



## IMPACT OF CUSTOMER RELATION IN BANKING INDUSTRY IN NEW NORMAL (COVID -19)

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**Abstract:** The COVID-19 pandemic has the potential to be one of the most significant threats to the financial services sector in nearly a century. The effect of COVID-19 on banking will be a significant drop in demand, lower wages, and production shutdowns, all of which will harm banks' business. For many people, this epidemic has turned into a danger as well as an opportunity. Adopting such changes was not straightforward, but everyone has now accepted the new normal. Both society and banks have faced challenges as a result of the pandemic, but they have worked together to overcome them. Banks also put a strategy in place to protect staff and consumers from the coronavirus's direct economic effects. In this paper, we are aimed to demonstrate how covid-19 affects consumer relationships in the banking and financial sectors.

**Index Terms - New Normal, Economic Fall, Customer Relationship, Banking**

### Introduction

COVID-19 is, first and foremost, a pandemic with potentially significant health effects. It is an once-in-a-lifetime challenge for modern communities and health-care systems. The effect of the pandemic on the global economy and financial sector is uncertain. Economists say we are on the verge of a major economic downturn; nevertheless, government and supervisory responses have been swift, and numerous steps have already been introduced to help the economy, banking system, and, eventually, the people. The banking industry should think about and discuss this "new normal" while taking the requisite steps to deal with it.

Due to regulatory and competitive challenges, a strained interest rate regime, and changing consumer preferences, financial institutions around the world have been continuously evolving their businesses. They are also facing a serious threat from the on-going COVID-19 pandemic.

Customer relationship management (CRM) is a method by which a company or other entity handles its relationships with consumers, primarily by processing vast volumes of data using data analysis.

Customer relationship is concerned with the actions taken to involve consumers and boost their experience.

It includes all of the essential roles performed by customer service, but also the contributions made before and during customer encounters.

CRM systems gather information from a number of sources, which includes a company's website, phone, email, live chat, marketing materials, applications, and, most recently, social media techniques.

In banking, a Customer Relationship Management assists banks in handling customers and better understanding their needs so that the right solutions can be delivered quickly. CRM has many advantages in the banking industry.

-Boosting Sales

-Better Service

-Effective Communication

-Increased Customer Loyalty

-Customer Retention

And lot more.

Customer Relationship is important in banking as it helps in the identifying and conversion of leads into potential customers. CRM helps in the acquisition of new customers by using the past track records and the value they brought to the bank. CRM makes the marketing department's efforts more effective.

### **Challenges Faced by Customer due to Covid - 19**

**Bank Visits Are Limited** - the efforts to limit the fallout of the corona virus pandemic by avoiding social contact and visit to public places, public can use these modes avoid using cash, which might mean going to crowded places to transfer money or pay bills, by using digital payment from the comfort of their homes via online channels such as mobile banking, internet banking, cards, and so on, and instead use digital payment from the convenience of their homes through online channels such as mobile banking, internet banking, cards etc.

**Difficulty in Online banking** - There is a lack of confidence in digital banking. The problem isn't just a lack of computer expertise. Many senior citizens' eyesight is deteriorating, and they must seek outside assistance to maintain an online account. Identity theft, technical bugs, and data abuse further add to their concerns.

**Time consuming** - Banking has become time consuming as customers try to visit a branch for any required need. Bank officials take a long time to address problems, and time is spent testing temperature, filling paperwork, sanitizing, and other activities, causing customers reluctant to visit the bank.

**Restructuring Loans** - The Reserve Bank of India has proposed a separate resolution plan for personal loans that have been affected by Covid 19. If the borrower is unable to pay the EMI after the moratorium ends, he or she may request a loan restructuring through his or her lending institution's resolution plan.

**Loan Approval** - The current lockdown is likely to have an effect on loan acceptance and disbursement due to a lack of staff and working hours. This is a concern for customers during the pandemic.

**Uncertainty** - The COVID-19 pandemic is shaping up to be the banking industry's most significant threat in nearly a century. As the economic fallout worsens, retail banks are rethinking core goals that need concrete action in order to survive the storm while still preparing for the future. Before this pandemic, the banking sector was much stronger than it was after the 2008 financial crisis.

**Network Issues** - Consumers are finding it difficult to embrace digital banking as a result of a sudden shift in the banking sector, and are also experiencing network problems in rural areas. As a result, online banking transactions are postponed.

### **Services provided by Banks pre COVID-19**

**Personal Banking** - Personal Banking refers to a wealth of services that financial institutions offer to individuals. Many of these services, such as saving and checking accounts, a variety of lending options (personal loans, mortgages, credit lines, etc.) and credit card services maybe quite familiar.

**Advancing of Loans** - Banks are profit-driven business companies. As a result, they would make a public loan and benefit from interest payments. Banks offer short-term, medium-term, and long-term loans to vulnerable borrowers after retaining some cash reserves.

**Overdraft** - Customers may get an overdraft from the bank, which helps them to borrow more money than they have in their accounts. Customers are paying interest on the amount that is overdrawn.

**Cheque payment** - Cheque pads are issued by banks to account holders. Account holders can pay money by drawing a check on the bank. Customers' checks are compensated by banks after systematic verification and official procedures.

**Foreign Currency Exchange** - Foreign currencies are operated with by banks. Banks exchange foreign currencies for local currencies in response to customer demands, which is important to settle international trade debts.

**ATMs Services** - ATMs replace human bank tellers in performing giving banking functions such as deposits, withdrawals, and account inquiries.

Key advantages of ATMs include:

- 24-hour availability
- Elimination of labour cost
- Convenience of location

### **Services provided by Banks during COVID-19**

**Timing Slots** – Banks provide an online platform that allows you to book branch visits and appointments with our Branch Managers in order to adapt to the "New normal" COVID 19 and re-open all of our services to our customers. Although our full array of digital products will allow you to bank from the comfort of home, you can easily schedule visits to our branches or meet with our managers. Non-customers are also welcome to use this site to plan their visits.

**Webinars with Customers** - A webinar is a bank-hosted online event that is distributed to a group of customers via their computers over the Internet. Via an instant messaging tool or e-mail, the audience may ask the speaker or moderator (who is leading the webinar) questions in real time. Customers were able to connect with the bank as a result of this.

**Change in Traditional Banking** – The banking sector has found it difficult to cope with traditional banking structures as a result of COVID 19. The pandemic has had a major effect on modern banking, with technological advances enabling consumers to perform transactions while being at home in their convenience.

**Effective Online Banking** - Due to the pandemic, banks have shortened the hours of service of their branches and encourage customers to use online banking instead. To reduce the movement of people and increasing the time they spend at home as much as possible. Has also used the opportunity to send out encouraging messages and remind their customers about the advantages of online banking.

## Strategies Opted By the Bank to Serve the Customers during the Pandemic

**Door Step Services** - Banks make concerted efforts to offer Doorstep Banking services to senior citizens and people with disabilities, such as the visually impaired. These consumers will be able to use a range of facilities for their basic banking needs right at their doorstep as a result of this. Customers who are eligible for the services can enrol by signing the prescribed Application form at their Home Branch.

**Example:** Federal Bank at your door steps.

**Customer Feedbacks** - During the lockdown, banks continue to work on the “Customer is King” theory. A majority of public and private sector banks have launched numerous programmes and deals in order to establish a more effective relationship with their customers and provide them with a variety of digital services by gathering customer reviews.

**Improved Customer Data Management** – It’s a ways in which businesses keep track of their customer information and survey their customer base in order to obtain feedback. CDM refers to a collection of software or cloud computing applications that offer large businesses quick and easy access to customer data.

**Bank Based Applications** - A banking app is a mobile app that allows you to access your bank account information and make transactions from your phone, tablet, or mobile computer. You'll be able to do a number of things with your banking app depending on which bank you're using.

**Maintaining Access to Digital Platforms** - Banks must keep all of their digital channels open and provide proactive updates to their customers long before they feel compelled to seek assistance, especially during times of crisis. In today's world, digital channels are the most convenient way to bank.

**Safety First Banking** - Social isolation and work-from-home are the latest norms with COVID-19. Customers and employees will have a number of concerns, ranging from the health consequences of going into a branch, to the cleanliness protocols of public spaces and computers, to possible scams during this vulnerable period, with everyone's health on the line. The bank takes security measures.

### Impact of New Normal in banking sector

**Cashless and Contactless Transactions:** The implementation of COVID-19 has increased the value of digitizing payments more than ever before, and for this to be a success, electronic payments must have comparable benefits to cash.

**Credit Management:** Amid the Indian government's stimulus packages and the Reserve Bank of India's (RBI) liquidity initiatives, banks should anticipate a rise in loan defaults as borrowers from all consumer classes struggle to make payments in the face of a company and job loss. As a result, banks are attempting to give borrowers more time to repay their loans.

**Assisting Customers about Digital Platforms:** The number of interactions between consumers and brands that take place on digital platforms, where banks are taking the initiative to educate customers on how to use online platforms for more convenience.

**Increase in Opening Online Bank Account:** Due to Covid 19, there has been a major shift in the banking sector, with online accessing your bank account and making financial transactions through the internet on your mobile, tablet, or computer. It's fast, usually free, and it allows you to do stuff like pay bills and move money without having to go to your bank or call them.

### Conclusion

Even if the latest strategies introduced and enforced by banks are only temporary, they have proven to be very successful in stabilising the financial market's volatile situation. As COVID-19 spreads, both borrowers and lenders should keep an eye on the enforcement conditions that haven't been relaxed yet and take the requisite measures to fulfil those obligations on time. The effect on the customer has shifted, as people have increasingly begun to accept the new normal.

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