

“e-CRM Constituents Impacting the Customer-Bank Relationship in Indian Context”

Author's Details:

Author 1 Details -

Name: Saurabh Singh

Affiliation: Research Scholar, Centre for Management Studies, Jamia Millia Islamia (Central University), Delhi

E-mail: singh.saurabh7@gmail.com

Author 2 Details-

Name: Prof. (Dr.) Kavita Chauhan

Affiliation: Professor, Centre for Management Studies, Jamia Millia Islamia (Central University), Delhi

E-mail: kchauhan@jmi.ac.in

Abstract:

Over the past few years it has been proved time and again that customer relationship management (CRM) is an essential part of any industry to ensure its survival. But CRM practices have witnessed the paradigm shift and is being taken over by e-CRM. Across the industries, the concept of e-CRM has been given acceptance and is being adopted at its own pace. Indian Banking Sector has also undergone tremendous change over the period and being the service-driven industry it has started adopting the e-CRM practices. Still, at times, e-CRM adoption becomes a debatable topic especially in the Indian Banking sector where it is an upcoming trend. Even though studies have been done stating the successful outcomes of e-CRM and the impact of e-CRM on the Customer-Bank relationship, several organizations have not been able to reap full benefit from the e-CRM adoption. The reason behind which at times appears to be the misconception of e-CRM and unawareness especially of constituents' e-CRM is built up of. Through this study, we want to clarify e-CRM along with its critical components in the Indian banking scenario. The study highlights that e-CRM is not only technology but a far more in-depth concept and e-CRM adoption have several critical aspects that need to be addressed alongside technological up-gradation to ensure the achievement of improvised customer-bank relationship.

Keywords: eCRM, Components of eCRM, Indian Banking Sector, Customer-Bank Relationship, impact, customer relationship management, security, speed, control, technology

Introduction:

The vowel 'e' referring to the term 'electronic' has become the most commonly used prefix to the various fields or disciplines of management proven throughout the time. In today's era where technology is spontaneously changing the business world, be it the manufacturer or the service provider, it is in constant pressure to match and adapt the impulsiveness of the technology up-gradation. This prevailing industry scenario makes it a pre-requisite for the business world to constantly enhance their innovation capabilities to better meet the ever-changing preferences of the customers to maintain their competitive edge and share in the

market. The said situation is even more severe in the service industry that too especially in the banking sector.

The banking sector being service-driven sector lays heavy importance on the relationship with the customer or its clients thereby customer relationship management has gained quite an importance in the banking sector over the period. But with the technology gaining its momentum and coming to the forefront in the great way the older practices of the customer relationship management in the Indian banking sector has taken a paradigm shift. The e-CRM is now the talk of the industry.

In the current state, where most of the customer follows a busy schedule CRM can be improved with the aid of Information technology. The information technology has provided the new platform that is 'e' platform not only to better manage the customer relation but primarily to help the organizations to attain customization, the very essence of customer-centric companies. "Electronic markets are evolving from “first order” transactional value exchanges through “second-order” informational value exchanges into “third-order” relational value exchanges. These relational value exchanges are central to success and competitive advantage for firms and customers that engage in eCommerce" (Jr. & Fjermestad, 2009). As an essential and critical part of customer-oriented marketing, e-CRM focuses on information about the customer to provide effective services.

In Indian Banking context (K V Kamath, 2012) in a speech stated that the Indian banking sector will see a paradigm shift in terms of business strategy owing to the developing technology and customer profile. One of the key concerns may be value enrichment for customers constantly. KPMG (Digital Payments - Analysing the cyber landscape, 2017) indicated a massive transformation in terms of digital payment in India based upon the affinity that Indian consumers have shown towards the digital technologies.

What CRM is?

(Laketa, Sanader, Laketa, & Misic, 2015) highlighted that the concept of Customer Relationship Management (hereinafter referred to as “CRM”) captivated the trend in the twentieth century as the transaction marketing 4Ps – Product, Price, Place, and Promotion failed to meet the need of the complex competitive business environment. They stated CRM as a complex process that lays its foundation on the sufficient knowledge of needs as well as the habits of the customers.

At times CRM is considered as a practice adopted to recognize best customers and to analyse the value addition done by satisfying them. CRM is also referred to as a deep-rooted and evolved concept of relationship marketing with an intention of long term success by embracing of customer retention approach via better-quality customer relations rather than just marketing based upon transactions (Kennedy, 2006).

What e-CRM is?

"Science and technology innovations are giving people the power to make over their identities, and they are using them. To what extent people can figuratively and literally reinvent themselves through a combination of computer simulations, computer-human mergers, biomechanics, bioelectronics and genetic engineering is more a matter of speculation than reasoned debate"

- G. PASCAL ZACHARY (<http://www.nytimes.com/books/first/z/zachary-global.html>)

e-CRM may be witnessed as the far-reaching technology usage as support of the management of customer relationships (Kennedy, 2006).

e-CRM is a blend of information technology and business. (Anumala & Bollampally, 2007).

(Ahuja & Medury, 2010) stated that e-CRM can be defined as activities related to the management of customer relationships by the usage of the Internet and/or various electronic touchpoints.

(Grinath & Ravi, 2013) has referred to e-CRM as an initiative driven by the technology to improvise customer relationship management which has helped the organizations to be more proactive as a service provider rather than merely been reactive.

Literature Review:

- (Chen & Chen, 2004)The research tries to explore the current e-CRM implementation systematically in consideration of key success factors affecting e-CRM. The research depicts that e-CRM implementation differs from company to company based on the purpose.
- (Viljoen, Bennett, Berndt, & Van Zyl, 2005)Over the recent past the importance of relationship have increased manifolds in the business, which can be related to the ever changing competition and technology. In this context, a relevant and significant question is confronted that is how the stated factors affects the relationships. The article looks relationship as a better server of competitive advantage whereas technology as enabler of relationship building. The focus or the attention of the article is towards the technological advancements and application of the same in the CRM (customer relationship management) while taking into consideration the implementation of the CRM strategy.
- (Kennedy, 2006). The organization needs to be considerate about e-CRM implementation and not only its adoption. The article is an attempt to explore the opportunities so created by the e-CRM and also the challenges it posses. The articles also address the issues in the implementation of e-CRM that organization faces such as data integration, managing the on-line channel and information technology architecture.
- (Keshvari, 2012) e-CRM (electronic customer relationship management) in the current situations where banks are moving to the electronic platform provides an opportunity to frame and develop need-oriented as well as individual relationships. The paper focuses on the e-CRM benefits that are related to banking sectors and

leaves a positive impact on the customer. As per the findings channels proliferation such as the internet, updated banks, service quality, better cash flow management, safety and security of transactions are some factors that create a positive impact on customer satisfaction. Apart from this paper also recognize that there is a critical association between quality and safety factors and also between infrastructure and responsiveness of customer.

- (Anbumani & Ananth, 2016) Public Sector Banks in today's era of cut-throat competition considers the satisfaction of the customers as the key and fundamental success unit. The study highlight that customer perception is influenced by parameters such as reliability, accessibility, security, courtesy, understanding, competence and tangibility. Customer perception is not influenced over by factors such as responsiveness, credibility, and communication.

Research Objective and Methodology:

The study is conducted to highlight the organization based customer-centric components which form an essential part of the e-CRM, with special reference to the Indian Banking Sector.

The study is majorly based upon the secondary data which is collected from different researches that are conducted by scholars, academician or industry experts over time. The study is descriptive as through this study we want to highlight a viewpoint that e-CRM is not only technology but a far more in-depth concept and e-CRM adoption has several critical aspects that need to be addressed alongside the technology up-gradation to ensure the desired results from the same.

e-CRM constituents:

Firstly before covering the factors or the constituents of e-CRM, one has to be clear that e-CRM is a far more improvised version than CRM though at the core its objective is to better maintain the customer relation with the organization to ensure long term survival and profitability.

e-CRM is the way to converting or taking the physical ideology of customer relationship management to the electronic form, with its limitations such as the opportunity to analyse the customer on the spot and to try fabricated tactics on the spot cannot be performed. Thus one needs to address the aspect that mere installation of the electronic mediums or software and hardware in the organization does not make the existing CRM, an e-CRM, it is different ideology dealing with a new era of customers. Thus it becomes all the more relevant that one must be aware of what all aspects should be included while an up-gradation to e-CRM by an organization such that it can avail the benefits of e-CRM. Some of the benefits that an organization is looking for with the adoption of e-CRM may be:

- Development of business model which is customer-centric
- Personalization of customer relationship
- Fast delivery of the services

- Enhanced productivity, and others

The above said benefits cannot be achieved merely by the installation of the e-CRM software or hardware rather organization needs to keep some other aspects too in consideration as mentioned below:

- e-CRM is not technological up-gradation alone. An Oracle white paper (Ten Critical Success Factors for CRM: Lessons Learned from Successful Implementations, 2006) focused on the fact that technology just serves as one part of managing the customer relationship. An organization must adhere to the fact that it is just one part of e-CRM and unless and until the technological up-gradation is in line with the other factors it won't deliver the desired result. (Taherikia & Rezaei, 2015) highlighted that though a major portion of CRM is technology but considering it as the technology - only solution might provide undesirable outcomes to the organizations. In other words, the investment in the e-CRM will be more of a liability rather than an asset.
- e-CRM is still related to customer satisfaction. (Ahuja & Medury, 2010) Organizations today are being forced to reconsider the very basic business relationship that is the one which exists between organization and customers. The organization shall consider the fact that the hype of internet redefining customer engagement still not violate the very fundamental aspect that customer needs satisfaction leads to the profits and that e-CRM is related to customer satisfaction.
- e-CRM is about three cores people, process and technology. Thus, e-CRM adoption in true sense means that all the mentioned three cores are integrated and synchronized to deliver the desired result to both customers as well as the organizations.

Being clearer about the concept of the e-CRM the constituents that hold relevance in terms of e-CRM impacting the customer-bank relationship in Indian reference are stated below:

- The Organization which is adopting the e-CRM is one of the primary factors that need to consider in e-CRM implementation. Organization culture and its ideology have their contribution to the impact of e-CRM. (Al-Duwailah & Ali, 2013) organization culture refers to fundamental values that run across the organization. Organizational culture is a key feature that leads to adaptive learning and effective implementation of customer relationship systems which it fosters through employee involvement. It would not be wrong to assert that the success of customer relationship lies in hand of organizational employees to a great extent (Arab, Selamat, Ibrahim, & Zamani, 2010). Culture needs to be cultivated and employees are to be motivated to learn from information gathered through the systems installed with the aim of continuous improvisation.
- Effective leadership via top management involvement is another qualitative aspect of the e-CRM. Lack of proper leadership cannot lead an organization towards success in its venture. An organization must adhere that top management takes the charge and lead from the front with commitments and support so required. (Arab, Selamat, Ibrahim, & Zamani, 2010) highlighted this aspect and stated that top management has the role to make the employees believe in the system and benefits that can be reaped therefrom. (Mohd, Rababah, & Ibrahim, 2011) stated to the extent that even before

adoption and the implementation of any customer relationship management system support of top management is warranted.

- One of the very basic ingredients of effective e-CRM is that organization needs to aware that e-CRM cannot be operational in the right direction if the organization is unclear regarding the information they want to collect from it. (Kumar Dawn & Chowdhury, 2011). AS e-CRM's underlying aspect is customer relationship, which needs proper information to build upon. Thus the organization should be very clear what all information they have and what all information needs to collect to improvise the customer relationship.
- (Kolor, 2015) Identified service quality as a critical factor that determines customer loyalty. Following which the need for long term relations is highlighted focused upon factors such as –
 - Individual relation with the customer
 - Tastes and preferences of the customers
 - The behavior of the customer

The banking sector being service-driven should be even more critical of service quality.

Since we are trying to take the system on the electronic platform the several other aspects that hold relevance for e-CRM's impact on Customer-Bank Relationship in Indian scenario owing to the recent shift in customer expectations are time saving, speed, control (Yap, Wong, & Loh, 2010), privacy (Hammoud, Bizri, & El Baba, 2018), user interface (Lin, 2007), Security (Hammoud, Bizri, & El Baba, 2018).

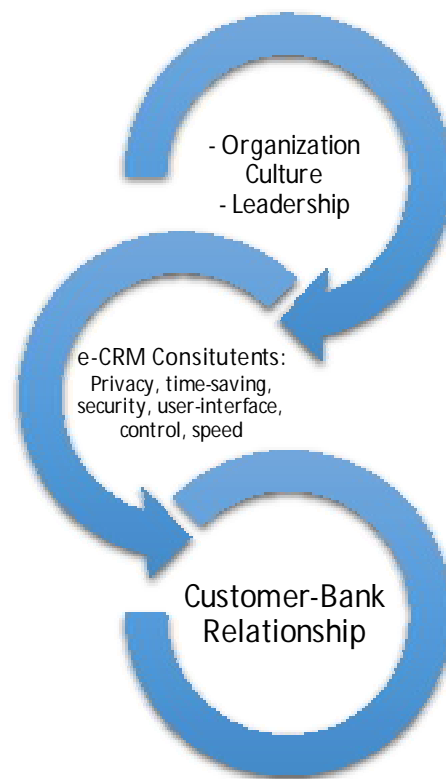
- Time-saving – e-CRM became the need of the hour because of the time crunch that the customer is facing. Thus if the applications on the electronic medium are time-consuming the entire purpose of e-CRM is spoiled.
- Speed – another critical aspect is the speed of the electronic touch points or mediums. If the speed of the application is not good then also it may act as a spoilsport.
- Control - is another ingredient of the e-CRM. The customer must have the feeling that they are in control of the transactions they are getting indulge in via e-CRM applications.
- Privacy – In the banking sector privacy is something that cannot be compromised. Thus this parameter needs to be dealt with utmost care. The Indian market which is undergoing the digital transformation and the Indian banking customer who are relatively newer to this digital revolution in comparison to the developed nations' banking sector feels more skeptical towards the e-CRM applications. Therefore, the customer must be provided with a sense of privacy that their transaction will be kept private and will not be shared with anybody.
- User interface- the design, graphic, visuals and other aspects of the electronic medium or touch points of customer needs to be taken into the account. All these aspects also add to the delight of the customer interaction which in turn adds to customer satisfaction and loyalty in the longer run. Indian banking sector where the customer base is mixed this parameter becomes even more critical. As many customers won't

give it a second chance if they fail to understand or have the feeling that the system is too complicated.

- Security – e-CRM application must give a sense of security to the customers. In the Indian context, some sects of customers are used to black and white proof of their transaction and consider them as a security of their transaction. But in terms of e-CRM application that is not the only aspect. In terms of e-CRM, it is far more complex and technical. Thus, the system needs to address the traditional as well as the high tech security needs such as protection against wiretapping or eavesdropping.

The above stated aspects pertaining to e-CRM for the banking organization from customer-centric orientation may be depicted via figure -1 below:

Figure – 1



Conclusion:

The banking industry in India has been among those industries which have been revolutionized by information and communication technology advancement. Indian Banking industry currently undergoing a noteworthy transformation in the terms of technology and customer behavior continues to face hardship owing to the homogeneity of products and services so provided. The sores of the Indian banking sector gets worse with the customer shifting from the physical banking to the electronic banking and thus making it an uphill task

to sustain the customer relations through the earlier methodology or practices of CRM. The reason being, traditional CRM lacks vividness as it is more of a reactive approach. e-CRM is a more recent and improvised version of analytical CRM which is more proactive and thus impacts the Customer-Bank relationship in the relevance of the current state in which banks are operating. e-CRM is not only a tool but is an ideology that not only helps the banks to access significant customer information on a virtually real-time basis but it also enables the banks to aptly adjust to the same reason being the flexibility and responsiveness so added by the e-CRM. e-CRM has become a prerequisite of the time to have access to the customer information to better analyze the satisfaction and other behavioral aspects which in turn will help the banks to sustain the relationship with the customers in a more profitable way. Thus the adoption of e-CRM is no longer a choice but the need for the hour. But if e-CRM is adopted without being aware of the concept and what it is made up of it may leave a daunting impact on the customer-bank relationship. Thus, organization firstly needs to dwell the culture and leadership for the adoption and implementation of e-CRM and should further ensure the inclusion of customer-centric factors such as time-saving, speed, control, privacy, user interface, and security, having an impact on the customer-bank relationship.

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