

ROLE OF E-CRM IN INDIAN BANKS

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Abstract: *The Indian banking industry is transforming from its traditional transactional concept to Relationship Marketing. The tag “Customer is King” depicts that the customer is the focal point for any business scenario. The CRM concept has been implemented with the intention of better understanding of needs, requirements and trying to maintain a long term relationship with the customer. Maintaining personalized attention approach, managing database, creating customer value and appropriate retention strategies is the key for growth for banks in the present day scenario. The paper focuses on the objectives, techniques and benefits pertaining to e-CRM in Indian Banking Sector.*

Key Words: *Customer Relationship, Management, Indian Banks, eCRM, Banking Services.*

1. INTRODUCTION:

Within the existing business scenario, the acquisition of new customers is a herculean task. The companies try to evolve in the market with the advent in technology bypassing the traditional methods of acquisition and retention of customers. Due to this reality, nowadays, the Customer Relationship Management has evolved as a concept and strategy which tries to maintain the long term relationship with the customers. The success of any business is in understanding the requirements and providing the customized products and services. This would help in attracting the new potential customers which also would act as helping hand in retaining the existing customers in terms of repeat purchases.

CRM can be defined as follows:

- Understanding the needs of the customers.
- Creating value addition for the products and services for the potential customers.
- Stimulating the sales through the selected channels.
- Providing the better After Sales Service to maintain the long term relationship with the customers.

Customer Relationship Management is a comprehensive strategy and process of acquiring, retaining and partnering with selective customers to create superior value for the company and the customer. It involves integration of marketing, sales, customer service and the supply-chain functions of the organization to achieve greater efficiencies in delivering customer value. Robust technology has affected the banking industry in the past few decades.

ATMs have substituted cashier tellers, telephone represented by call centers replaced the bank branch, internet displaced the mail, credit cards and electronic cash displaced traditional cash transactions. The banking industry is now moving towards implementation of relationship banking principles. It is also experiencing the “Productivity flywheel”. Higher competition is leading to increase the productivity in banks. Higher Productivity is leading to grab the greater market share by the players. Higher market share is again leading to higher competition. Thus to have an edge over competitors, e-CRM is important in retaining the existing and to attract the potential customers. To experience customer retention, the banks should monitor the customer behavior. The front line employees can have a better understanding, a predictive future behavior and customer preferences. The database and applications helps the bank to maintain better relations with customers to continue to grow and evolve in the market.

2. REVIEW OF LITERATURE:

Soumya Shreedhar (2015) states in her Research Paper that, in today’s competitive era, banks try to retain existing customer and attracting new customer through customer relationship management. The study was to analyze the opinion about services offered by banks and to study the satisfaction level of customers about CRM in banks. Dr.A.Hema Malini (2015) focused on the role, need and importance of Customer Relationship Management (CRM) in the Indian banking Sector to survive in the competitive world.

Dr. Sarita Bhatnagar (2013) focused on an organizational transformation from product centricity to customer centricity in banks. The paper also emphasizes the Issues and challenges after the implementation of CRM in banking industry. Saviga Unhanandana (2012) focused on understanding the importance and employment of customer relationship management strategies as well as investigating the relationships between customer relationship

strategies and customer outcomes. S. Sudalaimuthu (2009) focused on Effective implementation and monitoring of CRM approaches by banks will result in providing superior services to customers, gaining long term loyalty and finally realizing more revenue by banks. Miroslav Mandic focused on the important elements of Customer Relationship Management – people, process and technology. In successful implementation of customer relationship management, the Top Management, customers, process, time, cost, technology and employees play a key role.

Dr. R. Sathya Devi (2015) emphasized on the role of CRM in banking sector and the customer perception about CRM. The paper also focused upon the contribution of CRM and challenges in implementation of CRM. MRS. Kavita Malik (2013) emphasized on the concept of e-CRM in banks from its various dimensions covering evolution, objectives, areas, techniques, benefits and drawbacks. Aileen Kennedy (2006) explored on e-CRM opportunities and challenges in a digital world. The paper also focused on marketing opportunities e-CRM creates for companies such as enhanced customer interactions and relationships as well as personalization options, all of which are potential sources of competitive advantage. Dr. Suresh Chandra Bihari focused on cooperative and collaborative relationships between the firm and its customers, and/or other marketing factors. The paper also explored the development of Customer Information Systems and challenges to implement Customer Equity Asset Management.

3. E-CRM OBJECTIVES IN BANKING SECTOR:

- To improve the customer service standards resulting in customer satisfaction.
- To maintain the transparency in communicating the information about the products and services.
- To maintain the information about customers, where and how this data is stored.
- To help the sales staff close deals faster, simplify marketing and sales processes, discover new customers, and increase customer revenues.
- To reduce the Costs of marketing.
- To increase the Conversion rate, i.e., turning the browsers into buyers.

4. CURRENT STATUS OF E-CRM IN INDIAN BANKS:

In the present scenario, there are five functional categories for online banking sites – on line brochure centre, interactive bank, e-mails, calculations and cyber banks, which offer customers access to account information, inter-branch funds transfer and utility bill payments. Internet has empowered banking at the click of the mouse. Several banks have been in collaboration with service providers in telecom and power sectors which enable their customers to make bill payments online. In India, under the private sector, ICICI Bank, HDFC Bank, UTI Bank and many more banks have taken the lead in e-banking. Amongst the foreign banks, Citibank has noticeable presence, while others like Federal Bank, HSBC Bank, Deutsche Bank and ABN Amro Bank are growing as major players in e-banking. E-banking services in India were first offered by ICICI Bank logging more than one lakh regular internet user accounts, of which more than 25 percent were of NRIs. The bank visualized advanced information technology as a managerial and competitive tool and tried to harness technology to the maximum possible extent to deliver superior customer services.

UTI bank uses VSAT terminals at strategic locations, which will help in ATM servicing and internal management information system. The bank had signed a memorandum of understanding with equitymaster.com for e-brokering activities of the site. This will enable the bank to leverage its database for e-commerce and other initiatives with data-warehousing and data-mining, where information of the customer spending habits will be used to sell other co-related products like credit cards.

5. E-CRM TECHNIQUES USED BY BANKS IN INDIA:

The online services in banks are initiating a new trend in relationship management to build one to one relationship with the customers to achieve competitive advantage. The following are some of the latest e-CRM techniques used by banks in offering new products and services to their customers.

Internet banking

In the bank portals, the information of bank's products and services is disseminated to the customers. The banking services are provided through Net with the convenience of ease and accessibility. Internet banking offers many benefits to the banks viz. vast reach, reduced transaction costs, direct marketing and cross selling, build bank's brand, etc. It also offers benefits to customers' viz. reduced cost, convenience, banking with the bank and not the branch, speed, better cash management, etc. Thus the technology has completely eliminated the need for branch. Internet banking has the following features:

- Check account balance and transaction details
- Make fund transfer to self or third party accounts
- Inquire deposits / exchange / loan rate

- Online Deposit
- Online Requests for DDs and Cheques.

Mobile banking/ SMS Banking

These services empower the customer with an instant access to check balance or post queries and transaction. A customer can contact banks help line or phone banking number to register complaints and to post general enquiries. After each transaction, when the amount gets credited and debited, instant SMS would be sent to the customer. In case of fund transfers, OTPs are sent to the registered mobile number for a secured transaction.

ATM Services

An ATM is a machine that can deliver cash to the customers on demand after authentication. As per the RBI report, there are presently 96,664 on-site and 95,544 off-site ATMs in India. This service is made available 24-7 throughout the year. The growth in ATMs has been fuelled by a race among banks to expand their customer base by going in for more value added services on these machines.

Data Warehousing and Data Mining

This technique is used to develop and use customer data to check their profile, retention and loyalty patterns. They provide valuable inputs for retaining customers and developing products and services for the future. Thus from the above we found that the technology in banking has been used in four major ways:

- To enhance the customer base.
- To emanate the banks from the traditional constraints of time and place.
- To introduce new products and services as per the requirements of customer.

E-mail

Email is considered as Banks can maintain the list of its best customers and inform the customers about various services and schemes offered by the bank.

INFINET and VSAT Network

Indian Financial Network (INFINET), a closer user group (CUG) has been initiated by RBI to upgrade the country's payment and settlement system in banking and financial sector. INFINET uses VSAT (very small aperture terminal) technology. Some of the major applications of INFINET in banking services/operation are listed as: (i) e-Mail (ii) Any branch banking (iii) Treasury management (iv) EFT (v) Clearing and settlement system for securities – delivery/payment.

Communication Technology (SWIFT)

International banks and foreign investors have formed a cooperative organization SWIFT. It's an acronym for Society for Worldwide Inter Bank Financial Tele Communication. It provides a computerized network for stage transmission amongst international banks in the member countries. This technology made available the fastest banking services/facilities to customers who are engaged in international business.

Electronic Funds Transfer (EFT)

The RBI has introduced Electronic fund transfer technique for public sector banks to help them offer their customer money transfer service from any bank's branch to any other bank's branch. EFT system takes few seconds to transfer the money electronically to any customer account in any branch.

Point of Sale Terminal

It consists of two key components a computer terminal that is linked online to computerized customer information file and a plastic magnetically encoded transaction card that identify the customer's account is debited and the retailer's account is credited by the computer for the amount of purchase.

Computer networking

Networking between the branches of divisional, regional, zonal and head office of banks provide access to customer data base from the executive desk. This will integrate the front- office applications with back-office requirements, thus generating MIS for branch managers and executives at the different controlling offices including Head office for accurate, speedy and cost-effective customer services.

6. E-CRM BENEFITS:

CRM helps in experiencing an edge over its competitors. The efficiency in terms of operations and strategy can be enhanced with the effective implementation of CRM. Some of the advantages have been listed below:

- The banks can have a better understanding of customers.
- Long-term customers are more likely to become a referral source.
- Improved customer service leads to better customer satisfaction enabling the Cross Selling of products and services.
- Profitability increases due to more customer acquisition and retention.

- Integration of people, process and technology can be achieved (Centralized database).
- The customized products and services can be provided, according to the needs and requirements of various segments.
- The transactions with the customers will be more transparent.
- The organization can better manage the leads and opportunities into business through proper follow ups and interactions.
- The operational inefficiencies can be reduced with the help of CRM. It integrates customer interactions through phone, fax, e-mail, online portals, wireless devices, ATMs etc.
- Helps in getting feedback and helps the customers to know about more products which are beneficial to them.
- Helps in enhancing the TAT by providing faster response to customer inquiries.

7. CONCLUSION:

This short paper defines what e-CRM is and its role in banking industry. It also provides insights on the techniques and benefits of e-CRM. Summarizing the paper, here are the key highlights:

- In order to understand, manage and serve the customer requirements, the role of CRM comes into picture.
- e-CRM is a co-ordinate approach in business to maintain a healthy relationship between the organization and its customers to satisfy and retain them which in turn helps the organization to attract more.
- e-CRM helps in delivering the consistent and cost-effective service to their customers. It has become a necessity to compete effectively in today's marketplace.
- The banks have adopted e-CRM approach where the focus is more on meeting the needs of the customers. They are turning up into a customer focused organization understanding the needs and wants of customers leading to higher customer Satisfaction and higher customer retention.
- The biggest challenge is to come up with sustainable solutions and to anticipate the changes in consumers demand. Thus, operational e-CRM with the help of analytical e-CRM with predictive data mining models as its core provides data related to demand which in turn helps in meeting the requirements leading to long term relationship.

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