenue quota can optimize acquisition costs and cut the number of inefficient activities. With such knowledge, banks can efficiently allocate resources to the most profitable customers and reengineer the unprofitable ones. Data warehousing solutions have been implemented in Citibank, Reserve Bank of India, State Bank of India, IDBI, ICICI, Max Touch, ACC, National Stock Exchange and PepsiCo. Business Intelligence players hope many more will follow suit.

3.8 BENEFITS OF CRM TO CUSTOMERS

Customer relationships are becoming even more important for banks as market conditions get harder. Competition is increasing, margins are eroding, customers are becoming more demanding and the life-cycles of products and services are shortening dramatically. All these forces make it necessary for banks to intensify the relationship with their customers and offer them the services they need via the channels they prefer.

3.8.1 CRM – Benefits to customers

- Service provisioning throughout the entire life cycle of the corporate customer, from the initial stages to the establishment of a close, long-term relationship with profitable clients,

- Optimization of the use of bank resources, such as alternative channels of distribution (internet and home banking),

- Significant reduction in and limitation of operational costs through system automation and standardization,

- Low maintenance and expansion costs owing to the use of modern administration tools which allow bank employees to make a wide range of modifications to the system
• CRM permits businesses to leverage information from their databases to achieve customer retention and to cross-sell new products and services to existing customers.

• Companies that implement CRM make better relationships with their customers, achieve loyal customers and a substantial pay back, increased revenue and reduced cost.

• CRM when successfully deployed can have a dramatic effect on bottom-line performance. For example, Lowe’s Home Improvement Warehouse, in a span of 18 months, achieved a 265 percent return on investment (ROI) on its $11m CRM investment.

• 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, the 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 behavior. 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.

Eventually, CRM results both in higher revenues and lower costs, making companies more effective and efficient: effective in targeting the right customer base with the right services via the right channels, and they are efficient in doing this at the lowest costs. For example, those banks that are moving transactions from the more expensive channels to less costly channels – like the call centre or Internet – are therefore able to save money.

3.9 CHALLENGES FOR CRM IMPLEMENTATION

The most pervasive challenges to effective customer knowledge include:

- The difficulty of obtaining a complete view of customers.

- The need to move away from disjointed, standalone, and inconsistent channels to provide a cohesive, multichannel offering.

- The burden of disconnected legacy systems and disparate databases that store client financial data.

- The cost and complexity of meeting stringent government regulatory and client security and privacy requirements.

- The pressure on margins and growth prospects from increased competition.

- The costs associated with retaining customers and developing customer loyalty.

Although CRM can help banking institutions efficiently manage their customers, many banks fail to mold the concept into the prevailing work culture.
But the high incidence of CRM failure has very little to do with the CRM concept itself. Usually it's a case of the banks failing to pay attention to customer data they already have. A lot of banks underestimate the magnitude of CRM. They tend to treat it just like any other application technology, without realizing that CRM, if done properly, is a strategic initiative that touches all areas of an organization.

3.9.1 Measuring CRM benefits

A key basic CRM challenge is establishing the measurement method. Banks may find it hard to build the initial business case justification and then to prove the worth or success of their investment. What makes the latter task even more difficult is the fact that the metrics that are best used to justify a significant IT investment are not always the most appropriate for evaluating ongoing success. When banks seek to justify the cost of their investment in CRM-related technology, they usually focus on hard numbers, typically those related to decreased costs and increased sales. In other words, the proponents look to justify the top-line expenses with bottom-line benefits.

Traditionally, banks have determined the success of any project or product mainly in terms of internal business gauges such as return on investment, units sold, asset growth, or service level agreement measures. One exception to the typical practice of focusing solely on internal data for gauging success is market share, or market performance. Interestingly, most CRM practitioners quickly default to marketing and sales measures when asked about the success of CRM implementations. The tendency to frame the discussion of CRM measurements in terms of sales and marketing measures is completely understandable given the phased nature of most CRM projects. Since the majority of CRM projects are expensive multiphase and multiyear projects that often involve multiple technologies, the funding for CRM projects is also often phased. CRM sponsors grant funding to project leaders at the completion of one phase and start of the next. To ensure that the subsequent phases will get funding, project leaders typically build into each phase of a CRM project’s demonstrable business benefits.

At completion of each phase of a project, business benefits are expected to accrue rapidly to the bank. Revenue generation—whether through sales or marketing improvements—is the preferred business benefit for CRM project sponsors. Not surprisingly, it is far easier to continue funding large, intricate IT projects when incremental revenue generation can be squarely identified.

3.9.2 Customer Profitability
Many banks use profitability as a key component in determining as how to treat their customers. But measuring profit in a bank is not an easy task. Many banks allow the use of an accountant's approach to the measurement process. This means the accounting and finance people are in charge of the process, resulting in textbook-accurate allocations that often do not accurately reflect the activities they are intended to measure. For example, most bank costs are step-fixed. This means that they are neither purely fixed nor purely variable, with the resource able to process only a finite number of transactions before more investment is required. The way the step-fixed resources are allocated, they can dramatically affect the resulting measurement of account level profitability.

3.9.3 The 80-20 Rule

Most banks make critical pricing decisions based on the so-called 80-20 rule, the notion that 80 per cent of profits derive from 20 per cent of customers. This may be true, but the use of incomplete or inaccurate cost information and unproven hypotheses on customer buying behavior make this rule difficult to apply. One significant problem is that banks let their customers use the bank's products and services in an unprofitable way. By providing a lower level of service to these customers, the bank faces the danger of driving them away to institutions that provide better service. Given the step-fixed nature of bank costs as discussed, banks should not view losing unprofitable customers as the way to improved profits.

3.10 METHOD OF EFFECTIVE CRM IMPLEMENTATION

Banks can take several steps to strengthen their customer relationship management in an effective manner.

3.10.1 Acknowledge Email Enquiries

At the very minimum, banks should send out an automated email response that acknowledges receipt of a customer's email and let the sender know when to expect a more complete response. It is then vital to get back to the customer within the promised time frame. Banks can earn more customer goodwill if they respond faster than the imposed deadline. To handle significant volumes of email, banks need adequate routing technology. Many banks regard a voice call centre as a cost of doing business, but they don't look at it the same way with email.

3.10.2 Develop the Right Contact Strategy
By knowing which offers and incentives to offer to which customers and when, banks will not annoy customers with unwanted marketing offers, building customer loyalty along the way. Such goals can be at least as important as realizing cross-selling opportunities.

3.10.3 Providing Online `Chatting'

An alternative to telephone support, online chatting is providing a service via emails or any other form of immediate response. This service also offers some of the immediacy of the phone but primarily allows customers to remain online. With online chatting, service agents can usually handle between one and three customer inquiries at once. Given that the average call lasts about four minutes, a customer-service representative can handle 10 to 12 customers per hour using "chat", compared with six to eight per hour over the telephone. One of chat's important advantages is that it keeps customers in an online store environment where they remain exposed to merchandise and promotions.

3.10.4 Reduce costs by Improving Website Design and Self-Service

Email, telephone support, and chat all involve considerable staffing costs. But to reduce these expenses a site should anticipate customer needs. Sites that are difficult to navigate and do not provide needed information chase away some customers and force those who stay to resort to more expensive channels to satisfy their service needs.

3.10.5 Analyses the Project's Scope

Before recommending or embracing CRM, bank executives must analyze the business issues, the customer relationship model and the exact nature of customer interactions and see how they tie together. Banks should not embrace top-line growth as an objective until they can understand precisely how CRM technology will provide those new revenues.

3.10.6 Limitations

Many CRM implementations are severely limited because they fail to provide a complete and meaningful view of the customer. CRM is primarily a business program, and it requires a genuine partnership between various departments to ensure that both business and technology issues are managed.