

COUSTOMER RELATIONSHIP MANAGEMENT IN ICICI BANK

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Introduction

Till now, we have studied the conceptual framework of Customer Relationship Management and its broader implementation in the Indian services sector. To have a comprehensive understanding of these CRM-based initiatives, this chapter discusses the cases of select services companies and the reasons of implementation of Customer Relationship Management in them. The chapter will also help to understand the way in which these implementations are done, and find out the implication of those implementations.

ICICI Bank Introduction

ICICI Bank is India's second largest bank with total assets of about Rs. 1 trillion and a network of about 540 branches and offices and over 1500 ATMs about safety of their deposits is not very positive. For positive customer response about its products and confidence building among customers, the bank also needs to take initiative with regard to safety of money with the bank. The bank may take certain confidence building measures as such and largest call centre with 700 seats (Business Today, 22 December, 2002). The bank offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its specialised subsidiaries and affiliates in the areas of investment banking, life and non-life insurance, venture capital, asset management and information technology.

The Bank Through Years 1955

The Industrial Credit and Investment Corporation of India (ICICI) Limited was incorporated in 1955 at the initiative of the World Bank, the Government of India and the representatives of Indian industry with the objective of creating a development financial institution for providing medium-and long-term project financing to Indian businesses.

2000 :ICICI Bank become the first commercial bank from India to list its stock on NYSE. ICICI Bank announces merger with Bank of Madura.

2001 :The Boards of ICICI Ltd. and ICICI Bank approved the merger of ICICI with ICICI Bank.

2002 :Moody's assigned higher than sovereign rating to ICICI. Merger of ICICI Limited, ICICI Capital Services Ltd. and ICICI Personal Financial services Limited with ICICI Bank.

2003 :The first Integrated Currency Management Centre launched in Pune. ICICI Bank announced the setting up of its first ever offshore branch in Singapore. The first offshore banking unit (OBU) at Seepz Special Economic Zone, Mumbai, launched. The bank's representative offices inaugurated in Dubai and China. Its UK and Canada subsidiaries launched. India's first ever "Visa Mini Credit Card" a 43% smaller credit card in dimensions, launched. ICICI Bank became the market leader in retail credit in India.

2004 :Mobile banking service in India launched in association with Reliance Infocomm. India's first multi-branded credit card with HPCL and Airtel launched.

The bank opened its 500th branch in India. Introduced partnership model wherein the bank would forge an alliance with existing micro finance institutions (MFIs). The MFI would undertake the promotional role of identifying, training and promoting the micro-finance clients and ICICI Bank would finance the clients directly on the recommendation of the MFI. Introduced 8-8 Banking wherein all the branches of the bank would remain open from 8 a.m. to 8 p.m. from Monday to Saturday. Introduced the concept of floating rate for home loans in India.

2005 : First rural branch and ATM launched in Uttar Pradesh at Delpandarwa, Hardoi.

"Free for Life" credit cards launched wherein annual fees for all ICICI Bank Credit Cards were waived off. ICICI Bank and Visa jointly launched mChq-a revolutionary credit card on the mobile phone. First Indian company to make a simultaneous equity offering of \$ 1.8 billion in India, the United States and Japan. Became the largest bank in India in terms of its market capitalization. Acquired InvestitionnoKreditny Bank of Russia.

2006 :ICICI Bank become the largest retail player in the market to introduce a biometric-enabled smart card that allows banking transactions to be conducted on the field. A low-cost solution, this became an effective delivery option for the Bank's micro finance institution partners. Financial counseling centre Disha launched. It provides free credit counseling, financial planning and debt management services. Became the first Indian bank to issue hybrid Tier-1 perpetual debt in the international markets. ICICI bank subsidiary set up in Russia.

2007 :Sangli Bank amalgamated with ICICI Bank. ICICI Bank's USD 2 billion 3-tranche international bond offering was the largest bond offering by an Indian bank. The bank became the first bank in India to launch a premium credit card-the Visa Signature Credit Card. Became the first private bank in India to offer both floating and fixed rate on car loans, commercial

vehicles loans, construction equipment loans and professional equipment loans. In a first of its kind, nationwide initiative to attract bright graduate students to pursue a career in banking, ICICI Bank launched the Probationary Officer Programme". Launched Bank @ home services for all savings and current a/c customers residing in India.

2008 :ICICI Bank enters US and Germany. It launched i-Mobile, a breakthrough innovation in banking where practically all internet banking transactions can now be simply done on mobile phones. Concluded India's largest ever securitization transaction of a pool of retail loan assets aggregating to Rs. 48.96 billion (equivalent of USD 1.21 billion) in a multi- tranche issue backed by four different asset categories. It is also the largest deal in Asia (ex- Japan) in 2008 till date and the second largest deal in Asia (ex-Japan & Australia) since the beginning of2007.

Towards Universal Banking

ICICI Bank was quick to realised the changes that were taking place in the Indian banking industry and started repositioning itself from a development bank to a complete universal Bank offering all sorts of products under one roof. Merging reversely of ICICI Ltd. with ICICI Bank an effort in that direction. After consideration of various corporate structuring alternatives in the context of the emerging competitive scenario and the move towards universal banking, the managements of ICICI Ltd. and ICICI Bank formed the view that the merger would be the optimal strategic alternative for both entities, and would create the optimal legal structure for the ICICI Group's universal banking strategy. The merger would enhance value for ICICI shareholders through the merged entity's access to low- cost deposits, greater opportunities for earning fee-based income and the ability to participate in the payments system and provide transaction-banking services. The merger would also enable the shareholders, through a large capital base and scale of operations, seamless access to ICICI's strong corporate relationship built up over five decades,entry into now business

segments, higher market share in various business segments, particularly fee-based services, and access to the vast talent pool of ICICI and its subsidiaries. In October 2001, the boards of Directors of ICICI and ICICI bank approved the merger of ICICI and two of its wholly owned retail finance subsidiaries-ICICI Personal Financial Services Limited and ICICI Capital Services Limited with ICICI Bank. The merger was approved by shareholders of ICICI and ICICI Bank in January 2002, by the High Court of Gujarat at Ahmedabad in March 2002, and by the High Court of Judicature at Bombay and the Reserve Bank of India in April 2002. Consequently, the ICICI Group's financing and banking operations, both wholesale and retail, have been integrated in a single entity.

Retail Orientation in ICICI Bank

ICICI Bank is India's second-largest bank with total assets of Rs. 3,997.95 billion (US \$ 100 billion) at March 31, 2008 and profit after tax of Rs. 41.58 billion for the year ended March 31, 2008. ICICI Bank is second amongst all the companies listed on the Indian stock exchanges in terms of free float market capitalization. The Bank currently has subsidiaries in the United Kingdom, Russia and Canada, branches in United States, Singapore, Bahrain, Hong Kong, Sri Lanka, Qatar and Dubai International Finance Centre and representative offices in United Arab Emirates, China, South Africa, Bangladesh, Thailand, Malaysia and Indonesia. Its UK subsidiary has established branches in Belgium and Germany. ICICI Bank is fully aware of the potential lying of banking products and services in the retail market. Consumer finance is growing at 60% CAGR (compounded annual growth rate). This is expected to continue to be around Rs. 75,000 crore. This has become the new driver of the economy. The bank feels that over the years, banks have been funding production, they never funded consumption. Besides, the bank knows that credit penetration in India is just 2% of GDP against 20% in southeast Asian countries (Business Today, Dec. 22, 2001).

CRM Practices

CRM in ICICI bank essentially focuses on providing optimal value to customers through the way how it communicates with them, how it sells to them, and how it services them as well as through the traditional means of product, price, promotion and place of distribution. The bank recognises that customers make buying decisions based more on their overarching experience that includes product, price, service recognition and support than just price and product. The bank believes that if it can get all those factors right consistently, it will be rewarded with ongoing customer loyalty and value. In ICICI Bank, CRM is hugely technology-driven. The bank's philosophy behind CRM is massive use of technology. The technology might push customers away from the branch and get most of the requirements fulfilled through machines outside the branch. It believes that this effort of bringing customer least to the branch might help in reducing the factor of customer ignorance, poor employee behaviour, inadequate parking and so on. CRM at ICICI Bank is viewed as a discipline as well as a set of discrete software technologies which focus on automating and improving the business processes associated with managing relationships in the areas of sales, marketing, customer service and support. The organisation aims to achieve the end goal of one-to-one marketing.

The CRM software applications are not only intended to facilitate the coordination of multiple business functions but also supposed to coordinate multiple channels of communications with the customer as face to face, call centres, ATM, web, telephone, kiosk, bank, branch, sales associates

etc. so as to enable the bank to carry out cradle to grave customer management more efficiently. It should allow the bank to engage in one-to-one marketing by tracking complete customer life cycle.

Technological Initiatives for CRM SIEBEL SOFTWARE

To accomplish the above objectives through specific software, ICICI Bank has rolled out Customer Relationship Management Software, SIEBEL. Customer touches the bank from a number of channels, namely, call centre, bank branch, ICICI centre, ATM, web and SMS SIEBEL provides a common platform so as to have an integrated single view of the end customer across product lines and channels. To begin with, it will automate process-flow tracking in the product-sales process, and enable to generate customized reports and promote cross-selling. It will also help efficient campaign management by providing a software interface for definition, tracking execution and analysis of campaigns. Similarly, even the customer service and support function also has well-defined processes depending on the nature and the type of query and complaints.

Illustration

Knowing the Customer Exit

If a particular customer withdraws a significant amount from his account or he is gradually reducing his deposits into his bank account, the branch head may immediately take note of it and if it is because of dissatisfaction with the bank, it could be immediately checked.

Cross-Selling and Up-Selling

The software can be used for cross-selling and up-selling purposes. In the above illustration, if the branch head comes to know that a particular customer has withdrawn significant money from his account for purpose of some investment, it can immediately ask his sales team to reach the customer and offer the investment avenues that the bank has such as fixed deposit schemes, bonds, and insurances. If the customer intends to purchase a property or car, the sales team may even pursue for their own home or auto loans.

Customer Contact Management

SIEBEL enables the bank to record complete profile, and contact history of its customers. It also helps in greeting the customer at various occasions such as birthday, wedding day, and insurance premium submission date. These help the bank in inducing personal touch with the customers.

Sales Force Automation

SIEBEL endeavors to track all banking accounts related opportunities from the point a prospect expresses interest in the product till the sales process gets logically closed. It even calculates incentive compensation for the outbound sales team(OBST).

Call Centre

To facilitate CRM, the bank has an effective call centre to support. So, for most of the banking requirements and for almost all type of customer complaints, customers are only required to call to the centre of the bank and the rest is the bank's job.

Automated Teller Machines

ATM for ICICI Bank is a "force multiplier" says Chanda Kochhar, ED, ICICI Bank (Indian Management, July, 2002). The bank has one of the largest networks of ATMs in India. These ATMs act as not just a point to reduce cost of setting up of branches but helps in reducing operational costs. As for ICICI Bank, the cost of transaction through ATM is 70% lower than branch banking. The bank intends to get a least 45% of its transaction to get routed through ATMs (Indian Management, July, 2002) These ATMs act as an ICICI Bank ATM, a customer can ask for more information on products. Currently, six options are available : car loan, home loan, credit cards, mutual funds, life insurances and online trading. So, if a particular product of the bank, the information automatically gets recorded on the bank's central command. This information is passed on to the concerned branch head who is supposed to ensure visit of a sales staff to the customer and enquire about his interest on those products. The bank's ATM strategy is multi-lingualism. Besides Hindi and English, they display information in four regional languages: Marathi, Kannada, Tamil and Malayalam. The bank wants to introduce tri-lingual interfaces in each state. In order to leverage technology, the bank wants to provide the most superior service. Net and phone banking options are part of that strategy. This further reduces the bank's operational cost and provides another option to do banking even from home or office. Presently net and phone banking transactions account for only 15% of total transaction (Indian Management, July,2002).

Grievance-handling Mechanism

1. The bank's SIEBEL software effectively takes care of customer's queries and complaints. It automatically records the complaints and forwards them to the person concerned. If the complaint is not redressed within the set turn-around time (TAT), the matter reaches the person up in the hierarchy.

2. The bank realised that greater attention to customer problems, query and complaint should be segregated. Earlier, every teller was handling queries and complaints. This resulted in lack of control over activity and, at times, it was difficult to trace who received complaint and who redressed it. It was felt by that the segregation would clearly demarcate this activity and would help in identifying those responsible for redressal within setTAT.
3. For better implementation of the Bank's CRM programme at branch level, the bank has put customer satisfaction as a parameter in the staff's performance appraisal. A regular survey of customer satisfaction is carried out by certain independent research agency, e.g. ORG-MARG. The study reveals satisfaction branch-wise as well as at the overall banks' expected service delivery. The bank has even increase the weightage of customer satisfaction in employee performance appraisal.

Customer Service Schemes

1. Contact Management

SIEBEL enables the bank to record complete profile, contact history and account management. With the help of the software, the customer is greeted at various occasions such as birthday, wedding day, and insurance premium submission date. These help the bank in inducing personal touch with the customer.

2. Flexible Timings

In its metro and urban branches, the bank has increased the timings from 8 am to 8 pm, to help office-going customers.

3. Mobile ATMs

ICICI Bank is first to introduce mobile ATMs in Andheri Mumbai.

4. e-Lobby

It is a self-service banking centre started by the bank. It show cases most innovative and user-friendly gadgets providing self-service banking in the areas of bill payments, cash withdrawal, videoconferencing with customer service executive, online banking and other such transactions without any assistance. It has the first ATM for visually impaired person.

5. Home Delivery of offers

With effective use of technology, the bank has started sending its sales professionals to the customer's office or home.

Conclusion

Customer service is at the core of ICICI Bank's policy and it reflected in most its functions. Now, considerable migrations have been initiated by the bank, from class banking to mass banking. It has started moving to tier II cities where it earlier had no set-ups. While entering these cities, the bank had cleverly planned its marketing strategies and had been very aggressive at marketplace. This aggression and the methodology adopted for business development helped the bank to put its foothold strongly in these new markets on one hand and created harm to the perception of the bank as a customer-friendly bank on the other. The bank should immediately focus on these grey areas.

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