

Customer Relationship Management in Banking Sector (With Special Reference to ICICI Bank)

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1. Introduction

Every sector is facing cut- throat competition in the market and banking sector is not an exception to it. These days, banks are facing an aggressive competition and they have to make efforts to survive in this market place. Banks have understood that managing Customer relationships is a very essential factor for their success and profitability. Customer relationship management (CRM) is a strategy that can help them to build long-lasting relationships and a never ending bond with their customers.

All most all organizations have realized that to survive in the market they have to do more than just selling of their product. For making this magic happen one should provide customized and personalized services to customers, which in management is known as practicing "Customer Relationship Management". This theory is extremely gaining significance in business community and is rising as the modern business concept for the 21st century

2. Objectives

1. To study the consequences CRM on functioning and effectiveness of the ICICI Bank.
2. To observe various customers oriented schemes introduced by ICICI Bank in the interest of its customers.
3. To study the benefits of Customer Relationship Management schemes introduced by ICICI Bank to its customers.

3. Hypothesis

1. ICICI is always taking initiative for providing maximum satisfaction to its customers.
2. Majority of customers are satisfied with the services provided by ICICI Bank.

4. Methodology

1. Primary study has been undertaken on micro level basis on focusing only a few individuals.
2. Secondary data is collected by undertaking extensive library research as well as from various websites and books.

4.1 Primary Sources

Sampling population: -

The population for the present study has be mainly customers of ICICI Bank, Employees of and also public, including those who have had some interaction with this bank. They have

been chosen keeping the objectives of our research study and the constraints of time and budget that we have. 100 people have responded.

4.2 Secondary Sources

The Secondary data has been obtained from Articles, journals and some websites Google, management paradise etc

4.3 Method of Data Collection

The present study has been done using Personal Interview with a questionnaire method to collect the Primary data. The respondents were informed primarily about the study at their work and the primary data was collected by personally interviewing the individuals. The participants were assured that all their information recorded in the questionnaire would remain anonymous and confidential once the data is collected; it will be classified qualitatively and quantitatively, based on the objectives of the study as given

5. Scope and Utility

This study has concentrated all the services in general. One can also do comparative study of various banks and their approach towards the customers. In the present competitive business world it becomes necessary to align organization towards customers, Integrate customers' touch points, Knowing and understanding customers and potential customers, Establishing and managing relationships with customers. Thus CRM is need of this hour.

6. Limitations

As with any study of this kind, the results can never be fully comprehensive and will be bound by geographical, budgetary, time and statistical limitations.

The study is limited to respondents from Mumbai, as it won't be possible to interview respondents outside the city. We have been constrained in our study by the time schedule envisaged and this may lead us not to increase our scope of respondents as we would have liked to, otherwise. There has been no budget envisaged for this project and whatever expenses will be borne by the researcher and thus this may further constrain the reach and scope which would otherwise have been possible. Any research project can be evaluated by a number of statistical techniques but we shall choose simple statistical techniques like mean, medians and present our data in the form of pie charts, bar charts etc for testing our hypothesis.

1. This project concentrates on the services given to customer in general. Therefore it is difficult to study the view of the customers towards one particular service.
2. It was difficult to study what happens to customer satisfaction when we initially perceive a service provider as being less than general then over time, that service provide 'warms up' unexpectedly?
3. Finally, this study did not examine whether courteous expressions on personal connections play a role in other customer outcomes such as loyalty and word-of-mouth referrals.
- 4.

7. Analysis

This project wish to study the customer relationship management in ICICI Bank and how this concept would help to maintain long term customer loyalty with the bank. This would help ICICI bank to emerge as no one private sector bank in the country.

CRM, according to ICICI consists of the following approaches:

1. Getting personalized information on customers.
2. What is the value of the relationship?
3. Customized offerings to the customers.
4. Converting a prospective customer into a true customer.

1) Getting personalized information on customers:

The bank collects all the information about the customers for processing. ICICI bank has mainly 4 service offerings viz: loan account, saving account, current account and fixed deposits. Moreover, the bank has many customers in each category. So, they collect the data on one server and thus the company gets the personalized information on each customer by asking them to fill the information in customer application form.

2) What is the value of the relationship?

After the collection of the personalized information on every customer, the department checks out the value of the relationship with each and every customer. Later, they decide how to approach the customer for knowing what his needs and wants are? After this is done, the company offers him the customized product.

3) Customized offering to the customers:

The step which comes after deciding the value of the customer is that the company offers the person the customized product. Moreover, they also practice a concept called cross- selling over here. Cross – selling refers to offering another product from the service offering of the bank to the customer which he has not gone for. Example If customer has saving account with the bank then we offer him loan, insurance and other investments.

4) Converting a prospective customer in to a true customer:

The last approach of CRM according to ICICI bank is that they try to convert the prospective customer into a true customer. Right from the moment the inquiry comes, they follow- up the customer and then make him to come to the bank occasionally and then regularly.

7.1 Overview on ICICI Bank

ICICI Bank (formerly Industrial Credit and Investment Corporation of India) is a major banking and financial services organization in India. It is the 4th largest bank in India and the largest private sector bank in India by market capitalization. The bank also has a network of 1,700+ branches (as on 31 March 2010) and about 4,721 ATMs in India and presence in 19 countries, as well as some 24 million customers (at the end of July 2007). ICICI Bank offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and specialization subsidiaries and affiliates in the

areas of investment banking, life and non-life insurance, venture capital and asset management. ICICI Bank is also the largest issuer of credit cards in India.

7.2 Need of CRM in the Banking Industry:

A Relationship-based Marketing approach has the following benefits: -

1. Over time, retail bank customers tend to increase their holding of the other products from across the range of financial products / services available.
2. Long-term customers are more likely to become a referral source.
3. The longer a relationship continues; the better a bank can understand the customer and his/her needs & preferences, and so greater the opportunity to tailor products and services and cross-sell the product / service range.
4. Customers in long-term relationships are more comfortable with the service, the organization, methods and procedures. This helps reduce operating cost and costs arising out of customer error.

With increased number of banks, products and services and practically nil switching costs, customers are easily switching banks whenever they find better services and products. Banks are finding it tough to get new customers, and more importantly, retain existing customers.

7.3 The Processes for Delivering CRM:

The tools and the processes are as follow –

- ✓ Customer application form
- ✓ Centralized software where the whole data is collected.
- ✓ Wide range of offerings
- ✓ Cross – selling
- ✓ Feedback forms

1) Customer Application Forms:

Bank collects all the data from customer application form and gets the personalized information to know which product to offer to which customer. This process helps in collecting the data and knowing what the customer wants.

2) Centralized Software where the Whole Data is Collected:

The data collected through customer application forms is available at one server and can be accessed anytime, anywhere. So, this helps in the further process of customized offerings and cross –selling.

3) Wide Range of Offerings:

After collecting the data from the customer, team decides what product to offer to which customer. In case the bank recognizes you as a valuable customer then it offers a more customized service.

4) Cross – Selling:

It refers to offering another product from the service offering of the bank to the customer which he has not gone for. For example If customer has savings account with the bank then they offer him a insurance, fixed deposits etc. This depends on the value of the customer to the bank. Cross selling is not offered to every customer. It depends on how loyal the customer is to the bank. The more business he gives us, the more are his chances of being special services offered.

5) Feedback Forms:

The bank distributes feedback forms at all its branches. The customer's feedbacks on the service, technology used, employee behavior and promptness in solving customer's problems, are taken and they are analyzed.

CRM helps to know the needs and wants of the customer. So, on the basis of this company can decide which product to offer to which customer.

It has been observed that cross – selling is the best weapon. It enhances the relationship value with the customer. This satisfies the customer and that is the reason why the customer keeps on coming again and again to the company. This helps in retaining the market share. Now, the satisfied customers help in the word- of – mouth promotion of the bank, which eventually increases our market share.

7.3 Additional Features of CRM in ICICI Bank:

Most banks have their own databases but because of the huge technological investments done by ICICI the databases in all the branches are integrated, which means they can be accessed from anywhere and at anytime. ICICI bank has tied up with Terradata Company for making their software and is the only bank doing this. The difference can be known through matching tool parameter. This refers to, on the server of ICICI sum standards are set in terms of value of the customer and whenever the customer reaches the set standard, the server automatically informs the department to offer him another product.

7.4 Different Channels and Services Offered by ICICI Bank.

Bank Branch, ATM, Phone Banking, Internet Banking, Insta Banking, Mobile Banking, Call Centre.

ICICI Bank offers a host of products and services to its clients, which include Deposits, Loans, Cards, Investments, Insurance, Demat, NRI Services and Online Services etc.

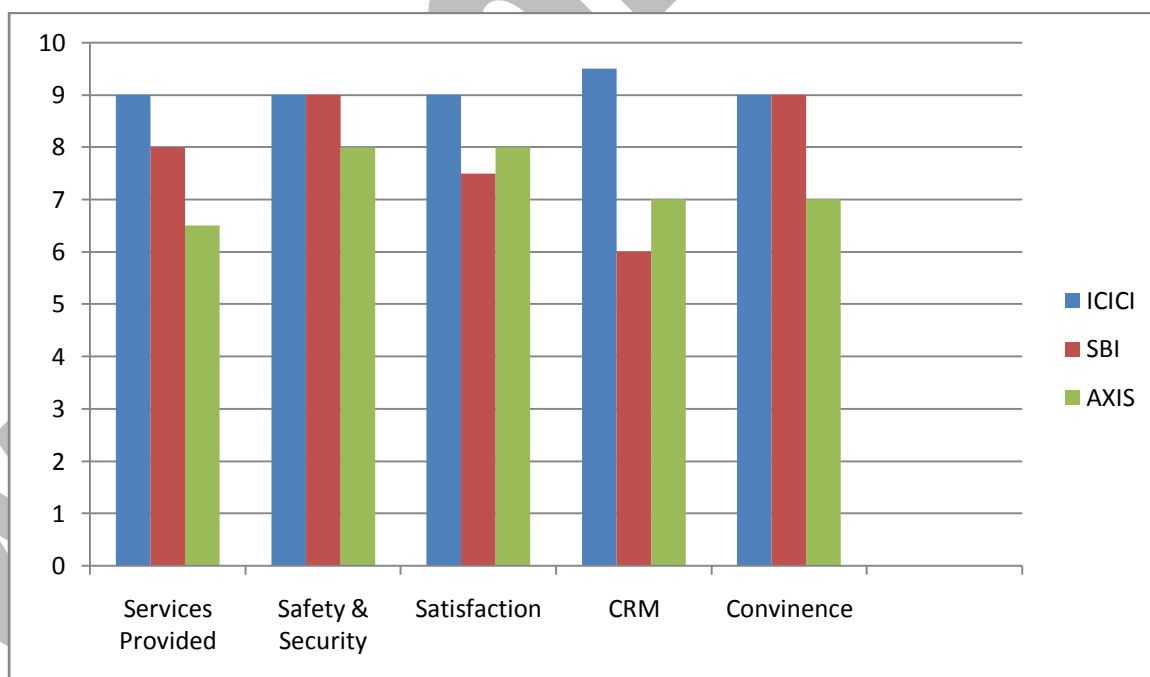
8. Findings

1. Customer relationship management has become need of an hour without which it is difficult to survive in the competitive market.

2. By developing long-term relationship with the customers, they are more likely to become a recommending source in future.
3. Customers in long-term relationships are more comfortable with the services, the organization, methods and procedures. This helps reduce operating cost and costs arising out of customer error.
4. Introduction of various schemes of CRM has increased the number of customers considerably
5. The frequency of customers complaints have reduced to a great extent.
6. Personal visit of customers to the bank has also minimized as most of their job is done through phone banking, Internet banking etc.

We asked the customers to rate the banks as per the criteria given. The rating scale was from 1-10. Following chart represents the average of all the rates of the respondents. And the traits are given below:

- Services provided.
- Safety and Security.
- Satisfaction.
- CRM.
- Convenience.



9. Suggestions

1. More security as far as use of ATM cards and credit card is concerned.
2. Educate more customers about the various services available and how to use them.

Conclusion

This study strongly supports the fact that CRM is need of an hour and no business may be it is banking business; retailing or something else can ever survive without proper introduction of customer relationship management. ICICI bank has understood and also experienced its importance. This study strongly supports the connection that consumer were more satisfied with professional service provider who engaged in both courteous expressions and personal connections forms of sociality. Moreover, finding revealed that regardless of services context customers expect service provider to be courteous usually ,most conversation begin or end with a courtesy expression and includes some form of personal connection content. The important point is that sociality communication can play a pivotal role in moving the provider and consumer for mere encounters to higher degree of relational development.

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