

Recent Technological Trends on CRM in the Banking Sector in India

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Abstract: *The study is the Holistic Approach for Sustainable Development of Banking Sector in West Bengal with the policy of Liberalization and Privatization the competition and clutter are increasing in the Industry. It attempts to development of a robust framework of customer satisfaction by integrating customer perception. The framework will help to delivered information to optimize the core competence and develop sustainable competitive advantage for process and delivery of customer satisfaction. Every business operates on 3R (1) Recruitment of new customers (2) Retaining existing customers and (3) Regaining lost customers. Among many antecedents of customer loyalty, customer satisfaction and interpersonal bond from the most significant factors so is actually used to enhance the interrelationship bond and to enhance customer satisfaction by increasing the degree of responsiveness more by handling customer's quire on time. Development of IT helps to improve the relationship with the company with their customers by different ways. My research study helps to find out the recent technology trends that influence CRM in the Banking sector in India.*

Keywords: CRM, Customer Knowledge Management, 3R, IT

1.1 Introduction

In order to competitive globalized economy, organizations must need to be focused their customers. All over the world in the banking sector facing immense competition and Indian banking sector is not an exception. It is an accepted fact that acquiring a new customer is most costly as well difficult than retaining the existing customers. Banks play an important role in the social economic development of any country. Bank offers several facilities that can change the citizens 'Standard of Living'. Customers' Relationship Management (CRM) is the most important component of every business and its help them to acquire new customers, retain existing customers and make them stronger to sustain in the market. In the past, the general people could not aware the benefits of banks because of their lack of knowledge and information, But it's now totally changing to Indian customers. So it is a most challenging situation for management as well retaining their customers and finally makes them loyal. Quality actually comes from customers doesn't come from the manager. Customer Knowledge Management (CKM) is the key component of business today.

1.2 Literature Survey

Customer Relationship Management (CRM) has no proper definition that can describe it completely as still work on Customer Relationship Management (CRM) is going on in the world (Zineldin, 2000).

"The activities a business performs to identify, qualify, acquire, develop and retain increasingly loyal and profitable customers by delivering the right product or service, to the right customer, through the right channel, at the right time and the right cost is called CRM (Gal breath & Rogers 1999, p162)".

M Viljoen, JA Bennett, AD Berndt & CR van Zyl (2005) in their joint paper "The use of Technology in Customer Relationship Management (CRM)". Relationships play an important role in the field of business and marketing in the recent. This importance can be making a linked to the changing nature of competition and technological developments. In this context, the question is how these factors affect the development of relationships. In the competitive environment, relationship serves as the basis for advantage, while technology serves as the enabler of relationship building. The main objective of this article is a theoretical discussion of the technological developments and their application in the CRM strategy.

Professor Alan D. Smith (2008) in his article "Customer Relationship Management and Information Technology Applications". Technology is totally changing the way of consumer products and services through the Internet. All the different forms of business are B2B, B2C and C2C, are processed easier, faster and more convenience through online transactions. These online transactions give the potential to attract new customers, retain existing ones and makes higher profits. The benefits of the Internet are a help to increase the connective power to customers, especially for the average individual with routine needs and demands. Although businesses also making the benefits as well. These opportunities come many challenges and require a heavy amount investment in dealing with the increasing competition. If a consumer makes a poor decision, it can be very costly as customers seek alternatives that are sub-optimal. In terms of basic CRM can help to safeguard against making a poor decision in any purchasing process is to become an informed buyer. The difficulty of attaining a satisfied and empowered customer is largely dependent on the number of alternatives that are available for a given purchase.

Mahdi Bahrami, Mazaher Ghorbani, Mohammad Arabzad (2012) are present a paper "Information Technology (IT) as An Improvement Tool for Customer Relationship Management (CRM)". In this paper, this paper has been tried to evaluate role of IT in order to create and manage direct relationship between organizations and their customers. A framework is presented to develop required infrastructure for sustainable relationship between customer and organization. It uses modern IT tools that help to collect useful data from customers. Then the collected data processes are done in customer relationship department of organizations and final results are improved customer relationship, gain competitive advantages and reduced costs of organization.

Dr. Mallika Srivastava (2012) is present a paper “Customer Relationship Management (CRM): A Technology-Driven Tool”. The main aim of CRM is to acquire and retain customers by providing them optimal value. Every business communicates with their customers, how they buy and the service they receive - in addition, of course getting the best through the more traditional channels of product, price, promotion, and place. CRM is a customer focused business strategies which help to brings together customer management, business process, and technology. The trend for companies to shift from a product focused to customer-focused for competitive markets. Importance is that the better understands customers are the more successful the company will be in meeting their needs. Many managers have questioned how far the investment is worth it. The answer to such questions lies in CRM which uses new technologies.

1.3 Research Gap

Building and strengthening relations with customers is vital in banks and if banks build up and maintain firm relationships with their customers, it is hard for their competitors to beat them. The most significant area for banks these days is to make their customers loyal. Banks depend on lifelong relationships with their customers as the customer grows, generally, profits also grow so customer loyalty ultimately increases bank's profits. Bank's basic purpose is to make the profit and to remain successful, making customers loyal become vital for these banks as loyal customers contribute more towards profits of the banks. A critical review of banking sector indicates that customer loyalty has been neglected in the banking sector especially in public sector banks in India. The researcher developed the Demographic factors that affect customer satisfaction, which is a focus of Customer Relationship Management (CRM) for overcoming high competition in the banking sector of India. Findings of this research study will be of great use for banking sector. The results of this research study will also be helpful in improving CRM application in banks. This research study will also be helpful for banks to make their customers loyal to overcome high competition in the banking sector of India.

The researcher has not come across any study specifically dealing with the recent technology trends on CRM in the selected banks in West Bengal. Many researchers focus on the factors that affect CRM in the banking sector. This study focused mainly try to find out the recent technology trends that influence CRM in the banking sector in West Bengal.

1.4 Banking in India

Banking in India is the modern sense, originated in the 18th century. The first Bank of our Nation was the Bank of Hindustan, established in 1770. State Bank of India (S.B.I) is the largest bank as well as the oldest bank which is still in existence. It started as the Bank of Calcutta in June 1806. In 1809 it was renamed as the Bank of Bengal. Three banks funded by a presidency government, the other two were the Bank of Bombay in 1840 and the Bank of Madras in 1843. The three banks were merged in 1921 to form the Imperial Bank of India, which upon India's independence became the State Bank of India in 1955. The Reserve Bank of India was established in 1935, under the Reserve Bank of India Act, 1934. In 1960, the State Banks of India was given control of eight state-associated banks under the State Bank of India (Subsidiary Banks) Act, 1959. These are now called its associate banks. In 1969 the Indian government nationalized 14 major private banks; one of the big banks was Bank of India. In 1980, 6 more private banks were nationalized. These nationalized banks are the majority of lenders in the Indian economy. They dominate the banking sector because of their large size and widespread networks. The Indian banking sector is broadly classified into scheduled and non-scheduled banks. The scheduled banks are those included under the 2nd Schedule of the Reserve Bank of India Act, 1934. The scheduled banks are further classified into nationalized banks; State Bank of India and its associates; Regional Rural Banks (RRBs); foreign banks; and other Indian private sector banks. The term commercial banks refer to both scheduled and non-scheduled commercial banks regulated under the Banking Regulation Act, 1949.

Source: https://en.wikipedia.org/wiki/Banking_in_India

1.5 Needs of CRM in the Banking Industry

There is strong competition among the Public Sector Banks, Private Sector Banks and Foreign Banks and time to time they are all taking the different strategy to attract their customers and make them loyal. Modern technologies, research, globalization of services to help to provide better customer service leading to customer delight.

The long-lasting relationships with customers' not only help to understand their needs but a good relationship can continue to cross-sell the product as well as service range and finally make them loyal and profitable customers'.

Long lasting relationships with customers are helping to reduce the operating cost and costs arising out of customer error.

In the recent scenario, customers are frequently switching to other banks where better Facilities avail. Quality and customize product are introduced very frequently in the market. Therefore every bank tries to upgrade their services on time and making trusts through proper care of customers on basis of regular communication. CRM helps to make a strong customer loyalty and a good organizational image as well.

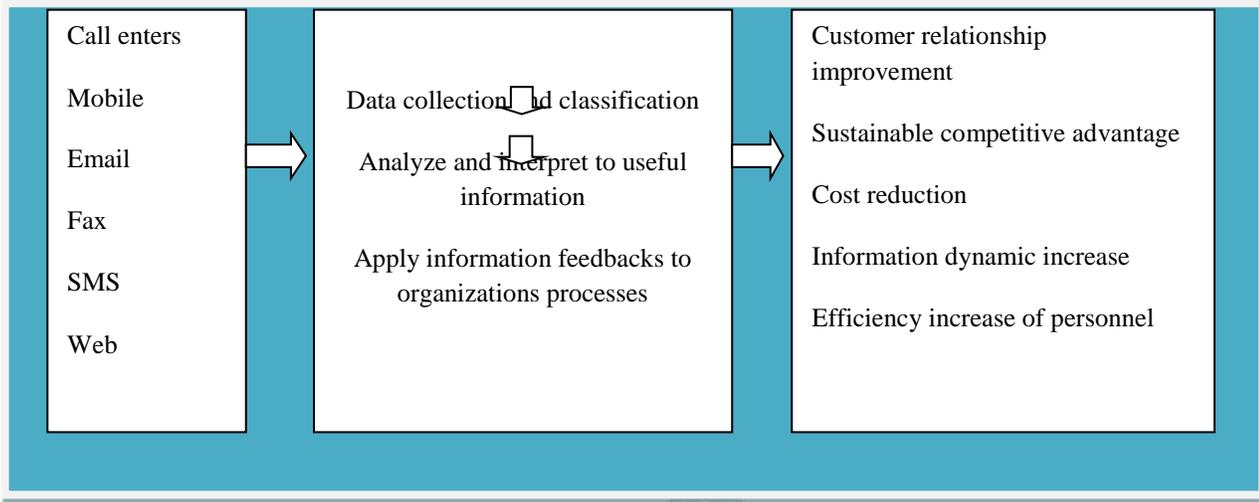
In globalize competitive banking sector, retention of existing customers is very difficult, which only can possible through the Customer Relationship Management (CRM). Practically for nil switching costs, customers are easily switching other banks for better services. Therefore every bank main objective is to retain their existing customers. According to a research by Reich held and Sesser in the Harvard Business Review, 5% increase in customer retention can increase 35% profit in banking, 50% in insurance and 125% in the consumer credit card market. Therefore, now every bank focuses on their customers.

1.6 Introducing proposed framework

In previous section, functions of IT in CRM discussed from point of view of various researchers.

Those points of view are not comprehensive, so a result from key and important functions which include other detailed and effective factors is presented in framework format;

All type of IT tools as input and output will be the results (Figure 1)



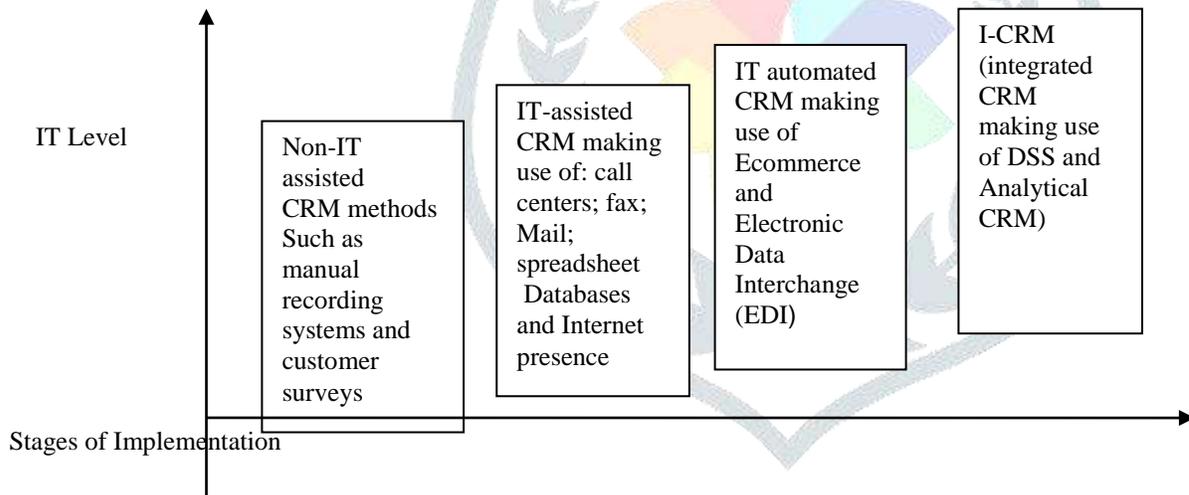
1.7 Recent Technological Trends that Influence CRM in the Banking Sector

Information Technology is a key factor to manage a relationship between organizations and their customers. Modern IT tools help to collect data about their customers. This collected data are processed in CRM department of organizations. And finally, these results help to improved customer relationship, Competitive advantages and reduced costs of an organization.

1.8 Technology and CRM

Building relationships with customers requires data on the customer. If data is to be used, it has to be clean and timely, and the impression is gained that organizations have extensive data on their customers (Anon, 2002; Abbott, 2001:184). It has been suggested that organizations are not ready for the implementation of CRM as their data is not good enough (Abbott, 2001:183). In research conducted in the UK in 2000, none of the organizations had data that was completely up to date, clean and usable or a fully implemented CRM strategy (Abbott, 2001:184).

The phases in the development of CRM (Figure 2)



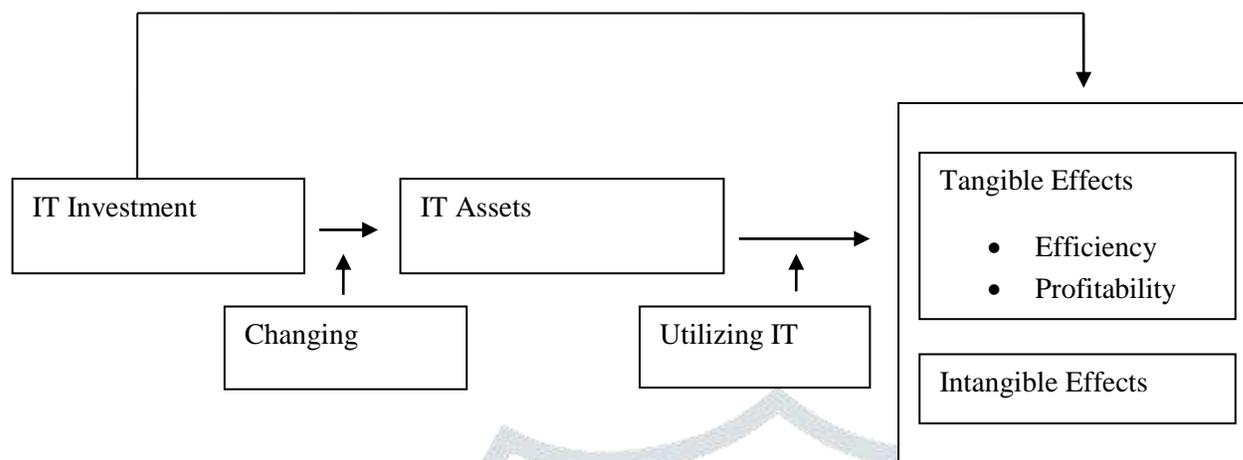
1.9 New technologies in supporting of CRM

IT advancements have changed the different field of marketing and business environment. One of the newest CRM application software which is related to a real value of an electronic business is E-CRM. It helps companies improve the effectiveness of their interaction with customers while at the same time making the interaction intimate through individualization. Also, new kind of CRM which works with a wireless device called customer relationship management based on mobile or M-CRM. Customer analysis in analytical E-CRM includes two major procedures: preprocessing data and building customer profiles from this and other data. This is considered as a tool which empowers CRM with utilizing advanced wireless communication tools. This new technology can even allow call centers to contact their customers more frequently to offer new services and improve the relationship between the companies and their customer.

1.10 Variant functions of IT in CRM

From a technological perspective, IT is considered an enabler that allows organizations to foster closer relationships with customers, analyze customer information and provide a coherent view of the customer. Information recording technology and customer behavior analysis allow to companies to identify good customers easily. No doubt technology is essential to CRM implementation. Collecting customer data, disseminating, using and integrating them within the firm, requires technology. Chircu and Kauffman (2000) argued that a firm can obtain a sustainable competitive advantage if it uses IT capabilities to exploit specific organizational resources that are unique, difficult, or costly to imitate and if other firms cannot acquire or build them fast enough. IT systems provide acquisition, storage, and accessibility of customer information as well

as for its analysis which we hypothesize to be both positively associated with performance. Lederer et al. (2001) noted the importance of using IT resources to improve customer relations in a web shopping mall environment, a task that clearly requires an external orientation. Also, IT investments in tangible and intangible effects on the organization that will be important in this mechanism are given in **Figure 3**.



CRM implementation can be viewed as the integration of strategic customer data utilization into a loyalty scheme through the use of IT. Improvement programs arising from new business processes, such as CRM, are directed by the IT, almost exclusively. Particularly, the experience of the IT service provider across some CRM implementations for clients was felt to be effective. When IT has been utilized properly, it can help to retain customers by better managing customers based on knowledge and initiating a stronger relationship. Therefore, CRM often requires sophisticated IT support.

1.11 Conclusion:

It's time to summarize, from the above discussions it is clear that technology has been used effectively on the application of CRM. The need is to adopt ever modern technology to meet newer challenges before CRM. It is a dynamic process and right mindset of managers is the key to the success. Development of IT helps to improve the relationship with the company with their customers by different ways. Including an understanding of rapidity and development of e-commerce between companies and organization is very important. For instance, companies can communicate with their customers by providing their products in technology portals. Collecting and analyzing data about customer patterns, customer behavior interpretation, delivery of products and services. Companies can produce products according to needs and expectation of customers by using information technology and storage of customer information and also by advanced analyzing of this information. But 70 percent failure rate for CRM projects is an alarm for organizations to avoid from hasty decision making to invest in this system and provide needed infrastructures including IT before implementing this tool.

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