



Department of economics

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CUSTOMER RELATIONSHIP MANAGEMENT



Introduction

Process of building & maintaining profitable relationship with customers by delivering superior customer value and customer satisfaction

Process of requiring, retaining & partnering with selective customers to create superior value for bank & customers.



A management process of acquiring customers by understanding their needs, retaining customers by fulfilling their needs more than their expectations & attracting new customers through customer specific approaches.



Advantages of CRM

- Better customer services & customer loyalty
- Increases customer revenue
- Creates new customers



- Reduce customer acquisition cost

- Reduce advertising expenses
- Improve service quality
- Close deals faster & effectively



Disadvantages

- ❖ Exorbitant Costs
- ❖ Return on Investment
- ❖ Inadequate focus on objectives
- ❖ Insufficient Resources



❖ Inappropriate Matrices

❖ Complex System

❖ Reluctance to be Customer centric

❖ Slow Return



Requisites for successful implementation of CRM

- ✓ Bank practices must be assessed
- ✓ Effective planning & interaction with customers
- ✓ Proposition development



- ✓ Use of information technology
- ✓ Process management
- ✓ Targeting, enquiring, management, upgrading of customers etc.
- ✓ Measurement of value of CRM function and personnel



Guidelines for successful implementation of CRM

- Phased implementation of CRM
- Ensuring balance b/w CRM solution & actual use of it
- CRM execution



➤ Training for CRM implementation

➤ Future focus on CRM

➤ Feedback from users

➤ Measurement of result



Ancillary Services of a Banker

- Subsidiary/ secondary/ supplementary services

- Other than accepting deposits and granting loans

2 types

1. Agency Services

2. Miscellaneous Services



Agency Services

Services rendered by bank as an agent

Important agency services:

1. Collection of money (standing instruction)
2. Making payments
3. Purchase and sale of securities



4. Advising

5. Arranging for remittance

6. Issuing of credit cards

7. As a trustee, executer, attorney

8. As correspondents & representatives



General Utility Services

Services rendered by a banker not only to his customers, but also to the general public



Important General Utility Services

1. Safe Custody of Valuables

- Accepting valuables of customers for safe custody
- Hiring out safe custody vaults or lockers to customers



2. Dealing in foreign exchange business

- Export Finance

- Import Credit
- Commercial Letter of credit

Issued by bank in importer's country at the request of importer, addressed to its branch or correspondent bank in exporter country, directing branch to accept or pay bill of exchange drawn by exporter



- Releasing the imported goods
- Deferred payment guarantee
- Forward contracts
- Issue of solvency certificates, letter of introduction etc.
- Provision of trade information



3. Issuing of Traveler's Cheques

4. Acting as a Referee

5. Collecting information about other businessmen for customers

6. Collection of statistics and data



New Services of a Banker

1. Underwriting of shares, debentures & Government Securities

2. Factoring Services
3. Lease financing
4. House financing
5. Consultancy services
6. Setting up of mutual funds



E-banking or Electronic banking

Banking done electronically.

Delivery of bank's products or services to customers at their offices or at homes by using electronic technology.

Provision of banking products or services through electronic delivery channels.

Significance of E-banking



1. Advantages to customers

- Anywhere banking
- Anytime banking
- Financial discipline
- Convenience



- Lowers risk
- Reduces cost
- Online services
- Unlimited access



2. Advantages to the bank

- Better customer relationship
- Monitoring risk
- Reduces human intervention and establishment cost



- Easy inter-branch reconciliation
- Medium of promotion
- Reduces work load
- Profitability



Limitation of E-banking

1. Difficult to adopt
2. Level of acceptance is low
3. Cost is high
4. Lack of preparation



4. Security issue

5. Risk of loss

6. Legal issues

7. Skill development



Security issues are:

- Confidentiality
- Integrity
- Availability
- Authenticity
- Non-repeatability
- Auditability



Forms of electronic banking

1. ATM

Meaning: an electronic machine installed by a commercial bank and operated by the customer himself, to withdraw money and to make other financial transactions.



Advantages of ATM

For customers

- Cash withdrawals
- Cash deposits
- To check balance
- Statement of accounts



○ Access to service

○ Privacy

○ Change of PIN



○ Request for cheque book

○ Transfer of funds

○ Bill payments

○ Services at any time



For bankers

-
- Marketing tool
 - Convenient location
 - Operative cost



- Avoid crowding

- Reduce pressure
- Free from human errors
- Increased market penetration



Disadvantages of ATM

- Initial cost
- On-site ATMs
- Demands literacy
- Computerization of branches
- Some restrictions



Electronic Fund Transfer

- Introduced by RBI on the recommendation of Shere Committee in 1996

A system by which cheques, pay-in-slips and other financial papers are replaced by computer controlled invisible & immediate transfer of funds from one account to another.



Features of EFT:

❖ Transfer of funds

❖ Public sector banks

❖ Remitter and receiver from different banks

❖ Service charge

❖ Ceiling on amount transfer



Merits of EFT

- ✓ Transfer of fund from one bank to another
- ✓ Fast and timely
- ✓ Frauds avoided
- ✓ Economical
- ✓ Minimizes loss
- ✓ Reduces other means of transfer



Mobile Banking

Delivery of bank's services to customer through client's mobile phone

- Free of charge
- Check bank balance
- Order demand draft
- Stop cheque payment
- Request cheque book



Online Banking

Direct linking of an operation or an equipment to a computer system so that any stimulus provided by that operation or equipment is immediately accepted by the computer system



Internet Banking

- ICICI Bank first introduced e-banking in India with Infosys's Software, 'Bank Away'

Provision of banking services by a bank to its customers through its website



Advantages

1. Comfort
2. Economical mean
3. Raise huge deposits
4. Email & account opening
5. Helps public issue



6. All hours
7. Access to large Number
8. Easy access to NRIs
9. Complete view of services
10. Banking with bank
11. Beneficial with less number of branches



Limitations

1. Security issue
2. Initial cost of installation