
THE ROLE OF E-CRM IN BANKING INDUSTRY

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Abstract: E-CRM is still in its initial stage of growth, there is no much literature is available or much work done in this field, there is more research gap, but in our research paper we try to fill this gap by knowing the effectiveness of e-CRM in commercial bank with respect to use, implementation and application prospects. Internet has facilitated banking at the single click of the mouse. At present 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. Banks have tied up with various service providers in telecom and power sectors like MTNL, BSES and cellular service providers for allowing their customers to make fast and convenient bill payments online. In India, new private sector banks like ICICI Bank, HDFC Bank, Global Trust Bank and UTI Bank, have taken the lead in e-banking. E-CRM supports the multi-channel touch point and there should be consistency in customer experience. E-CRM create multiple channel strategy for successful CRM strategy in organization with the advancement of technology it provides opportunity to companies to have customer feedback. The technology makes it possible for agents, managers, partners and others user to maintain a single view of the customer and gain organization information immediately.

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Introduction: E-CRM is still in its initial stage of growth, there is no much literature is available or much work done in this field, there is more research gap, but in our research paper we try to fill this gap by knowing the effectiveness of e-CRM in commercial bank with respect to use, implementation and application prospects. Internet has facilitated banking at the single click of the mouse. At present 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. Banks have tied up with various service providers in telecom and power sectors like MTNL, BSES and cellular service providers for allowing their customers to make fast and convenient bill payments online. In India, new private sector banks like ICICI Bank, HDFC Bank, Global Trust Bank and UTI Bank, have taken the lead in e-banking. e-CRM supports the multi-channel touch point and there should be consistency in customer experience. e-CRM create multiple channel strategy for successful CRM strategy in organization with the advancement of technology it provides opportunity to companies to have customer feedback. The technology makes it possible for agents, managers, partners and others user to maintain a single view of the customer and gain organization information immediately.

E-CRM Techniques Used by Commercial Bank: Banks modern technology can develop innovative customer solutions to attain growth and profitability within the framework of sound risk-management practices. Techno-savvy banks are tapping into online services to initiate a new era in relationship management to create one to one relationships as well as one to many relationships to enhance their competitive advantage. Recent developments in critical areas of IT, have changed the way banks are managing their customer relationships. The following are some of the latest e-CRM techniques used by banks in offering new products and services to its customers: ATM, Internet Banking, Computer networking Smart cards, Decision Support System, Mobile banking and E-mail.

Future trends in e-CRM: McKinsey survey reveals that the global market for IT-enabled services would be \$140 billion by 2008, of which \$17 billion could belongs to India. Out of this, India has about \$450

millions e-CRM market. To take advantage of this growing market, global giants like PeopleSoft, SAP, Baan, Nortel, Talisma Corporation, Oracle Corp., Pivotal, and Siebel Systems are planning to invest in India so as to provide e-CRM software and services to Indian companies including banks. This will facilitate the e-CRM in Indian banks. On account of factors such as rise in the depositor base of banks and an increasing tendency among the new generation banks to diversify into web-enabled services, the number of net bank registrations has sky-rocketed. World-wide trend shows that net banking is perceived as a convenient and fast way of doing banking business and is fast gaining grounds. In Australia, the banks that do not provide net banking facility and do not share information over the net are considered 'dead ducks'. In spite of all these advantages, IT-enabled banking is subject to severe constraints and limitations. Firstly, the use of web banking by customers has been by and large limited to balance enquiries and making utility bill payments. Secondly, for online banking to reach a critical mark; we need requisite infrastructure in terms of availability of personal computers, adequate bandwidth and uninterrupted power supply, which presently is lacking in India. Thirdly, the awareness about the online banking even among the upper echelons of society is very poor.

Lastly people are insecure about the security offered by online banking. Hackers have managed to crack into even the Pentagon and NASA web servers, besides a host of other high security sites. Once these issues relating to infrastructure and security are resolved IT-related services will get a big boost in Indian Banks. Indian government, being aware of the problems relating to e-transaction has already passed a bill on IT on May 17, 2000. The bill involves legal provisions relating to piracy, defamation, advertising, taxation, digital signatures, copyrights and trade secrets in the cyber-world. The bill intends to facilitate e-business by removing legal uncertainties created by new technologies.

Steps in e-CRM Success: Many factors play a vital role in ensuring that the implementation of any level of e-CRM is successfully. One most effective way it could be measured by the ability for the system to add value to the existing business. There are four suggested implementation steps that affect the viability of a project like this: Developing customer-centric strategies, Redesigning workflow management systems, Re-engineering work processes and Supporting with the right technologies.

CRM Success Factors: While clear intention fuels the power of CRM, there are several other success factors to consider. We will focus on five of the most important here. Organizations that implements CRM with a strong return on investment share these characteristics.

1. Strong internal partnership around the CRM strategy. We said earlier that CRM is a way of doing business that touches all areas of your organization. This means that you and your management peers need to firm strong internal partnerships around CRM. If you and your organization are early on the road to CRM implementation, now is the time to bring your CRM needs to the table, and to be open to listening to the CRM needs of the other areas. You may find that you have requirements that are, at least potentially, in conflict. Resist the temptation to go to the war for what you need. If your organization has gone off the partnership road with CRM, then now is the time to come back together and rebuild partnership with the area that is currently championing CRM. Let them know that you appreciate what they have done. Let them know what data you have to offer and help them understand how you plan to use the data you request from them.
2. Employees at all levels and all areas accurately collect information for the CRM system. Employees are most likely to comply appropriately with your CRM system when they understand what information is to be capture and why it is important, they are also more likely to trust and use CRM data when they know how and why it was collected.
3. CRM tools are customer – and employee – friendly. CRM tools should be integrated into your systems as seamlessly as possible, making them a natural part of the customer service interaction. A major manufacturer of speciality pet foods redesigned the pop – up screens for its toll – free consumer phone line. In the original design, the final pop-up screen prompted the representative to ask the caller's name and address. Yet, representatives had found that it was easier and felt more natural to ask, —What's your name? and —Where are you calling from? and —What's your pet's name? at the start of the call.

4. Report out only the data you use, and use a data you report. Just because your CRM tool can run a report doesn't mean it should. Refer back to your CRM strategy, and then run the data you will actually use. And share that data with your team.
5. Don't go high - tech when low - tech will do. At Harley - Davidson outside of Milwaukee, WI during the summer they often leave open the big metal doors to the manufacturing facility to let in any breeze and the cooler evening air. Unfortunately, open doors occasionally let in other things, including skunks. A team met to consider the problem and possible solutions. After discussing the pros and cons of screens, half-doors, or keeping the doors shut, they came upon ideal solution. When a skunk wanders in, just leave it alone and wait till it wanders back out. Skunks may be Harley fans, but they never stay long.

Methodology: This paper is the result of a secondary data on Indian banking sector with special reference to Indian context. To complete this, annual reports, various books, journals and periodicals have been consulted, several reports on this particular area have been considered, and internet searching has also been done. In order to carry out the present study the following methodology is in use. The study is the result of general search of literature in the related field. First of all the information will provide in annual reports will have been rearranged in terms of Sanctions, Disbursements, Recovery, Non Performing Assets and also provisioning. The main source of information is annual reports of all Indian banks. Secondary information was gathered from the published annual reports and financial statements, project appraisal manual, lending policy manuals, text books journals and websites etc. and entire banks website.

Crm Strategies Adopted In Banking Sector:

One-Stop Financial Supermarket: Right service is offered to right customers. Faced with growing complexity in financial products, more and more customers are expressing a needed for a "trusted financial advisor" to help manage their financial affairs. As the primary financial services provides to most consumers, banks are particularly well positioned to capitalize on this needed, which promotes a greater receptivity to the one stop shopping concept. The ATM can be accessed around the clock and safety is also more. The number of customer transaction is increased and it is used at any place.

There are no of credits cards offering variety of services according to their nature and it help them to raise easy credit facilities and proof to disputes in legal case. Master card is a card of master money card. Some banks issue one some the other. Banks are replacing plain old ATM to this card which helps the customer to use even in restaurants and gas stations. Smart cards are a card with chip technology contains all the information about its holders. Smart card replaces and does the work of all the cards. High memory, portability and reliability make the smart cards more useful for the customers. The stock exchanges dealing are done through Demat and Remat A/C. In the developing countries like India the customer's awareness towards this product is in growing stage. Ancillary services like e-broking. E-shopping and on-line ticket booking are also enjoyed by few customers.

Increasing the Number of Delivery Channels to the Customers: Banks have realized that shifting customer access to lower cost channels can help in bring down the operating cost. These channels are used not only to improve service but also to divert traffic from branches. It is a fact that the cost of the transactions over the delivery channel is lower than doing the transactions through branches. The ATM and Net Banking Services enable Non-Stop Banking -Convenience Banking -24 hrs access to cash -365 days of the year without any additional cost burden to the customer. The Real Time Gross Settlement (RTGS) Scheme is being implemented in a phased a manner after which the collection of cheques will be smooth and quicker. The CBS (Core Banking Solution) implementation will lead to instant collection of outstation cheques without delay. Customer to the Branch is moved to Customer to the Bank in major cities and it has reduced time to non-entity. The use of Plastic money has increased in sky rocketed pace as a result of which the transaction have become easier and speedier without actual use of cash. The concept of Virtual Banking has also gained ground.

Customer Value Management: CRM solutions if implemented and integrated correctly can help significantly in improving customer satisfaction levels with accrued benefits. Data warehousing can help in providing better transaction experiences for customer over different transaction channels. The data mining helps banks analyze and measure customer transaction patterns and behaviors'. This can help a lot in improving service levels and finding new business opportunities. The main thrust of CRM is to develop new products, render value creation, gain market leadership and spread risks and vulnerabilities besides facing competition. Any bank would have a huge customer base that it would not be able to monitor it manually in order to find out various customer behavior trends and patterns. It is essential to attract, retain and grow customer base with effective management of the information about the customers and enhance the relationship with them. The value proposition however a significant increases in that intangible called customer satisfaction. The increase in customer satisfaction has translated to loyalty those results in higher customer retention and growing franchise value. Unless the banks understand the needs of the customer, best technology products benefiting the customer cannot be designed. Hence the CRM and technology go hand in hand supplementing each other needs and convenience. Once the customer needs are understood and technology product orientation becomes easy for value creation process. As the banking industry thrives on the services rendered, it becomes necessary to imbibe the "PQRST" strategy to maintain CRM, where

P: Peace of mind for the customer

Q: Quality of service rendered, which should commensurate to the expectations of the customer

R: Respect to be given to the customer irrespective of his economic background

S: Sincerity in the discharge of duties to the customers, with a personal touch

Impact of CRM in Banking Industry: In the Post liberalization the banking industry was adopting push strategy in selling their products and the importance is not given in serving the customers. But in progressive liberalization, the Narashima committee has implemented sea-changes in the banking reform in 1991. With sustained pressure on their interest spread, banks have been increasingly foraying into a host of diversified activities so as to safeguard their bottom. Banking Industry revolves around three basic features being:

1. Intangibility: Unlike a product which can be seen and benefits derived accordingly, the banking industry thrives practically on the quality of the services rendered. The experience of the customer determines the growth of the business.

2. Variability: The present day customer is impatient and is highly demanding and does not compromise on the quality of the service rendered, as he expects that high cost equals high quality and vice versa.

3. Satisfiers: Unlike the manufacturing industry that wholly depends on the tangibility and extrinsic factors, the service industry is totally dependent on the intrinsic and extrinsic factors, which have a close bearing on the core benefits. It is obvious from these features that the customer is the fulcrum for the banking industry and any initiative adopted for its growth is to be aimed at, for and through the customer. And the banks to be competitive it build up a strong CRM by convergence model in the financial industry and financial liberalization. CRM about a business strategy, which drives changes in the banking and work processes, enabled by information technology. Banking institution must initially develop a strategy to understand and anticipate the need of the current and potential customer base.

Future of CRM in Banking Industry: Potentially, as the banking industry seeks to replicate the digital experience of such customercentric companies like *Uber, Apple, Facebook, Amazon*, and many others, the banking is usually unable to leverage the insights on customers for the advantages of these same customers.

Despite the most universal agreement that the banking industry requires improving the use of data for delivering an enhanced customer experience and reduce the cost of technology to deliver on this promise, advanced analytics remains a low priority according the Digital Banking Report, State of Financial Marketing. According to the reports of **State of Financial Marketing**, while the banking industry players indicate that they need to deliver the real-time insights to customers, less the 20% of the players are currently capable of doing so. Of more concern, a rough estimate of 40% of all but many large financial institutions' tale places them in the "**Static Self Assessment Category**". The custom CRM Software will improve the success level of banks in meeting sales, marketing, and customer

objective goals. The banks ought to spruce up their performance for lead conversion and the customer retention on regular basis. With so many options available in the ever-evolving market, the customers can literally pick and choose, where they will receive advice, invest their money, take out the loans and purchase financial products. According to **Accenture**, the consumer has indicated that they would like banking experience to be seamless and an almost invisible part of their day-to-day life. In order to be ahead in this competitive market, your CRM in financial service institutions needs to have brand authority in the market which shows that yours is the only organization that can be chosen. From the advent of the drive-up teller, credit card and debit cards, ATM and direct deposit, etc the industry has changed a lot and leveraged the technology to simplify the segment. In annual recent reports by digital banking, to remove the frictions from customer journey was the second most mentioned prediction by close to 100 financial service industry leaders surveyed.

According to **J.D. Power**, the largest banks have the best customer satisfaction scores for the first time ever with the potential to steal business from small players.

Conclusion: Due to extension of institutional credit facilities since 1950-51 the monopoly position of the village moneylender has been challenged. Due to progressive institutionalization of credit, private sources now meet barely 20% of the short and medium-term credit needs of the farmers. In other words, institutional sources meet about 80% of the rural credit needs. The four major sources of institutional credit are co-operatives, commercial banks, regional rural banks and government departments. It is felt that there will be more and more reliance on co-operative credit in future as the commercial banks, instead of directly financing the agricultural operations, are likely to utilize the co-operative system for extending short-term credit facilities, mainly for production purposes.

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