

THE ADVANTAGES OF E-CUSTOMER RELATIONSHIP MANAGEMENT IN BANKING SECTOR

R. GIRINATH¹ & Dr. A. RAVI²

1. Research Scholar, Bharathiar University, Coimbatore, Tamil Nadu

2. Principal, RJS Institute of Management Studies, Bangalore

Abstract: Customer Relationship Management is crucial function of banking industry. This is carried out through internet which has come to be known as E-CRM. E-CRM provides round the clock and round the year services, covers all the activities of business through the use of ICT (Information and communication Technology) being attractive, interactive and collaborative. The E-CRM enables customers retention, attract new customer, creates customer satisfaction and agility.

Existing literature has been reviewed to identify the key benefits of E-CRM to the customers. It is understood that E-CRM has emerged as a basic requirement for the banks to understand the customer and offer services that satisfy customers consistently thereby enhancing business relationships with customers over a longer period which leads to customer loyalty.

Keywords: CRM, ICT, Banking industry

Introduction

Today many large and medium organizations have realised the importance of customer relationship management (CRM) and how effectively it can be utilised as a tool to acquire new customers, retain existing ones and to build a loyal customer base. At this juncture close relationship with customers would require a strong co-ordination between Information Technology and operations departments to enhance long term relationship with selected customers.

This paper deals with the role of customer relationship management in banking sector and the need for CRM to increase customer base and value by using web based communication services i.e., E-CRM. According to Karjaluo et.al (2002) electronic banking term refers to internet banking. The internet has a great impact on the electronic banking system. This has inbuilt close co-ordination network without the need of physical presence of either banking personnel or the customers. Hence, E-CRM has assumed greater importance in carrying out business operations either way. The role of E-CRM is to identify the most profitable customers, attract and retain them and get rid of less profitable ones (Fjermestad and Romano 2003). Technology, People and customer are the three elements on which hinges the success of banking in the fast changing economic environment (R.K. Mittal and Rajeew Kumar – Delhi Business Review Volume 2- Nov-Jan 2001).

The ultimate performance of a bank depends on the satisfaction of its customers. In the emerging competitive and technological driven banking scenario, banks have to strive hard for retaining and enlarging their customer base. E-CRM which is the latest buzzword in the corporate sector, is perceived as one of the effective tool in this direction by the banks. The success of E-CRM lies in the organizations perception and the way E-CRM is used. It should be used as a tool in understanding and learning about the customer, and thereby providing quality service with an aim to build a long term relationship with the customers. Because of the ever growing competition the organizations should never be complacent with the current relationships but should always be in the race to enhance the customer relationship and E-CRM will help organizations in learning, satisfying and maintaining relationships with customers.

The context of CRM when seen in the context of e-business, it translates into E-CRM which essentially deals with managing customer interactions over WEB. Technology will be an enabler in managing the pace and quantum change. Success in technology can be brought about by skilled human resources. Whichever high-technology is employed, ultimately the banks performance depends upon the satisfaction of its customers. In the emerging competitive and technological driven banking era, banks have to strive hard for retaining and enlarging their customer base by offering acceptable and efficient business operations culminating in cordial relation and instant transmissions between banks and their stakeholders.

Review of Literature:

In this section, the researcher will present theory connected to research problem. The theory will be used to develop research questions and conceptualization. E-Customer Relationship Management (E-CRM) is a new concept, came into being not long ago, that is about a decade and a half.

Bank marketing in general and customer relationship management in particular are of vital importance for banks in India. CRM has assumed greater importance in the recent years, be it business organizations or a bank or an office, the development of E-CRM practices is necessary for its efficient and effective working.

CRM is the core business strategy that integrates internal process and functions and external network (Buttle 2004) to identify, cultivate and maintain long-term profitable relationships so as to provide these very customers with service quality exceeding their expectations (Mc Donald 2002).

Usefulness of the Study

E-CRM is the conduct of CRM on the internet not only for lending and accepting deposits and also for servicing customers and collaborating with stakeholders. Consequent to the adoption of 'New Economic Policy (1991)', our economic policy provides for globalisation and privatization which results in exponential growth of banking industry. Comprising scheduled banks, private banks and MNC banks. Similarly customer base is also growing with leaps and bounds.

Enormous responsibility lies on the management of banking industry to keep the customers satisfied with the operations. This demands for better relationship management through E-CRM by the banking. This is an attempt to assess the extent and degree of E-CRM adopted by banking industry and find out if there is scope for further improvement.

Objectives:

- 1) To study the current status of E-CRM in Indian banks.
- 2) To study customers perception towards E-CRM
- 3) To examine the different operational benefits accessible to customers through service quality channels.

CRM: CRM is a practice followed by the organizations to build strategies with the effective utilization of technologies by capturing, managing and analysing the customer interaction and data throughout the customer life-cycle, with an objective of enhancing business relationships with customers leading to customer retention and driving sales growth.

E-CRM: Electronic Customer Relationship Management encompasses all the CRM functions with the use of net environment, i.e., internet, extranet and intranet. Electronic CRM concerns all forms of managing relationships with customers making use of information technology.

Internet: The internet is a technology where the computers are interconnected like a web and uses the internet protocol to connect devices worldwide.

Customer Centric: Customer centric company is more than a company that offers great customer service.

Collaborating: To work one with another, co-operate to work together.

Broadband: A high capacity transmission technique using a wide range of frequencies, which enables a large number of messages to be communicated simultaneously. In telecommunication, broadband is a wide band width data transmission with an ability to simultaneously transport multiple signals. The media can be co-optical cable, optical fibre cable, radio or twisted pair under the bandwidth of a channel, the greater the information carrying capacity, given the channel quality.

Emergence of CRM:

Today the primary reason for the emergence of CRM can be attributed to the changing business and marketing environment. Today marketing model has moved from the product centric approach to customer centric approach. CRM helps organizations to create customised products or offers for their customers and enhance relationship by providing better customer service and consistently meeting customer expectations.

CRM in Banking Sector:

India has a fierce competitive banking market and also emerged as one of the most attractive market after 2009. Many foreign banks have entered and established themselves and will continue their presence for long time to go. Due to the increasing competition a greater focus on CRM enables banks to protect its market share and boost growth. In India the banking sector has been operating as a very stable environment from last thirty to forty years. In current scenario of banking sector, the falling of internet rates and tough competition between the players had made Indian bankers to realise that the purpose of their business is to create and retain a customer and to see that the entire business process is consistent with an integrated to discover, retain and satisfy customer needs.

Need for CRM in Banking industry

Like other sectors, banking sector is also changing and this has created a need for relationship management. E-CRM provides companies with a means to conduct interactive, personalised and relevant communication with customers across both electronic and traditional channels. According to Dyche (2001) A combination of software, hardware, application and above all management commitment is E-CRM. According to Rosen (2001) E-CRM is about people, process and technology and these are key paramount to success.

Benefits of E-CRM

Customers are the most important stakeholders of any business. They are resources upon which the success of the business depends. Banks cannot rely on outdated methods and relationships. E-CRM creates anytime, anywhere transaction capability. Services provided through wireless handheld devices has wider reach, attractive, interactive and collaborative also ensure adequate security. Eliminates location and availability restrictions, reduces time and cost, not limited by geographical boundaries, helps in maintaining competitive edge. According to Hasham (2003) all manual processes are eliminated by implementing E-CRM at the company. Some of the benefits are:

- Expedites customer services, provides scope for on-time transactions.
- Worldwide presence and 24x7 business hours that is operational round the clock and round the year.
- No need for physical presence.
- Eliminates business intermediaries.
- Reduces customer defection rate.

Conclusion:

Various technological developments have revolutionized the functioning of Banking operations in the modern era globally. Technological developments have evolved many innovative electronic devices and have been instrumental in the application of these devices for the operation of service sector industries, especially Banking and Telecommunication sectors. Thereby it has been possible for corporate sectors to put in place these devices for functioning which eliminates entire range of manual operations.

Of late, automation finds its inroads into almost all functional domains of Banking industry. Banking industry has introduced multifarious functions to meet the multitude if needs of customers. Retention of existing customers and attraction of new customers is the paramount goal of Banks. These aspects warrant customer centric banking. Traditional way of banking operations and customers presence each and every time are progressively offset by online banking operations. This has given rise to E-Customer relationship management. Consequent to the introduction of online banking systems also known as e-banking. Contemporary marketing operations call for and put in place several modern gadgets (Hi-tech devices) to introduce E-Customer relationship management.

This has become essential due to exponential growth of banking industry and massive increase in customer base. All the more present financial system of the country desires cashless business transactions even for day-to-day transaction to meet household needs that is being carried out through online banking system. E-banking system doesn't need the physical presence of customers at various banking centres. Customer relationship is paramount need of the hour. Corporate world considers "Customer is King". Hence, customer relationship is more important than ever before. Therefore e-customer relationship management is a buzzword in the modern banking era.

Bibliography:

- [1]. Ab Hamid, N.R. (2005), 'E-CRM: are we there yet?' Journal of American Academy of Business, vol. 6, no. 1.
- [2]. Adebajo, D. (2003), 'Classifying and selecting e-CRM applications: an analysis-based proposal', Management Decision, vol. 41, no. 6.
- [3]. Bradway, B. and R. Purchia (2000), 'Top strategic IT initiatives in e-CRM for the new millennium' <http://www.ijser.org/research-paper-publishing-april-2016.aspx>
- [4]. Ragins, E.J. and A.J. Greco (2001), 'Customer relationship management and e-business: more than a software solution', Review of Business, Winter, pp. 25–30.
- [5]. Taylor, S.A. and G.L. Hunter (2002), 'The impact of loyalty with e-CRM software and e-services', International Journal of Service Industry Management, vol. 13, no. 6
- [6]. R.K. Mittal and Rajeev Kumar – Delhi Business Review Volume 2- Nov-Jan 2001
- [7]. Romano N.C. and Fjermestad J., (2003). Electronic Customer Relationship Management. New York: Advances in Management Information Systems Vladimir Zwass Series Editor.
- [8]. Buttle, F. (2004). "Customer Relationship Management: Concepts and Tools", Oxford: Elsevier Butterworth Heinemann.
- [9]. McDonald, L. (2002). "Customer Relationship Management - An Overview". Retrieved July 30, 2006, from http://www.brillianceweb.com/betterwebdesign/tips_48.aspx
- [10]. Dyche, J (2001), The CRM Handbook: A Business Guide to Customer Relationship Management, Reading, MA: AddisonWesley.
- [11]. Rosen, K. 2001. "Five myths of CRM," Computerworld:www.computerworld.com/softwaretopics/crm/story/0,10801,60972,00.html
- [12]. Karjaluoto, H., Mattila, M. And Pentto, T (2002), "Factors underlying attitude formation towards online banking in Finland", International Journal of Bank Marketing, Vol. 20 No. 6, pp. 261-272
- [13]. Hasham, M (2003) 'Golden Hope embraces future with e-CRM', New Straits Times, Malaysia, 07 May