

A study on e-CRM in the banking industry

Swati Sharma^{1*}, Dr. Narendra Singh²

¹ Research Scholar, Malwanchal University

² Supervisor, Malwanchal University

Abstract - Traditional transactional banking in India is being replaced by Relationship Marketing. It's clear from the tagline "Client is King" that every company situation revolves on making the customer happy. In order to better understand the customer's wants and expectations, the CRM idea has been put into place, with the goal of establishing a long-term connection. In today's business environment, banks' success depends on a variety of factors, including a commitment to individualized service, effective database management, a focus on building client loyalty, and effective retention measures. The purpose of this article is to discuss the goals, methods, and advantages of e-CRM in the Indian banking industry.

Keywords - e-CRM, banking, customer, industry

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INTRODUCTION

In the current corporate environment, gaining new consumers is an uphill battle. Companies are attempting to adapt to the changing industry by avoiding old tactics of consumer acquisition and retention in favor of more cutting-edge ones. Since this is the case, Client Relationship Management has emerged as a concept and strategy that aims to preserve long-term customer relationships. To be successful, a company must first identify its customers' needs and then provide products and services that are specifically tailored to meet those needs. This would aid in bringing in new consumers while also keeping the ones you already have by encouraging them to make further purchases in the future. [1]

As company practices evolve, managers employ information systems (ISs) to ensure high productivity and efficiency in their operations. New goods and services, as well as new business models depicting how a company develops, delivers, and sells these services and products to create money, are developed using iss. Firms also utilize these strategies to build client closeness and influence their choices.

Customers now have more access to market prospects thanks to new breakthroughs in information and communication technology (ICT) and the widespread use of new media. Consequently, the pressures and chances for rivalry among enterprises to satisfy demanding clients increased. It is becoming increasingly important to maintain long-term client relationships (CRM). There are three primary integrated functional areas in CRM: sales, marketing,

and customer service. CRM may be used to solve a variety of customer-related issues in any organization. [2]

A management technique that integrates marketing with information technology, CRM began in the United States in the late 1990s and has since been adopted by a huge number of businesses worldwide. Marketing and IT teams must work together to maintain a long-term engagement with customers if they want to have a close relationship with their customers. Since the fight for client retention and acquisition has intensified in both local and worldwide markets, CRM has become increasingly vital.

Customer pleasure has become the primary goal of businesses, as opposed to increasing the efficiency of production. Customers used to evaluate items before making a purchase, but today they have greater expectations and different wants than they had previously. Therefore, organizations must be able to adapt to these new opportunities in order to remain viable in the marketplace. Today's rapidly shifting economic conditions are exacerbated by increased globalization and severe competition. Technology, people, and customers are the three most important factors in determining a company's success or failure. In order to better service their current customers and attract new ones, as well as boost customer satisfaction, companies are utilizing both technology and people.

In order to satisfy the demands and expectations of clients in the banking sector, advanced technology requirements are needed. A bank's policies and judgments are improved by analyzing customers' information and expectations through the use of

technology, knowledge management, distribution, and information analysis (e.g., data mining). Customers, manufacturers and service providers are all benefiting from the increased use of electronic methods of communication in the modern corporate world. Relationship management between banking services and consumers is critical to a bank's growth. [3]

Organizations' CRM strategies are increasingly being informed by the use of electronic channels in conjunction with the adoption of e-business, a practice known as electronic customer relationship management (e-CRM). Electronic Customer Relationship Management (E-CRM) is an essential strategy to let consumers profit from the company's website in their interactions. People, clients, and technology all play a role in the success of the banking sector, with the ultimate success being determined by customer happiness.[4]

Both the firm and its clients profit from E-CRM. A number of advantages may accrue to businesses as a result of this strategy: increased capacity in a highly competitive market, improved market concentration, higher profit margins, lower costs, faster implementation of sales operations, and better marketing expertise. Customers benefit from e-CRM in a variety of ways, including increased customer loyalty, enhanced customer service, increased process efficiency, and a decrease in overall expenses.

When it comes to customer relationship management (CRM), it's all about creating long-term value for both the customer as well as for the organization. Customer value is delivered more efficiently by integrating marketing, sales/customer service, and supply-chain divisions of the company. Banks have been influenced by robust technology in recent decades. [5]

With the advent of automated teller machines (ATMs), telephone call centers, the internet, and credit cards, conventional cash transactions have all been rendered obsolete. Relationship banking is currently being used in the financial business. The "Productivity flywheel" is also happening right now. Bank productivity is rising as a result of increased competition. Players are gaining more market share as a result of increased productivity. Increased competition is a direct result of gaining market share. As a result, electronic customer relationship management (e-CRM) is critical in keeping and attracting new clients. Banks should keep an eye on their customers' habits if they want to improve client retention. Employees on the front lines may gain a greater understanding of consumer behavior and preferences, as well as a forecast for their future conduct. With the aid of the bank's database and apps, it is possible for the bank to continue to expand and adapt in the market. [6]

OBJECTIVES IN BANKING SECTOR OF E-CRM

- To increase customer satisfaction by improving customer service standards.
- In order to ensure that the information about the company's products and services is communicated in a clear manner, as well as the location and method of storing client data.
- To assist salespeople close transactions quicker, streamline marketing and sales procedures, find new clients, and boost income from existing customers.
- To cut down on the marketing costs.
- Conversion rate, i.e., the number of those who become customers, should be increased..

STATUS OF E-CRM

Banks' websites allow consumers access to account information, inter-branch cash transfers, and utility bill payments in five different functional categories: on-line brochure center; interactive bank; email; computations and cyber banks. With the help of the Internet, banking is now possible with the click of a mouse. In the telecom and electricity industries, a number of banks have teamed up with service providers in order to allow their clients to pay their bills online. ICICI Bank, HDFC Bank, UTI Bank, and a slew of other private Indian banks have led the way in e-banking. Foreign banks such as Federal Bank, HSBC Bank, Deutsche Bank, and ABN Amro Bank are all gaining ground in the e-banking arena. ICICI Bank was the first Indian bank to offer e-banking services, with more than a quarter of its customers being NRIs. Advanced information technology was considered a management and competitive tool by the bank. The bank aimed to utilize technology as much as possible in order to provide greater customer service. [7]

VSAT terminals are used by UTI Bank at strategic areas to assist with ATM servicing and the internal management information system. For the site's e-brokering activities, the bank had inked a memorandum of understanding with equitymaster.com. This will allow the bank to use its database for e-commerce and other projects including datawarehousing and data mining, in which consumer spending patterns will be leveraged to market additional goods such as credit cards.

E-CRM TECHNIQUES

The latest trend in relationship management is to develop one-on-one relationships with clients in order to gain a competitive edge through the use of online banking services. To better serve their

clients, banks are employing a variety of e-CRM approaches, including the following.[8]

Internet banking

Customers may find out about the bank's goods and services by visiting one of the bank's online portals. With the simplicity and accessibility of the Internet, financial services are now available to everyone. There are several advantages for banks, including a wide reach, lower transaction costs, direct marketing and cross-selling, and the building of the bank's brand. Customers gain from lower costs, convenience, banking with the bank rather than the branch, speed, improved cash management, and other advantages, such as better cash flow. There is no longer a need for branches as a result of this new technology. The following functions are available with online banking:

- 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

Customers may now check their account balance or submit enquiries and transactions instantly thanks to these services. Customers can file complaints or make general inquiries by calling the bank's support line or phone banking number. Instant SMS would be provided to the client after each transaction when the money is credited and debited. OTPs are delivered to the registered mobile phone for a safe transaction while transferring money. [9]

ATM Services

After a consumer authenticates themselves, an ATM can immediately deposit cash into their account. There are currently 96,664 on-site and 95,544 off-site ATMs in India, according to the RBI study. This service is offered year-round, 24 hours a day, 7 days a week. The rivalry among banks to offer additional value-added services on ATMs has fueled the proliferation of this type of machine.

Data Warehousing and Data Mining

Customers may be profiled, retained, and loyally rewarded using this kind of data collection. Customer retention and future product and service development benefit greatly from their contributions. There are four key ways that technology has been employed in banking:

- 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 seen as a way for banks to keep track of their most loyal clients and alert them of new services and plans.

INFINET and VSAT Network

INFINET, a close user group (CUG) established by the Reserve Bank of India (RBI) to improve the country's payment and settlement system in the banking and financial sector, has been launched. VSAT (very small aperture terminal) technology is employed by INFINET. INFINET has a wide range of applications in the banking industry, including the following: (i) e-Mail (ii) Any branch banking (iii) Treasury management (iv) EFT (v) Clearing and settlement system for securities – delivery/payment.[10]

Communication Technology (SWIFT)

Cooperative SWIFT was created by international banks and investors from throughout the world. The term stands for Society for Worldwide Interbank Financial Tele Communication. 'SWIFT' Among the member nations, it offers a computerized network for the transfer of stage data among international banks. Customers that do overseas business were able to take use of the fastest financial services/facilities thanks to this technology.

Electronic Funds Transfer (EFT)

The Reserve Bank of India (RBI) has developed the electronic fund transfer technology for public sector banks to assist them in providing money transfer services to its customers from any bank's branch to any other bank's branch. The EFT system transfers money electronically to any client account in any branch in a matter of seconds.

Point of Sale Terminal

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

Computer networking

The executive desk can access client data by networking between divisional, regional, zonal, and

head office branches of banks. This will link front-office applications to back-office needs, creating MIS for branch managers and executives at various controlling offices, including the Head Office, to provide accurate, quick, and cost-effective customer service.

BENEFITS OF E-CRM

CRM aids in gaining an advantage over competition. With the proper deployment of CRM, operational and strategic efficiency may be improved. A few of the benefits are given below.:

- Banks will be able to have a better knowledge of their consumers.
- Customers that have been with you for a long time are more inclined to suggest you to others.
- Improved customer service leads to higher customer satisfaction, allowing for product and service cross-selling.
- Profitability rises as more customers are acquired and retained.
- It is possible to integrate people, processes, and technology (Centralized database).
- According to the demands and requirements of various segments, customized goods and services may be given.
- Customer transactions will be more open and transparent.
- Through effective follow-ups and exchanges, the firm may better manage leads and opportunities into business.
- With the aid of CRM, operational inefficiencies may be eliminated. It combines consumer contacts via phone, fax, e-mail, internet portals, wireless devices, ATMs, and other means.
- Assists in gathering feedback and in informing clients about further goods that may be of interest to them.
- Assists in improving TAT by responding to client questions more quickly.

IMPORTANCE

In today's world, customer relationship management (CRM) is critical to a bank's development and profitability. CRM is critical for finding and retaining a bank's most profitable clients. It brings together technology and human resources to develop innovative tactics for acquiring new consumers and retaining existing ones. Banks and clients can profit from long-term commercial ties in a variety of ways. CRM is critical for the following reasons:

For Banks

- **Making Strong Relationship-** Every bank aims to build a strong relationship with its customers. For this reason, banks have

devoted themselves to serving customers wherever they may be. To face worldwide competitiveness in this age of global finance, it's the most important topic. CRM is the most prevalent factor in Indian banking, although there are many others that have an impact on this issue. It's one of them, and it's done so with unwavering trust in one's own customers and another in one's own bank.

- **Global Banking Developmental Engine-** When it comes to global banking marketing, CRM is a driving force behind progress since it allows for a more dynamic and customer-centric banking environment to be developed. By employing CRM, banking is not constrained by the borders of a country. The global banking industry is developing.
- **Maximization Profit through Satisfaction-** CRM aims to provide better service to customers. Any financial product must provide complete pleasure to the customer in a secure manner. Customer relationship management (CRM) gives banks a safe and user-friendly way to provide their own services to clients. By making customers feel better, banks are able to increase their profits through customer happiness.
- **Well Informed Customers-** The banking industry's customers are well-versed in current affairs. The globe has shrunk to the size of a village thanks to modern technologies. When it comes to banking, if you want to attract new clients, you need to build a strong relationship with your current ones and work to keep it that way in the future.
- **Improved Quality of Customer Retention-** Customer retention is critical in the competitive banking market, and CRM may help achieve this goal. The most critical component in increasing business is customer retention. CRM aims to keep customers for life in the hopes of turning them into profitable clients.
- **Find New Customers-** CRM may be useful in identifying new clients. For the purpose of gaining new clients, banks provide a wide range of offerings. The appeal of these items draws in new customers, which boosts revenue and profits.

For Customers

- **Availability of New Technologies-** Banks are continually looking for methods to improve their customer service by using CRM. Customers are moving away from more traditional methods of doing things in favor of newer ones. Banks are introducing new adopting technologies to their customers, such as ATMs, Internet banking, mobile banking, e-wallets, and e-

cards, allowing customers to execute global level financial transactions.

- **Availability of Good Information-** CRM allows customers to acquire important information in a variety of ways, either directly or indirectly. Consumers can ask questions directly to the bank in the "direct" method, whereas in the "indirect" mode, customers can ask their own questions using electronic means, such as E.Mail, IVRS, or an online complaint redress system, for example.
- **Simplify Marketing-** Marketing items are always more profitable if they are simplified for customers. Simple and safe client marketing may be achieved via the use of CRM. In comparison to another product, the customer may readily rationalize which one is more lucrative. It is now possible for bank customers to obtain information in a comparable manner, which they may utilize to make better product decisions.
- **Better Customer Service-** A customer's experience may be greatly improved by utilizing CRM in this way. The survival of any bank that fails to deliver better services in the era of globalization is put at risk if it cannot meet its own aim of keeping clients and integrating them into the business. The only approach to safeguard and expand one's marketing share is to provide superior services to clients.

REVIEW OF LITERATURE

Soumya Shreedhar (2015) According to her Research Paper, banks are trying to maintain and attract customers through customer relationship management in today's competitive times. The purpose of the research was to discover how satisfied consumers were with the customer relationship management (CRM) services provided by banks. [11]

Dr. Sarita Bhatnagar (2013) Banks are undergoing a shift from product-centricity to customer-centricity. It also discusses issues and obstacles that have arisen since CRM was used in the banking industry. [12]

Saviga Unhanandana (2012) Identifying customer relationship management techniques and determining how these tactics affect customer outcomes were the main goals of this study. [13]

S.Sudalaimuthu (2009) centered on Banks that successfully adopt and manage CRM strategies will be able to provide their clients with better service, win their loyalty over time, and ultimately generate more income. Customer Relationship Management (CRM) pioneer Miroslav Mandic devoted his career to integrating people, process, and technology.

Customers, procedure, time, cost, technology, and people all play a significant impact in a company's ability to successfully adopt customer relationship management. [14]

Aileen Kennedy (2006) reviewed digital world potential and problems in relation to electronic customer relationship management (e-CRM). e-expanded CRM's customer contacts and connections, as well as personalisation choices, were also discussed as possible competitive advantages in the report. As a result of his research, Dr. Suresh Chandra Bihari concentrated on the relationship between the company and its clients and/or other marketing aspects. Customer Information Systems were also discussed in the report, as well as the difficulties of implementing Customer Equity Asset Management.[15]

CONCLUSION

Client relationship management (CRM) plays a key role in understanding, managing, and serving customer needs. One of the goals of enterprise customer relationship management (e-CRM) is keeping the company's existing customers happy while also attracting new ones. The use of e-CRM makes it possible for businesses to provide their clients with reliable, cost-effective service. In order to succeed in today's market, it has become essential. To better serve their clients, financial institutions have turned to an electronic customer relationship management (e-CRM) strategy. A customer-centric company is being formed that understands the requirements and desires of customers, resulting in increased customer satisfaction and retention. The most difficult task is to come up with long-term solutions and to predict shifts in customer demand. With analytical e-CRM and predictive data mining models at its foundation, operational e-CRM delivers information about demand that, in turn, helps satisfy needs and fosters long-term relationships.

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Corresponding Author

Swati Sharma*

Research Scholar, Malwanchal University