e-CRM IN INDIAN BANKING SECTOR

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ABSTRACT

Electronic customer relationship Management bases all the CRM functions with the use of the Internet, Intranet and Extranet. It is an approach of developing, managing and maintaining a profitable relationship with customers. It is an integrated online sales, marketing and service strategy, comparing traditional CRM, e CRM plays an efficient role to communicate with customers. It is a sound business strategy to identify the bank's most profitable customers and prospects. It devotes time and attention to expand account relationships with customers through personalized and relevant communications. It directly contributes towards customer benefits and the growth of businesses. In the fast changing banking environment worldwide, banks in India will not only have to learn the new rules but also upgrade the skills as well as the tools of banking.

INTRODUCTION

Electronic Customer Relationship Management (e-CRM) has become the latest paradigm in the world of Customer Relationship Management. e-CRM is becoming more and more necessary as business take to the web. No longer can web-enabled companies rely on the traditional brick and mortar strategies that have gotten them to where they are today.

e-CRM refers to the set of activities that enable a firm to utilize the power of the Internet and the electronic medium to implement CRM. Firms all around the world have realized the potential of the Internet as medium for CRM and have been actively pursuing e-CRM strategies. e-CRM is concerned with attracting and keeping economically valuable customers and eliminating less profitable ones. Today customer satisfaction is the primary objective in the banking industry. Unless all the banking needs of the customers are not taken care of adequately by the bank.

The advancement in information and communication technology has made the new millennium, e-millennium. The dividing line between banks and non-banking financial institutions, like insurance and mutual funds, is getting blurred. Competition from players in the market has resulted into products and services traditionally offered by banks and financial institutions, are now being offered by non-banking organizations more efficiently and effectively. Now banking activities are not confined to borrow (collection of savings) and lending (disbursement of loans), but provides a plethora of services keeping in mind the requirement and convenience of customers. In the fast changing banking environment worldwide, banks in India will not only have to learn the new rules but also upgrade the skills as well as the tools of banking.

Features of e-CRM

- Meet the needs of your mobile customers.
- Ensure timely delivery of messages.
- Increase overall consistency of customer communication, improve program results and reduce errors.
- Monitor campaign activity in real time.
- Prompt replies to customer queries.
- Improve customer service.
- Improve customer relationships with personalized, relevant communications.
- Efficiently manage customer interactions across multiple channels.
- React to customer behaviours, preferences or requests as they change over time.
- One-to one communication of outbound communications.
- Communicate with customers through their preferred channel.
- Increase response rates by distributing highly targeted messages.
- Pre-defined message templates save your time by dynamically populating message content.
- Provide talent, one-to-one, personalize offers for individual customers.

Different Levels of e-CRM

In defining the scope of e-CRM in banking services, three different levels can be distinguished:

Foundational services

This includes the minimum necessary services such as web site effectiveness and responsiveness as well as order fulfillment.

Customer-centered services:

These services include order tracking, product configuration and customizations as well as security/trust.

Value-added services:

These are all extra services such as online auctions and online training and education. Self-services become increasingly important in CRM activities. The rise of the Internet and e-CRM has boosted up the options for self-service activities.

e-CRM Techniques used by Banks in India

Banks leveraging technology can develop innovative customer solutions to attain growth with 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 relationship 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.

1. Internet banking:

Internet is being used by banks to disseminate information to customers about bank's products and services through their websites. The banking services are provided through Net with 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. The new private sector banks – ICICI Bank, HDFC Bank, UTI Bank and the Global Trust Bank have taken the lead in Net Banking. The state run public sector banks are lagging behind in Net banking, although modest beginning has been made by the State Bank of India.

2. 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.

3. ATMs:

At present installed number of ATMs in the country is 1800, which is likely to be more than 4000 by next year. Most of the demand for this technology is coming from State owned banks. Until now, ATM services have been confined to deposits and withdrawal from bank accounts by customers. 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 (bill payments and ticketing services) on these machines.

4. Telebanking or Mobile banking:

These services empower the customer with an instant access to routine queries and transaction or check bank balances.

5. Computerized decision support system:

This helps the banks in applying optimization techniques in functional areas such as, asset–liability management, optimization of investment portfolios and asset portfolios through linear programming. This is a practical tool which helps the bank managers and customers in optimizing investment decisions.

i) E-mail:

Banks can maintain the list of its best customers and inform these members through e-mail the various services and schemes offered by the bank. These days this is considered as one of the cheapest and effective means of communication.

ii) Computer networking:

Networking among the branches of divisional, regional, zonal and head office of banks provide access to customer data base from the executive task. 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.

iii) Customer smart cards:

These cards are issued to key customers which carry all the relevant information, details of previous and repeat purchases, to make it convenient for the customers to recall and for the banks to keep a track of the behavioural and purchase trends. Utilities like BEST in Mumbai are already using smart cards for ticketing in its luxury buses.

e-CRM and benefits

The long-term business relationship provides many potential benefits for banks and customers. It is generally less costly for any service firm (bank) to maintain and develop an existing customer relationship. The customer can also make transaction cost savings by developing a long-term relationship with bank. The following benefits are offered towards banks and customers.

Benefits to banks

1. Integrate all customers/prospect/communication through branch, all center, website and other channels.
2. Integrate all back end systems and communication from various channels to deliver a Unified Customer View across the bank.
3. Provide collaboration tools for employees using chat, emails & etc.
4. Provide a framework for organizing and managing:

   *Sales process

   * Marketing activities

   * Customer support activities

Benefits to customers

1. The continuity derived from a relationship with the same seller results in a simplified buying process and reduction in customer's perceived risk. This, in turn, increases the feeling of safety and comfort.
2. CRM provides more avenues for customers to communicate and explain their needs to the organization through numerous contact points.
3. Customers get increased satisfaction and a feeling of being special and important because of the increased personalization of services and customization of goods offered to them.
4. Customers obtain convenience through availability and consistent, multichannel accessibility, easily navigated system, seamless and accurate processes, and consistent service standards.
5. Customer's personal information to the companies is secured and free from data privacy. The customers need not worry of privacy as the organizations ensure safe data maintenance.

6. To find brand new customers, retain existing customers.

e-CRM Strategies for Effective banking

The organization structure as well as infrastructure and the product environment of the bank are influenced by the e-CRM. In order to booster their top lines, banks are increasingly looking at newer ways and means of Achieving organic growth strategies that Enable acquisition of new customers and retaining the loyalty of existing customers. Success of a bank's strategy towards customer acquisition depends on its ability to develop the customer insights and translate these into effective operating models. Ensuring a good customer experience will drive customer acquisition and promote customer retention, which translates into increased profits.

The following are the different types of business imperatives for a successful CRM strategy:

- ❖ Creating a customer-focused organization and infrastructure.
- ❖ Assessing the life-time value of the customer's profitability.
- ❖ Maximizing the profitability of each individual customer.
- ❖ Methods to attract and retain the best customers.
- ❖ Establishing and maintaining long-term relationship with customers.
- ❖ Offering contractual safeguards like guarantees, warrantees and building the customer confidence.

Barriers in e-CRM

The marketers are in need to overcome some barriers so as to be successful implementer of e-CRM.

1. Information barriers.
2. Poor marketing practices.
3. Inadequate, un-integrated information system.
4. Inability to access and understand customer needs.
5. Ineffective segmentation of customers.
6. Lack of marketing tools to manage the customer relationship.
7. Inability to access and understand customer needs.

Challenges of e-CRM in Banks

e-CRM is easy to understand but when it comes to implementation it becomes very difficult for the banks. Generally, it is observed that the banks don't fail to select the right tool but they fall to implement it in a proper way.

Banks are finding it difficult to track & pitch profitable customers across the various contact channels such as ATMs, e-mail, voice recognition & wireless. These are three fronts: contact centers, applications licensing fees & integration of legacy applications. Banks should train customers to serve themselves and connect customer-focused marketing campaign across the various services and products.

The challenge for the banks is to retain and deepen the profitability of the existing customer relationships.

Conclusion

In an e-world where, business is done at the speed of thought, the real challenge for the future lies in anticipating the demands of the new age and providing sustainable solutions. E-CRM strategy must cover all the market segments such as retail customers, Indian corporate sector, trade and agricultural sector for their banking requirements. The banks must adopt e-CRM ‘Customercentric’ focus approach, as it is believed that products should be devised for the customers and not the other way around. Banks must build their brand image in assuring customers about the safety of their money and security of transaction on the Net. Moreover, e-CRM based alone on Internet will seems to be a wrong strategy for banks in India. Jose Fonellosa of Spain BBVA, which acquired first e-CRM, says internet is at best a zero sum game for banks. For high end products, customer cannot only rely on e-banking. For social interactions, people would like to visit their traditional brick and mortar branches. At the same time history has shown that no channel has completely replaced another channel and Internet is just one such channel which helps in CRM. Click and brick seems to be the right model which ultimately will succeed in India. Banks in India are on the learning curve of e-CRM and try to meet the latent needs of the customers. The success of e-CRM will depend upon the development of robust & flexible infrastructure, e-commerce capabilities, reduction of costs through higher productivity, lower complexity and automation of administrative functions.

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