

The Role of Electronic Customer Relationship Management (E-CRM) in Banking sector

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Abstract : Digital upgradation has become mandatory for the Indian banking sector as it has developed a lot in the 20th century, and is developing gradually in the 21st century.

Consequently, in the customer-oriented marketing of the banking sector, the customer relationship management (CRM) is playing a vital role. My study aims at understanding the benefits and the necessity of the CRM in the banking sector, both for the banks and their customers.

This paper highlights how ECRM helps the banking sector to retain its old customers and acquire new customers by managing the complete data of the client in a very efficient manner.

I. INTRODUCTION

Marketing is now basically customer oriented, and the customer relationship management (CRM) is a vital tool to manage it effectively and efficiently. This tool gathers and process the customers' data to provide them better services.

The Definition of Customer Relationship Management (CRM):

“Customer relationship management is the commitment of the company to place the customer experience at the centre of its priorities and to ensure that incentive systems, processes and information resources leverage the relationship by enhancing the experience” -----Peter Keen(1997)

CRM can be defined as follows:

- ☆ It understands the requirements of the customers.
- ☆ It creates value addition for the products and services for the potential customers.
- ☆ It stimulates the sales using a few selected channels.
- ☆ It provides better "After Sales Service" to have a lasting relationship with the customers.

Customer relationship management creates better value for the company as well as for the customer. It's a comprehensive strategy and an effective process to acquire, retain and partner with customers to achieve the objectives mentioned above. Besides, for the same purpose, it integrates marketing, sales, customer service and the supply-chain functions of the organization. Advanced technology has transformed the banking industry in the last few decades.

Customers are now very sophisticated, price-sensitive and demanding. They don't want to waste even a single minute of their valuable time.

As per the current market researches

1. To sell a product to a new customer costs 6 times more than to sell the same product to an existing one.
2. One dissatisfied customer communicates his experience to 8-10 others.
3. A 5% increase in the customer retention rate might increase the profit by 85%.
4. Chances of making a sale to an existing customer are 50%, but, to a new customer, only 15% .
5. If the complaints of the customers are resolved to their satisfaction, 70% of them will continue doing business with the company.
6. 90% of companies lack the required sales and service integration to support e-commerce.

Scullin et al., (2002) is of the view that enhanced customer loyalty and information gathered by e-CRM system help organizations to identify the actual input cost of winning and retaining long lasting relationships with customers.

II. OBJECTIVES

1. Improvement in the customer service standards to enhance customer satisfaction.
2. Transparency in communicating the information about the products and services.
3. Proper record and maintenance of the information about customers.
4. Assistance to the sales staff in disposing of deals faster, simplifying marketing and sales processes, discovering new customers, and increasing customer revenues.

III. HYPOTHESIS

1. Electronic customer management system has become more and more popular in the banking sector in the last two decades.
2. Doing business through tracking the behaviour of the customer with their choices have become much easier.
3. Gradual advancement in technologies has provided more practical and effective ways of delivering the benefits of various banking offers.

IV. REVIEW OF LITERATURE

CRM is a lot more than just transactional exchanges, which effectively provide products and services to customers. It is a long-term relationship which makes the use of advanced technologies and human resources to understand customers' behaviours and gain the maximum value from customers (Aher and Bhakkad, 2011).

CRM in banking is not the same as CRM in other sectors, because here it is all about financial services, where higher level of trust in interactions with people is needed. A timely created customer care support is needed for interest payments, issuing credit and debit ATM cards and maturity of time deposit (Rao, 2013).

E-CRM is web-based. It manages customer interactions over the web. It is a web-centric approach to synchronise customer relationships, business functions and audiences. It establishes a very meaningful relationship with customers. It enhances the competitiveness of the organisation through the analysis of business practices.

(Mishra and Padhi, 2013). Being unaware of the internal banks' processes (esp. communication channels for interaction with the banks), customers usually depend on operational e-CRM

Communication channels such as telebanking and teller systems are indirect touch-points. On the other hand, analytical e-CRM concentrates on using technology to make sense of the large quantity of customer data (Krairit, Sivaraks and Tang, 2011).

Haverty (1998, pp. 40-44) demonstrates E-CRM provides cost-saving opportunism and threats-drive action and innovation even in conservative banks. They have influenced how banks must re-position themselves to take advantage of new service delivery channels and new markets for existing services. (Loans, letter of credit and so on).

Many banks have their own websites on the Internet for offering banking services. Using the power of the web is a move from static pages to dynamic applications that are connected to bank data. A web service gives real-time access to merchants for payment information rather than waiting for hardcopy from bank. Elias Awad (2000, pp. 14-33) regards e-mail as the most popular tool for customer service.

e-Mail is a very fast and inexpensive means (i) to disseminate information (e.g. catalogues), (ii) to send product information and order confirmations, (iii) to conduct correspondence regarding any topic with customers and business partners, and (iv) to respond to enquiries from customers.

V. STATEMENT

In the last three decades, the computer, the Internet, and information technology have merged together to become a viable substitute for labour- and paper-intensive banking processes between and across commercial banks. Now, people use ATM, credit cards, debit cards, smart cards, and lend through e-CRM via the Internet as things of daily routine.

CRM system

☆ provides a comprehensive and actionable view to relationship managers.

☆ tracks data manually and prepares MIS reports with lag in data, resulting in only a post mortem rather than timely decision making.

Customer Relationship

Earlier, relationship teams mainly aimed at getting information about the preferences of the customers and the information, which was stored by them in their databases. To protect and deal with one to one relationship with customers CRM was developed. Once the organization acquires customer and is able to have him/her forever, the customer becomes more loyal to the organisation and makes good use of the services of the organization.

In Short, eCRM :

☆ provides a comprehensive and actionable view to relationship managers by integrating with the third party and back office systems.

☆ gets access to rich, detailed profile and history that lays the foundation for a more meaningful, lasting business relationship.

☆ Drives efficiency with an intuitive, mobile calendar which gives a quick snapshot of tasks, appointments, meetings, corporate customer news etc. on the go.

Using e-mail for business communication

By using e-mail banks can maintain the list of their best customers and inform them about various services and schemes offered by the bank. To answer a large number of e-mails quickly and cost-effectively the use of automated e-mail-reply systems is getting popular very fast.

Automated e-mail reply system (to customer inquiries) uses intelligent agents who recognize key words and quickly respond to common queries. e-Mail, as a communication tool, responds quickly and accurately to all customer queries. Forms, reviews, referral and new contacts sent to customers can be attached to e-mails. e-CRM is acting as a bridge between bank and customer through e-mail business communication.

Personalized services or one to one services

Personalized services can be easily differentiated and cannot be simulated by competitors in the market. The better the conversation with customers goes, the more the relationship with them improves.

Personalized services not only initiate new sales, but also implement it successfully, and thereby allow the organization to improve its effectiveness and efficiency in serving the customers. In order to provide excellent services to the customers, a company should identify the needs of their customers and provide them the best solution before he makes a request. Now a days, customers don't visit their banks for additional services such as finance, credit cards etc., instead they expect banks to provide these services

conveniently. Customers of the banks are very choosy now a days, and the success of the banks depend upon how successfully the banks come up to their expectations.

Establishing a website to market products or services

e-CRM provides cost-effective and innovative marketing ways in all banks, including conservative banks. They have encouraged banks to reposition themselves to avail themselves of new opportunities, including establishing new service delivery channels and new markets for existing services (loans, letters of credit, etc.)

VI. CONCLUSION

This short paper defines what e-CRM means and what role it plays in banking industry. It also provides insights into the techniques and benefits of e-CRM.

Summarizing the paper, here are the key highlights:

1. e-CRM is an integrated approach in business, which maintains a congenial relationship between the organization and its customers to ensure retention of the existing customers, and inclusion of the new customers.
2. e-CRM ensures consistent and cost-effective service to their customers.
3. e-CRM focuses more on meeting the needs of the customers.
4. E-CRM not only understands the needs and wants of customers, but also satisfies them.

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