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# A study of customer relationship management and implementation of cross selling strategy in competitive banking environment

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## Abstract

A modern marketing method known as Customer Relationship Management (CRM) is one in which the marketer attempts to create long-term relationships with clients in order to turn them into lifelong customers. When it comes down to it, Customer Relationship Management is far more of a human function than it is a technological solution. And, while banks must constantly train their workers and vendors to keep the client at the forefront of their minds, technology may be used to improve the efficiency with which the human element operates. Appropriate customer relationship management is a critical tool for improving business results in the banking sector, where fierce competition is constantly waged in order to gain greater market share and attract as many customers as possible. This is especially true given the poorly differentiated offerings of banks.

**Keywords:** CRM, Banking Industry, Customer, Customer Satisfaction.

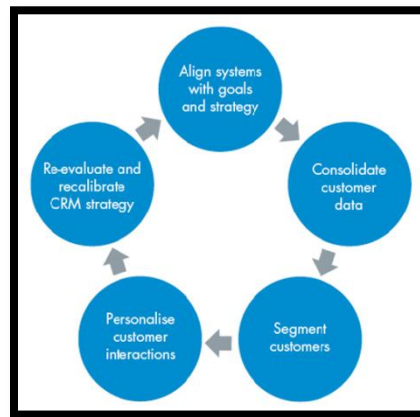
## 1.Introduction

A primary goal of customer relationship management (CRM) is to offer the entire business with a complete, 360-degree perspective of the client, regardless of where the information is stored or where the customer interaction took place. Today, many firms handle distinct client interactions with several information systems, which results in poor customer service and, ultimately, lower total sales potential for the organisation. The benefits of CRM can only be realised through an integrated solution that connects all of the customer's information systems, allowing the front and back offices to have a comprehensive view of the client and hence better serve them.

On our grounds, the customer is the most important individual there is. His reliance on us is misplaced; rather, it is we who are reliant on him. Rather of being a hindrance to our job, he serves as the primary goal of it. He is not an outsider to our company; rather, he is an integral part of it. By serving him, we are not doing him any favours. By providing the opportunity to do so, he is doing the world a favour.

The monetary administrations industry has become very unique and tempestuous as of late, because of various changes like new guidelines, adjusted customer conduct, expanded utilization of data and correspondence innovation, and serious contest, among different variables (Lymperopoulos et al., 2013; Heinonen, 2014). With regards to making added esteem, banks should invest huge energy. One strategy for doing so is to energize and uphold the making of long haul client connections that convey bigger advantages to clients than the advantages provided by the financial item itself. Assembling any sort of extra worth these days is hard to achieve since adversaries' exercises, which are regularly incredibly comparative, obliterate the additional worth of any association (Zineldin, 2005).

Client relationship the executives (CRM) has gone through massive changes as of late because of the far and wide utilization of electronic correspondence advances. It currently addresses a framework that envelops all parts of correspondence and collaboration with clients; at the end of the day, it decides how to work with clients, tackle their concerns, convince them to buy banking items and administrations, create a feeling of reliability, and keep up with monetary cooperations with clients (Rezghi, et al., 2014).



**Figure: 1** Customer Relationship Management

### **1.1. Need For Customer Relationship Management (CRM):**

An entirely pleased consumer will refer 100 new customers to the company within ten years.

- It costs seven times more to acquire a new customer than it does to retain an existing one.

- Approximately 20% of the company's most loyal consumers contribute for approximately 80% of its sales. (This is known as the Pareto principle.)
- The chances of selling to a current customer are one in every two; the chances of selling to a new customer are one in every sixteen (see Figure 2).

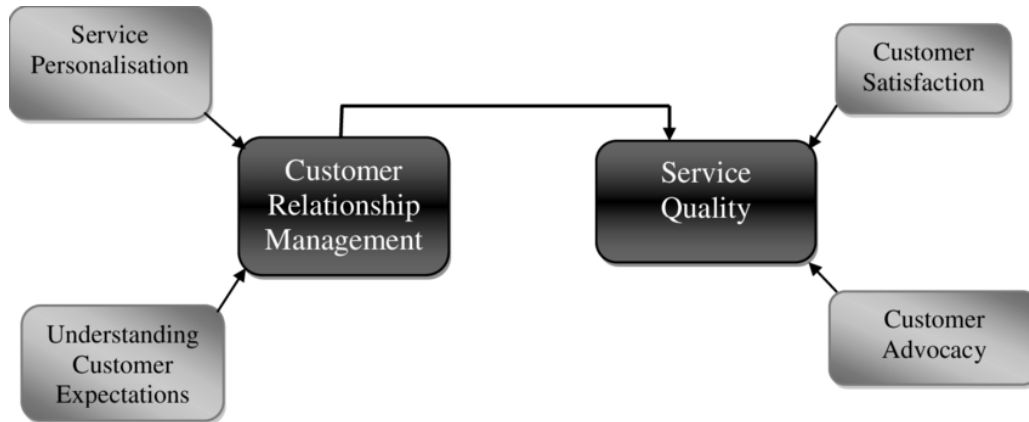


Figure: 2. Customer Relationship Management and Service Quality.

## 1.2. CRM in Banks:

Client relationship the board (CRM) helps the financial business in utilizing innovation and HR. In the assessment and oversight of a bank's promoting the executives, client satisfaction is a significant part to consider. Client dedication will disintegrate in the event that clients are not happy with their experience. CRM is a strong administration device that can be utilized to enhance the worth of a client to the bank by expanding deals potential and boosting the worth of the client to the bank. This subject has as of late seen the development of CBS, which represents Computer-Based Systems (Core Banking Solutions). A CBS helps with unifying the exchanges of branches and various financial channels, permitting buyers to start keeping money with the bank instead of at a few branches. This is the main strategy to give a smooth exchange insight across numerous media (branches, the Internet, the phone and Automated Teller Machines or ATMs). A client of a bank is not generally alluded to as a client of a branch, yet rather as one of the actual bank.

## 2. Literature Review

The issue of client relationship the board has turned into the focal point of numerous scholastics and specialists' exploration endeavors lately. As indicated by Dimitriadis (2011), clients are able to do obviously recognizing benefits related with a future or existing relationship and recognizing them from the items and administrations that are being sold.

Relationship showcasing, as characterized by Berry (1983), is the most common way of getting, maintaining, and upgrading client associations in a multi-administration association (MSO). Following years and years, the advancement in relationship showcasing idea prompted the shortening CRM being utilized rather than the term relationship promoting.

As per Brown (2000), client relationship the board (CRM) is a strategy for selecting new clients, keeping up with existing clients, and understanding, expecting, and dealing with the requests of an association's current and imminent customers.

CRM, as per Mylonakis (2009), is a creative methodology for laying out a drawn out relationship and laying out trust. As per Bansal and Sharma (2008), a reasonable vision of CRM, alongside proper systems, whenever applied in the financial area, is gainful in keeping up with client support quality, consumer loyalty, and client maintenance, all of which add to the development of the association and productivity.

### **3. CRM – Benefits to Customers**

- CRM enables businesses to leverage information from their databases to achieve customer retention and cross-sell new products and services to existing customers.
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- Client relationship management (CRM) helps banks build stronger customer relationships, cultivate long-term customers, and generate a significant payback in the form of higher revenue and cost savings.

### **4. CRM in Banking Sector**

Utilizing client relationship the executives (CRM) is a sound business technique since it permits the bank to recognize and focus on its most beneficial clients and possibilities. The bank then, at that point, dedicates time and assets to extending account associations with those clients through individualized showcasing, repricing, optional decisionmaking, and tweaked administration all conveyed through the different deals channels that the bank utilizes. The model created here gives replies to the inquiries of what the different client portions are, who is bound to answer a given proposition, which clients are probably going to leave the bank, who is probably going to default on Visas, and what the gamble related with this credit candidate is. The main way for the financial business to safeguard its portion of the overall industry while likewise supporting development is to placed more accentuation on client relationship the executives (CRM).

Over the past couple of many years, innovative progression fundamentally affects the financial business. ATMs supplanted clerk tellers, the phone addressed by call focuses supplanted the

bank office, the web supplanted the mail, charge cards and electronic money supplanted conventional money exchanges, and the web supplanted the phone. In recent years, banks have shifted their focus away from traditional lending and toward marketing and relationship banking practises. Most segments of the banking business are attempting to employ customer relationship management (CRM) approaches to achieve a range of goals. In terms of strategy, they are attempting to:

- Establish an organisation and infrastructure that is centred on the consumer.

Identifying and supporting cross- and up-selling strategies; managing client value by generating propositions focused at distinct customer categories; and assisting with channel management, pricing, and migration are just a few of the responsibilities of a customer relationship manager.

- Obtaining an accurate image of the various client groups.
- Calculate the lifetime worth of a customer's business.
- Recognize how to acquire and retain the most valuable customers.

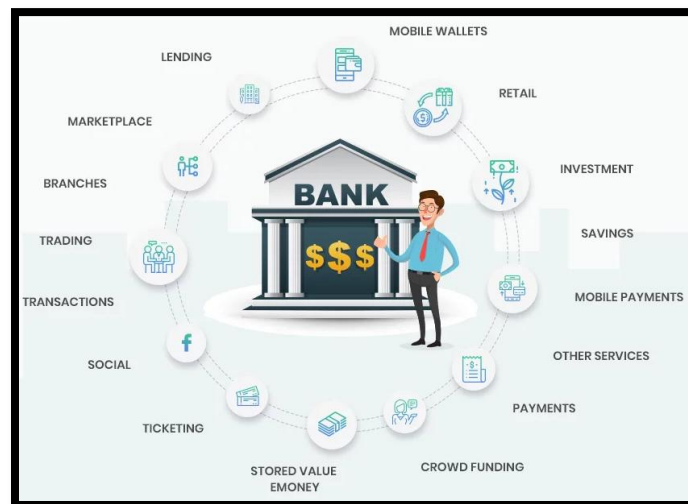


Figure: 3.CRM in Banking Sector.

## 5. CRM Objectives in Banking Sector

The idea of client relationship the executives (CRM) is that it helps firms in their usage of innovation and HR. Client knowledge into the way of behaving of clients and the financial worth of those clients. In the event that it functions as expected, a business can: further develop client support, increment call focus proficiency, strategically pitch items all the more really, help deals

staff in finishing everything with all the more rapidly, improve on promoting and deals processes, find new clients, and increment client base (in the event that it fills in as planned).

A business should initially lay out what kind of CustomerInformation it is looking for and how it needs to manage that data before CRM can be thought of as really compelling. Hierarchical examiners can total information from a few sources to give a far reaching viewpoint of every purchaser and recognize regions where better administrations are required.

## 6. Conclusion

The progressions in the monetary area, as well as changes in customer tastes and conduct, as well as the expanded utilization of current innovation, require the utilization of CRM in the financial business. CRM gives the chance to foster a functioning, "charming" connection with clients, which without a doubt adds to their steadfastness to banks as well as the development of steady and unsurprising pay over the long haul. Client Relationship Management (CRM) is much of the time perceived as the sensory system of the advanced market climate, especially in the financial area. In conclusion, it can be concluded that the bank has not yet developed an integrative approach that is focused on the needs of the customers and that delivers on those demands. Customers' expectations are high, and in order for customer relationship management to meet them, it should assume an integrative part inside the bank and assurance that all systems are integrated into the bank's general procedure, which is a long way from reality as per the review referenced previously.

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