

# **“A Study on Customer Relationship Management (CRM) in Jammu & Kashmir Bank with special reference to Kashmir”**

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## **Abstract**

Customer Relationship Management (CRM) came into the power when banking institutions were getting more and more competitive. The focus of CRM helped banks to understand the customers' current needs, what they have done in the past, and what they plan to do in the future to meet their own goals (Xu, et al., 2002). Even though most of the banks in the developing countries such as: Pakistan, India etc. have realised the importance of CRM and implemented its applications, but the initial investigations of the current research have shown that quite a number of CRM goals does not produce required results and even worse, in some cases users say that CRM has damaged customer relationships.

Apart from competitive environment, there has been deregulation as to rate of interest, technology intensive delivery channel like Internet Banking, Tele Banking, Mobile banking and Automated Teller Machines (ATMs) etc have created a multiple choice to user of the bank. The banking business is becoming more and more complex with the changes emanating from the liberalization and globalization. For a new bank, customer creation is important, but an established bank it is the retention is much more efficient and cost effective mechanism. CRM 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 Banking Industry in India has undergone a rapid changes followed by a series of fundamental developments. *Keywords - Customer, Management, Banking sector, CRM*

## **Introduction**

Today, many businesses such as banks, insurance companies, and other service providers realize the importance of Customer Relationship Management (CRM) and its potential to help them acquire new customers, retain existing ones and maximize their lifetime value. At this point, close relationship with customers will require a strong coordination between IT and marketing departments to provide a long-term retention of selected customers. This paper deals with the role of Customer Relationship Management in banking sector and the need for Customer Relationship Management to increase customer value by using some analytical methods in CRM applications.

CRM 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 Banking Industry in India has undergone a rapid changes followed by a series of fundamental developments. Those customers through individualized marketing, repricing, discretionary decision making, and customized service-all delivered through the various sales channels that the bank uses. Under this case study, a campaign management in a bank is conducted using data mining tasks such as dependency analysis, cluster profile analysis, concept description, deviation detection, and data visualization.

Crucial business decisions with this campaign are made by extracting valid, previously unknown and ultimately comprehensible and actionable knowledge from large databases. The model developed here answers what the different customer segments are, who more likely to respond to a given offer is, which customers are the bank likely to lose, who most likely to default on credit cards is, what the risk associated with this loan applicant is. Finally, a cluster profile analysis is used for revealing the distinct characteristics of each cluster, and for modeling product propensity, which should be implemented in order to increase the sales

### **Definitions:**

#### **Definition of a Customer**

Imhoff *et al.*, (2001) defines customer as: "A party who is involved with the acquisition of the company's goods and services, and who is also of interest to the organization"

In the above definition, party or customers can be either individuals or organizations. Customers can also be loose group of individuals joined together as a membership organization, such as the Civil Aviation Authority (CAA) in UK. This definition is too broad in this paper but in the current research, we mean customer as a "Bank Client".

#### **Customer Relationship Management (CRM)**

Customer Relationship Management is defined in many ways by many authors. Dyche' (2002) in his book defines CRM as: "The infrastructure that enables the delineation of and increase in customer value, and the correct means by which to motivate valuable customers to remain loyal-indeed, to buy again."

Providing customers with a good experience however and whenever they choose to contact you is a key part of managing relationships with them. For the purpose of current research, CRM is defined as a business strategy that: "comprises a set of processes and enabling systems supporting a business strategy to build long term, profitable relationships with specific customers.

The key objective of CRM is to enhance customer value through a better understanding of individual needs and preference" (Ling and Yen, 2001).

#### **Information Technology Consideration of CRM**

Several writers have taken different views about which technologies comprise a best CRM consideration. According to Dyche' (2002), there is no one right answer to CRM implementation as long as business requirements drive the initiative. The author presented two different approaches of CRM solution i.e., operational CRM and analytical CRM.

##### **a) Operational CRM**

It is also known as "front office" CRM. It involves the areas where direct customer contact occurs also known as "touch points". A touch point can be an inbound contact e.g., a call to a company's customer support hotline; or an outbound contact e.g., an in-person sales call or an e-mail promotion. In other words, the operational CRM is also used to capture customer's data. The operational CRM also enables and streamlines communications to and from customers, but it does not necessarily mean optimizing service. Just because a banking customer checks his/her balance on a website won't conclusively establish that he/she does not prefer to perform his/her transaction in the branch (Dyche', 2002).

**b) Analytical CRM**

It is also known as “back office” or “strategic” CRM. It involves understanding the customer activities that occurred in the front office. The analytical CRM requires technology (to compile and process the mountains of customer data to facilitate analysis) and new business processes (to refine customer-facing practices to increase loyalty and profitability). Under pressure from analysts and industry experts, most of today’s CRM vendors are either creating analytical CRM capabilities or partnership with business intelligence (BI) vendors to incorporate analysis into their offerings (Dyche’, 2002).

**Review of Literature**

**T.S Ravisankar** in his study “Marketing strategies and planning for business growth in banks stressed that the marketing plan for banking service be supported by appropriate marketing strategies. He suggests that the marketing strategy for banks must be oriented to customer – current and potential.

**John Brooks** former president and chairman of the council of the chartered institute of Bankers, London states “Customer care is emerging as a critical factor in the banking industry and bankers are fully conscious of the need for attaining international standard for service”.

**Dr. B.C. Saraswathy** in her article has stated that the main objectives of CRM are building long term, sustaining relations with customers by delivering superior customer value and satisfaction. Instead of trying to maximize profit for each every transaction,

CRM focuses on maximizing profits over the lifetime value of customers. Undoubtedly, CRM is a potential tool in sustaining and boosting sales in this era of hyper competitive world.

**Kamath** in his thesis entitled “Marketing of bank services with special reference to branches in Bombay city of syndicate bank” has concluded that quicker and better service offered by bank will be the most important variable in attracting and retaining customer.

**S.G Shah** in his article has stated that quality of customer service in bank has to very sunk to very low and poor levels because of two vastly different reasons. The first is that even the simple routine service have broken down. The second area in which customer service is lagging is that of special situation.

**Objectives of the Study**

- 1) To examine the opinion of the customers as to CRM of the banks with respect to service quality management.
- 2) To analysis the opinion of the customers as to CRM of the banks with respect to customer interaction management.
- 3) To study the opinion of the customers as to CRM of the banks with respect to customer retention management.

### Methodology & Sampling Design

This research work will depend on both primary and secondary data. Primary data will be collected by ways of well structured questionnaire that will be administered by the researcher. Secondary data will be collected from published records of RBI and other Bank authorities, standard text book and published research papers. The required primary data will be collected from the bank branches in Baramulla District. A minimum of 10 branches will be approached, apart from collecting information from banks, the general public who holds accounts with the banks in the District.

### Analysis of Data

**Table 1. Are you satisfied with bank ?**

Options	Frequency (n = 200)	% of Respondents
YES	144	72
NO	56	28
TOTAL	200	100

**Table 2. Do you Think Bank values you?**

Options	Responses (n = 200)	% of Respondents
YES	140	70
NO	60	30
TOTAL	200	100

**Table 3. Are you satisfied with the problem solving attitude of bank?**

Options	Frequency (n = 200))	% of Respondents
YES	130	65
NO	70	35
TOTAL	200	100

**Table 4. Quality of service and staff**

Options	Frequency of Respondents	Percentage of Respondents
Highly dissatisfied	10	3.5
Moderately dissatisfied	20	10
Neutral	35	17.5
Moderately satisfied	63	31.5
Highly satisfied	82	41
Total	200	100.00

**Table 5. Interactive Management**

Options	Frequency of Respondents	Percentage of Respondents
Highly dissatisfied	9	4.5
Moderately dissatisfied	12	6
Neutral	38	19
Moderately satisfied	60	30
Highly satisfied	81	40.5
Total	200	100.00

**Table 6. Relationship with customers**

Options	Frequency of Respondents	Percentage of Respondents
Highly dissatisfied	3	1.5
Moderately dissatisfied	8	4
Neutral	45	22.5
Moderately satisfied	62	31
Highly satisfied	82	41
Total	200	100.00

**Findings**

1. Maximum customers are satisfied with bank.
2. 70% of customers think that JK Bank values them.
3. We can analyse from above table that maximum number of customers are highly satisfied with problem solving attitude of bank.
4. Quality and staff highly satisfy customers.
5. The bank has an interactive management,
6. Customers are highly satisfied with the relationship with bank.

**Suggestions**

The Banks should more focus on service quality as they are facing a huge competition from various banks. So it is suggested that JK Bank may take steps to improve their service quality, strategies, customer interaction management strategies customer retention management strategies.

**Conclusion**

Today, many businesses such as banks, insurance companies, and other service providers realize the importance of Customer Relationship Management (CRM) and its potential to help them acquire new customers, retain existing

ones and maximize their lifetime value. At this point, close relationship with customers will require a strong coordination between IT and marketing departments to provide a long-term retention of selected customers. This paper deals with the role of Customer Relationship Management in banking sector and the need for Customer Relationship Management to increase customer value by using some analytical methods in CRM applications. The present study provides some guidelines for customer relationship management satisfied customers are loyal customer, their retention rate is much higher and so is their overall profitability for the bank. CRM offers the most holistic route for banks to enhance customer relationships. Banks can enhance customer retention, profitability and loyalty and get an increased share of banks from their customers. Banks need to embrace CRM as a principle and adopt a strategy for managing customer relationships that effectively addresses three key areas, customers, processes and technology. Finally banks should take actions such as recognition and delegation of work, freedom to handle customer's grievances and management's approval to take decision according to the situations.

### References and Notes

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