

ABSTRACT

The objective of this project is to study the CRM of Centurion Bank of Punjab. In the present scenario the monopoly of public sector banks is over and the private players are competing tough to make a position in the market.

In the present scenario all the major Players of International market are making their presence in India. To name a few Barclays, Standard Chartered, ABN AMRO, HSBC.

So the main objective is to study the CRM strategy of Centurion of Punjab which in recent past as made its presence by merging two banks Bank of Punjab and Lord Krishna bank is making a presence in the Indian Market.

How this bank is competing with both the public sectors bank and Private International players and to know the strategies adopted by this developing private bank.

The research methodology will be exploratory in nature and will involve getting a feel of the situation and lays emphasis on the discovery of ideas and possible insights as per the objective of the thesis.

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CHAPTER-1

INTRODUCTION

ABOUT HDFC BANK

Promoted in 1995 by Housing Development Finance Corporation (HDFC), India's leading housing finance company, HDFC Bank is one of India's premier banks providing a wide range of financial products and services to its over 11 million customers across over three hundred cities using multiple distribution channels including a pan-India network of branches, ATMs, phone banking, net banking and mobile banking. Within a relatively short span of time, the bank has emerged as a leading player in retail banking, wholesale banking, and treasury operations, its three principal business segments. The bank's competitive strength clearly lies in the use of technology and the ability to deliver world-class service with rapid response time. Over the last 13 years, the bank has successfully gained market share in its target customer franchises while maintaining healthy profitability and asset quality. As on December 31, 2007, the Bank had a network of 754 branches and 1,906 ATMs in 327 cities. For the quarter ended December 31, 2007, the bank reported a net profit of Rs. 4.3 billion, up 45.2%, over the corresponding quarter of previous year. Total deposits were Rs. 993.9 billion, up 48.9% over the corresponding quarter of previous year. Total balance sheet size too grew by 46.7% to Rs.1,314.4 billion.

ABOUT CENTURION BANK OF PUNJAB

Centurion Bank of Punjab is one of the leading new generation private sector banks in India. The bank serves individual consumers, small and medium businesses and large corporations with a full range of financial products and services for investing, lending and advice on financial planning. The bank offers its customers an array of wealth management products such as mutual funds, life and general insurance and has established a leadership 'position'. The bank is also a strong player in foreign exchange services, personal loans, mortgages and agricultural loans. Additionally the bank offers a full suite of NRI banking products to overseas Indians. On August 29, 2007, Lord Krishna Bank (LKB) merged with Centurion Bank of Punjab, post obtaining all requisite statutory and regulatory approvals. This merger has further strengthened the geographical reach of the Bank in major towns and cities across the country, especially in the State of Kerala, in addition to its existing dominance in the northern part of the country.

Centurion Bank of Punjab now operates on a strong nationwide franchise of 394 branches and 452 ATMs in 180 locations across the country, supported by employee base of over 7,500 employees. In addition to being listed on the major Indian stock exchanges, the Bank's shares are also listed on the Luxembourg Stock Exchange.

THE MERGER

The combined entity have a nationwide network of 1,148 branches (the largest amongst private sector Banks) a strong deposit base of around Rs. 1,200 billion and net advances of around Rs. 850 billion. The balance sheet size of the combined entity is over Rs. 1,500 billion. HDFC Bank was looking for an appropriate merger opportunity that would add scale, geography and experienced staff to its franchise. This opportunity arose and they thought it is an attractive route to supplement HDFC Bank's organic growth. They believe that Centurion Bank of Punjab would be the right fit in terms of culture, strategic intent and approach to business. These are exciting times for the

Indian banking industry. The merger has positioned the combined entity to significantly exploit opportunities in a market globally recognized as one of the fastest growing.

Over the last few years, Centurion Bank of Punjab has set benchmarks for growth. The bank today has a large nationwide network, an extremely valuable franchise, 7,500 talented employees, and strong leadership positions in the market place. The merger with HDFC Bank will create a world class bank in quality and scale and will set the stage to compete with banks both locally as well on a global level.

Fitch expects HBL to maintain its post-merger financials and competitiveness amongst the best banks in India. The merger benefits HBL through the addition of CBP's branch network, which would add momentum to its increasing market share (currently seventh-largest bank in India in terms of assets). While CBP's assets are about a fifth that of HBL's, the merger would increase the latter's branch network by 50%. The merger is subject to shareholder and regulatory approvals. CBL's ratings are expected to be upgraded to that of HBL and then withdrawn as part of the amalgamation.

CBP's profitability is weaker than that of HBL and would slightly dilute the merged entity's figures. HBL should however be able to gradually leverage on the increased branch network with its superior franchise and stronger product delivery capabilities to improve its existing liability profile and business volumes of CBP and thereby its profitability.

Similarly, HBL should also be able to absorb CBP's unprovided NPLs (INR2.5bn, equivalent to 17% of HBL's annualised net income in 9MFY08). Post-merger, HBL would however continue to have a relatively higher proportion of unsecured consumer loans, while its two wheeler loan portfolio would slightly increase. The asset quality in these segments came under some pressure for the banking system in 2007 when increasing interest rates undermined the borrower's repayment capacity. HBL's risk management has so far enabled it to maintain credit losses in line with expectations at the point of origination.

HBL is the second-largest private bank in India with a nationwide presence. Strong operations in both retail and corporate banking businesses together with multiple delivery channels across India have supported HBL's loan growth and its superior

earnings profile. The gross NPL ratio has remained better than that of most Indian banks and reflects the bank's strong risk management system. Regular equity infusions have helped maintain the Tier 1 ratio above 8% (end-December 2007: 10.5%) through periods of rapid growth.

CBP incorporates three private banks that merged in 2006 and 2007 - the erstwhile Centurion Bank which turned around following the induction of new shareholders and management in 2003, the erstwhile Bank of Punjab that added a strong retail liability franchise in Punjab and the erstwhile Lord Krishna Bank that helped add the branch network in Kerala. CBP's loan portfolio consists mainly of two-wheeler, commercial vehicles, residential mortgage, unsecured personal and SME loans.

Among Centurion Bank of Punjab's greatest strengths is the fact that it is a professionally managed bank with a globally experienced and capable management team.

OBJECTIVE OF THE STUDY

- To identify the Customer Relationship Management (CRM) of **Centurion Bank of Punjab**
- To study the advantages of Customer Relationship Management in Banking Services

RESEARCH METHODOLOGY

The project being undertaken was exploratory research. Where in all these approaches of exploratory researches were used to collect the information on CRM at Centurion Bank of Punjab.

DATA COLLECTION:

The base on which a study rests is the information that is embedded in it. The data for this study was obtained as a blend of both Secondary and Primary sources.

Secondary Data

Already published data formed the starting point for the study. This included:-

- Website of various CRM Solution Providers India
- Official Reports on Centurion Bank of Punjab
- Books on CRM and related topics.

Primary Data

Data was collected specifically for the research needs at hand. The sources included: -

- ◆ Interviews of Officials of Centurion Bank of Punjab at New Delhi:
- ◆ Questionnaires: A structured questionnaire was prepared. This was than presented and got filled from the concerned people at Centurion Bank of Punjab.

The information gathered has been tabulated and presented in the final report.

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