Anusandhanvallari
Vol 2025, No.1
January 2025
ISSN 2229-3388

# Role of CRM in Indian Banking Sector

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**Abstract:** Service providers, particularly banks, are constantly concerned about their understanding of customer relationship management. Banks manage their relationships with both new and existing customers in their own unique ways. This paper's goal is to analyse customer relationship management as a novel approach that seeks to find and draw in customers by building relationships between businesses and customers. Maintaining customer happiness and fostering greater client loyalty are the goals of the CRM technique. This paper's goal is to examine the significance of CRM systems and provide a thorough understanding of customer relationship management strategies. This study's primary concern is that CRM has evolved into a complicated, multifaceted phenomena that is influenced by several variables. Because of this intricacy, CRM has been measured using a variety of variables that have been examined in a number of earlier research. However, given the rise in competition and lack of differentiation in service delivery, the majority of businesses must understand and examine the specific CRM metrics and dimensions that significantly affect customer satisfaction and loyalty. This will improve the performance of the business. The purpose of this article was to evaluate the literature on CRM and determine how it affects customer loyalty and satisfaction. The studies are evaluated based on a few general traits and factors that greatly improve CRM and its impact on customer loyalty and satisfaction. To do this, we look into the body of research on how CRM affects customer satisfaction and loyalty as well as how it spreads across publications to find areas that could use improvement.

**Key Words:** Customer Relationships Management, Customer Satisfaction, Customer Loyalty, Data, Information, Banks

## Introduction

In the current global era, marketing is crucial. The idea of financial marketing originated during the industrial revolution and has since evolved through many procedures. Following modern marketing that ascertains the wants and aspirations of the target market, social marketing—which aims to help the community as a whole—rose to prominence in today's global competitive landscape. These days, when quality and customer selectivity are prioritized, technological advancements, heightened competition, and globalization have led to a shift in favour of client needs. Customer relationship management, or CRM, has become essential. CRM means to get to know clients, understand their needs, and respond accordingly.

CRM stands for customer relationship management. Creating clients by connecting buyers and providers of goods and services is one of the primary responsibilities of the bank's promotion and advertising department. Developing and maintaining long-term relationships of cooperation and involvement with consumers is very challenging, but crucial for the growth of any organization in an era where the mentality of all enterprises cannot be solely customer-oriented. Since its successful implementation may boost customer happiness, loyalty, and retention—and consequently, sales and repeat business—customer relationship management, or CRM, has emerged as a crucial business strategy. Nevertheless, despite being one of the administrative strategies for modern businesses that is expanding the fastest, the CRM program has not always produced the desired outcomes. To achieve the intended business outcome, banking companies should carefully consider investing in customer relationship management (CRM).

**Review Of Literature**

According to Girdhar (2009), banks may maintain and improve their relationships with external consumers by satisfying and cultivating positive relationships with their internal customers. According to Kumar & Rajesh (2009), any bank that wants to increase the scale of its banking business or boost profitability needs to consider the issues affecting its relationships with customers.

Obtaining up-to-date information for every customer is just one of the banks' challenges; another is using that information to decide when to offer the most pertinent goods (Lau et al., 2003). It's also critical to realize that if clients generate revenue for the bank, it becomes necessary to offer them top-notch services; otherwise, they will choose to do business with other banks. In banking, providing excellent customer service means continuously anticipating and meeting the requirements and expectations of clients.

High-quality service increases customers' impression of value, strengthens employee and customer loyalty, and lends credibility to field force and advertising word-of-mouth communications, according to Parasuraman et al. (1985). According to Puccinelli (1999), the banking and financial services sector is entering a new era in which institutions are adopting technology to replace human interaction in various application areas, resulting in a decline in personal attention. The banking sector has been significantly impacted by technological advancements in recent decades (Sherif, 2002). Customers must choose between different service providers in today's cutthroat banking sector by weighing trade-offs between economies and connections, trust and products, or efficiency and service (Sachdev et al., 2004).

According to a study by Suwarna S. Maslekar (2011), the banking industry, being a service sector, uses the seven Ps of marketing mix: people, process, and physical evidence in addition to product, price, promotion, and place. Successful product sales are a continuous process that depends on banks' relationships with their clients as well as the level of consistency and quality in the goods' development and delivery.

Along with important account management techniques, the main CRM practices are customer prospecting, personalization, and cooperation. Because today's consumer is dynamic and every financial product must be customized to meet his or her needs at any given time, customization is the most often utilized and preferred method. Therefore, any expanding financial business must prioritize client intimacy. Similarly, to improve customer retention, interactive customer management is required (Mbizi and Muzividzi, 2013). Therefore, managers ought to try to attract clients with the most potential, provided that the expenses of doing so do not exceed the advantages (Gupta et al., 2003; Ryals, 2005).

Because CRM's collaborative methods (Sheth and Sisodia, 1995) reduce transaction costs and the company's overall development costs, marketing efficiency is reached, improving institutional performance. In the end, this results in greater mutual value creation between the organization and the client and brings about two significant processes: proactive customer business development and establishing partnering ties with the most important customers (Chitanya, 2005). Furthermore, it has been discovered that a clear CRM vision combined with suitable tactics is helpful in preserving the quality of customer service, customer satisfaction, and customer retention, all of which eventually contribute to the expansion and profitability of the business (Bansal and Sharma, 2008).

**Relevance Of Study**

The banking industry in India is quite competitive right now and offers enticing client initiatives. The Indian banking industry is concentrating on fostering client loyalty and CRM awareness. Understanding the fundamentals and significance of CRM is aided by this study. The study would be very helpful in determining the factors that are responsible for CRM's success in the banking sector because, in the current context, it is too important to construct a safe and sound banking system for Indian economic growth, for which an efficient CRM is a solution.

**Objectives Of The Study**

1. To study CRM's significance in the banking industry.
2. To find out how technology contributes to CRM development.
3. To know the Indian banking industry's customer relationship management procedure.

**Data Collection**

The current study is entirely dependent on secondary data sources, including books, journals, periodicals, news articles, theses, and online resources.

**Recent Trends Of CRM**

With the help of contemporary technology, banks may create creative client solutions that will help them grow and become profitable while adhering to good risk management procedures. To improve their competitive edge, tech-savvy banks are utilizing internet services to usher in a new era of relationship management by establishing both one-to-one and one-to-many connections. The way banks handle their client connections has evolved because of recent advancements in crucial IT sectors.

**Importance Of CRM**

In the modern era, customer relationship management is crucial to the expansion and financial success of banks. CRM plays a key role in locating and acquiring a bank's most lucrative clients. It blends human resources and technology to provide fresh approaches to bringing in new clients and keeping hold of current ones. For banks and customers, the long-term business partnerships offer numerous potential advantages. CRM is significant for the reasons listed below:

***For Banks***

**Making Strong Relationship**- Every bank aims to establish positive relationships. Banks are committing to serving customers wherever they may be for this reason. In the age of global banking, it's the most relevant topic that creates long-lasting relationships with dealing with international competitors. Many factors influence this problem in the Indian banking setting; however, CRM is the most widely used factor. One of them has unwavering faith in their own bank, while another side consumer has unwavering faith in their own bank.

**Global Banking Developmental Engine**- CRM is a developmental engine in the context of global banking marketing since it can expand the banking environment under a worldwide canopy by implementing efficient and customer-centric policies. Banking is not restricted by national borders thanks to CRM; the global banking sector is expanding.

**Maximization Profit through Satisfaction**- CRM is all about providing superior customer service. Consumers want to be completely satisfied with any banking product in a secure manner. Banks are offering their own services to consumers in a safe and user-friendly manner through CRM. Customers felt better and were more content, therefore banks were able to maximize profits by satisfying their customers.

**Well Informed Customers**- Today's banking industry clients are knowledgeable. As new technology has emerged, the world has shrunk to the size of a small village. Therefore, if a bank wants to increase its customer base, it should cultivate positive relationships with its current clientele and work to keep them that way going forward.

**Improved Quality of Customer Retention**- In the very competitive banking sector, keeping current clients is essential, and CRM can help with this. The most crucial element in growing a business is keeping customers. CRM places a strong emphasis on keeping customers for as long as possible in the hopes of making money.

***For Customers***

**Availability of New Technologies-** Banks constantly strive to offer their clients new technologies using CRM. Consumers are avoiding established technology and adopting new ones instead. Banks are offering their customers new, easily embraced technology to carry out international financial operations, such as ATMs, Internet banking, mobile banking, e-wallets, and e-cards, among others.

**Availability of Good Information**- A client can obtain good and helpful information directly or indirectly through CRM. In the direct manner, consumers address their questions to the bank in person, while in the indirect mode, they submit their own questions via electronic means, such as email, IVRS, online complaint redress systems, etc.

**Simplify Marketing**- Consumers prefer simpler marketing strategies since they are consistently more successful. CRM is used to promote to customers in a straightforward and safe manner. The customer can readily defend which product is more profitable when compared to another. The marketing tactics used by banks have evolved, and customers can now access information in a comparative manner that helps them select better solutions.

**Better Customer Service**- CRM allows customers to enjoy greater customer service. As a result of globalization, banks are concentrating on meeting their own objectives of keeping clients and integrating them into their operations. To this end, they are offering better services; if they are unable to do so, their existence is at a crucial point.

***For Nation***

Enhancement of the Banking Sector: CRM contributes to the development of the banking industry in our nation. Customers are more likely to deposit money in banks when they have faith in the banking system, and the growing number of financial transactions is contributing to the expansion of the banking industry. Banks have increased financial clout for emerging countries thanks to the banking industry.

Beneficial for international competition: The banking industry offers a secure environment in the global banking market through the use of efficient CRM. Since CRM in the banking industry creates a positive atmosphere, its efficacy cannot be disregarded. CRM is a useful and significant instrument in the Indian banking industry.

Emerging Technologies Both domestically and internationally, new and efficient technologies are bringing about revolutions. Getting positive changes in the economy is vital.

For instance, ATMs, Internet banking, mobile banking, e-wallets, etc. were essential in helping the country deal with the changes during the demonetization period. The majority of people in India are now aware of it.

Enhancing banking quality: CRM provides assistance for the aforementioned enhancement of banking quality. CRM contributes to raising banking standards and providing high-quality services. The banking industry now has more clout. When client relationships strengthen with an arithmetic growth rate, the value of the banking industry increases daily at a geometric growth rate, which is how CRM benefits the banking sector.

**VIII. Conclusion**

Consumer behaviour is greatly impacted by new technology, and as technology advances, consumer perceptions, and behaviour shift, leading to a desire for more satisfying products from manufacturers or service providers. Serving and maintaining positive relationships with customers is one of the biggest challenges facing businesses in the current liberalization and globalization period, since CRM is the only solution available. Technology currently plays a crucial role in the Indian banking industry. Every bank aspires to employ efficient and high-quality technology, and to achieve this, each bank must recognize the significance of CRM. Banks may quickly and affordably reach their own goals by utilizing CRM with the aid of strong technology.

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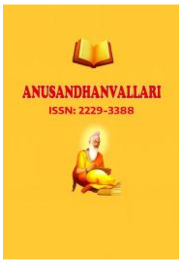




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