
A STUDY OF ELECTRONIC – CUSTOMER RELATIONSHIP MANAGEMENT PRACTICES IN INDIAN BANKING SECTOR WITH SPECIAL REFERENCE TO KARNATAKA

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Abstract:

This study revolves around eCRM practices in banking sector of Karnataka and some of the opportunities which are not keenly accepted by the customers of the banks in this region. The researcher has widely utilized the exploratory study to gain insights of the current eCRM practices in banking industry. This study focuses on the evolution & objectives of eCRM, current practices of eCRM services and to find out the various eCRM tools used by the banks. Lastly, the study reveals that there is wide opportunity to utilise the eCRM practices for a better competitive advantage.

Keywords: eCRM, Banks, CRM, Banking Industry

1. INTRODUCTION

Within the existing business scenario, the acquisition of new customers is a staggering task. The companies try to expand the market with the advent of technology by bypassing the traditional methods of acquisition and retention of customers. The success of any business is in understanding the need of the customers and design customized products and services to match their needs. This would help in attract some new potential customers and also help organisations to retain the existing customers.

The concept of Customer Relationship Management (CRM) is not new, as most business firm accept that eighty percent of business comes from twenty percent of customers and vice versa. In today's cutthroat competition to attract new customers is fierce job especially when customer's expectations are changing rapidly. Advent of Internet has brought changes in marketing activities which includes Sales, Service and Support. Various Techniques via internet such as e-mail, websites, and a mixture of touch points through social media with the aim of reaching customers by retaining the existing customers and building new customer base.

However, relationship marketing principles have seldom been applied to the banking industry. Customers of Banking industry in the north region of Karnataka are adopting very little eCRM practices as compared to the same set of banks in metropolitan cities to improve customer relationship management to create a competitive advantage.

Therefore, this study has been carried out to explore the level of eCRM practices in banking industry especially North Karnataka and to bring out the

eCRM practices currently practised by banks in this region.

2. REVIEW OF LITERATURE

Singh (2004) focused on customer management in banks and aimed to target the customer with a view to gain customer insight and provide value added products and services. Arunkumaret al. (2012) considered customer relationship management scale development and validation in Indian banking sector. This study identified the organization structure and customer support service quality, trust, technology, personalization and market orientation were critical factors of CRM.

Chaturvedi et al. (2007) focused on CRM provides interactive, personalized and relevant communication with customer to develop and maintain relationships. Chen and Ching (2004) illustrated CRM as a relationship of information technology that described customers from record to be more effectual in relationship. Maximizing customer satisfaction through the delivery of effective and quality service have been described as the ultimate weapon (Davidow & Uttal 1989).

3. OBJECTIVES

- a) To identify the current eCRM practices in Public and Private Retail Banks in Karnataka.
- b) To identify techniques used by banks to offer eCRM services in Karnataka.

4. METHODOLOGY

This paper is mainly based on a secondary data which is collected by using sources from the available past researches, journal articles, websites and other literature concerning to this topic in order

to outline the research and also to draw relevant conclusions.

From the data it was found that, there are 16 public sector banks, 8 private sector banks and 1 regional rural bank; and these banks have as many as 137 branches in the city.

5. ELECTRONIC - CUSTOMER RELATIONSHIP MANAGEMENT

The traditional CRM is integrated with evolutionary internet to form eCRM. eCRM uses both the front-end and back-end system interface to store large data of the customers which is interpreted and analysed at a regular interval by the organisations. In eCRM, personalised and customised views are based on the buying behaviour and customer preferences. eCRM is a structured process of CRM that uses automated marketing, sales and customer service.

a. Evolution of eCRM

| Age | Year | Lessons Learned | Milestones |
|----------------|----------------------|--|---|
| Introduction | 1980s to early 1990 | Very expensive to maintain | Focusing on automating and standardizing the internal processes to make the customers an asset |
| Growth | Mid-1990 to end 1990 | Some vendors are slow to respond to the Internet | Due to the emergence of the Web, client/server architecture behind CRM applications would disappear |
| Paradigm Shift | 2000 | Adoption of ICT technologies | e-CRM |
| Ubiquitous | After 2000 | Services Across Platforms | mCRM, Self-Service CRM etc. |

b. Some of the objectives of eCRM in retail banks

- ❖ To find out new customers
- ❖ To improve customer loyalty/retention
- ❖ To help sales staff close deals faster
- ❖ To increase the goodwill, profitability etc. by increasing the customer satisfaction level
- ❖ To provide good customer service
- ❖ To reduce the costs (like administrative)
- ❖ To simplify marketing and sales processes

c. Current Practices

Internet has enabled banking at the 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 service providers in telecom and power sectors like BSNL and cellular service providers for allowing their customers to make bill payments online.

Presently in India, both private and state run banks have realised the advantages of technology in banking. Among the private banks, ICICI Bank, HDFC Bank, Axis Bank have a large set of customer base who access to eCRM services as compared to banks like Karnataka Bank, Federal Bank etc in the same category.

Among the state run banks, State Bank of India & its associates alongside banks like Corporation Bank, Bank of Baroda, and Syndicate Bank have large set of customers accessing to eCRM services.

Almost all banks, private or state run banks offer eCRM services to their customers. the banks offer ATM, Phone Banking, Mobile Banking, Mobile

Apps, Internet Banking, Electronic Fund Transfer services where the customers can view, manage his account all by himself, make payments using Debit Cards at e-commerce sites and/or Point of Sale (POS) terminals, pay utility bill payments etc. furthermore, the customers can make e-shopping experience more secure by online and real time with payment gateway. This will allow any Visa/Master credit card holder anywhere in the world to make payments for global services over the Internet.

d. Some Techniques used by Banks to offer eCRM Services

Automated Teller Machines (ATMs)

An ATM is a machine that can deliver cash to the customers on demand after punching in the secret pin. As per the RBI report released in March 2016, there are presently 1,01,950 on-site and 97,149 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 viz., cash deposit, withdrawal, Secret Pin change, mini transaction statement, fund transfer to other accounts etc. and these services are offered in local and regional languages for the convenience of the customers.

Online Banking using Internet

Online banking customers can use the banks portal to access their accounts. Online banking offers many benefits to both the bank and their customers while completely eliminating the branch banking. 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.

Phone Banking/Mobile Banking/Apps

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.

Electronic Clearing Services (ECS)

ECS is an electronic mode of funds transfer from one bank account to another. It can be used by institutions for making payments such as distribution of dividend interest, salary, pension, among others. It can also be used to pay bills and other charges such as telephone, electricity, water or for making equated monthly installments payments on loans as well as SIP investments. ECS can be used for both credit and debit purposes.

Electronic Fund 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 viz., NEFT, RTGS.

Point of Sale (POS) Terminal

As per the RBI report released in March 2016, there are 1385342 online and 326 offline deployed by the banks. 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.

Society for Worldwide Interbank Financial Telecommunication (SWIFT)

The Society for Worldwide Interbank Financial Telecommunication (SWIFT) provides a network that enables financial institutions worldwide to send and receive information about financial transactions in a secure, standardized and reliable environment. This technology has changed the banking services/facilities to customers who are engaged in international business by speedy processing of the transactions.

Indian Financial Network (INFINET)

The Indian Financial Network (INFINET) is the communication backbone of the Indian Banking and Financial Sector. All banks in the public, private and cooperative sectors as well as premier financial institutions in the country are members of INFINET. INFINET is a Closed User Group Network for the exclusive use of its members and is the network platform for the National Payments System, which caters mainly to inter-bank applications like RTGS, NEFT, e-Kuber, Government Transactions, etc.

Verified by VISA (VBV) / MasterCard Secure Code

Verified by Visa / MasterCard Secure Code is an easy and secure online payment service from Banks that enhances the security of any online purchase that customers make. With this feature, customers of the banks are protected against any unauthorized purchases from your cards. Besides this, the customers have to confirm their identity with a unique password for every online purchase made.

6. 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. The banks must adopt e-CRM 'Customer-centric' focus approach, as it is believed that products should be devised for the customers and not the other way around.

Banks must build trust by assuring customers about the safety of their money and security of transaction on the Internet. Moreover, CRM based alone on Internet will seem to be a wrong strategy for banks in India. 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. Thus Customer Relationship Management is essential to compete effectively in today's marketplace. The more effectively you can use the information about your customers to meet their needs the more profitable you will be.

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