

Role of E-CRM in Indian Banking Sector

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Abstract

Information technology has embraced banking services like any other industry. New generation service usage include use of ATMs, Internet Banking, Mobile Banking, Any where banking, customer Call center use and other internet bases customer service like E-banking etc. Through information technology uses we find there is an attempt to exceed customer expectation on service quality dimension. The most of the private and nationalized Indian banks have entered in the technology age and providing various types of electronic products and services to their customer. This paper explained the theoretical aspects of CRM and adoption of e-banking as CRM tools by leading Indian banks. The paper seeks to study the effectiveness of the E-CRM as followed by these banks. A survey was conducted for 120 customers (20 from each bank).

Key Words: E-CRM, Customers, E-Banking, Tele-Banking.

Introduction:

Customer relationship management (CRM) is an essential and vital function of customer oriented marketing to gather and accumulate related information about customers in order to provide effective services. CRM involves attainment analysis and use of customer's knowledge in order to sell goods and services. Reasons for CRM coming into existence are the changes and developments in marketing environment and web technology. Relationship with customers is a newly distinguished as a key point to set competitive power of an organization. Companies gather data related to their customers, in order to perform customer relationship management more effectively. Web has disclosed a new medium for business and marketing scope to enhance data analysis of customer's behaviors, and environments for one to one marketing have been enhances. CRM lies at the heart of every business transaction.

Massey et al., 2000 believes that CRM is about attracting, developing maintaining and retaining profitable customers over a period of time. In this increased heightened global competition arena, the new ways of working are firmly shifting into the hands of paying customers and organizations adapting to E-CRM to CRM.

E-CRM (Electronic Customer Relationship Management) is known as the use of electronic devices in attracting, maintaining and enhancing customer relationships with the organization. With the widespread of Internet, E-CRM can enhance the efficiency and effectiveness of communication and relationship management between organizations and customers. Computers, information technology and networking are fast replacing labor-intensive business activities across industries and in government.

Research Objectives:

- To find out choice of banking sector by customers in the basis of E-CRM.
- To find out the role of different persons in choice of banks.

Literature Review:

Customer Relationship Management (CRM) is still at the infancy stage. It is a concept that seeks to build long term relationships with customers. Through CRM initiatives it is expected to gain confidence and loyalty of the customer. The concept of CRM demands the sharing of customer combination management through the positioning, value added strategies and reward, which aimed at sharing with customer (Wayland and Cole, 1997).

Thus, the five best ways to keep customer coming back are: be reliable, be credible, be attractive, be responsive and be empathic (Leboeuf, 1987).

Internet and e-business are accountable for e in the E-CRM. It is essentially about conveying increased value to customers and to do business through digital channels. Dramatically all business are becoming a part of whole business. At present new things are possible which are in need of new technologies and skills. (Friedlien, 2003).

Dyche, (2001) described that E-CRM is combination of software, hardware, application and management commitment. E-CRM can be different types like operational, Analytical. Operational E-CRM is given importance to customer touch up points, which can have contacts with customers through telephones or letters or e-mails. Thus customer touch up points is something web bases e-mails, telephone, direct sales, fax etc. Analytical CRM is a collection of data and is viewed as a continuous process. It requires technology to process customer's data. The main intention here would be to identify and understand customers demographics pattern of purchasing etc in order to create new business opportunities giving importance to customers.

Vital and important key point is that E-CRM takes into different forms, relying on the objectives of the organizations. It is about arranging in a line business process with strategies of customers provided back up of software's. (Rigby et al, 2002). According to Rosen.K, (2000) E-CRM is about people, process and technology and these are key paramount to success.

Traditional definition of E-CRM according to Stanton et al. (1994) is to include attitude for entire business. Like identifying and defining the prime goal to everyone in the organization and creating a sustainable competitive advantage. Their study explores how E-CRM enhances the traditional definition of marketing concepts and enabling the organizations to meet their internal marketing objectives.

Research Methodology:

It is based on both primary and secondary data. Primary data are collected through questionnaire. CRM efficiency is measured on a five likert scale. Then to analysis these data the researcher used different statistical tools and techniques. Secondary data is collected through different library sources, journals, books and periodicals.

HYPOTHESES:

H1: There is significant influence of different persons in the choice of bank.

Analysis:

To analyze the data let us take two alternative hypotheses.

Ho: There is no influence of different persons in the choice of bank.

H1: There is significant influence of different persons in the choice of bank.

Table—1

New Generation Service Usage

New Service \ Bank Brands	Internet Banking	ATM	Tele-banking	D-mat
SBI	120 (100.0)	120 (100.0)	120 (100.0)	120 (100.0)
Andhra	78 (65.0)	111 (92.5)	48 (40.0)	42 (35.0)
ICICI	120 (100.0)	120 (100.0)	120 (100.0)	120 (100.0)
IDBI	66 (55.0)	102 (85.0)	60 (50.0)	66 (55.0)
CITI	120 (100.0)	120 (100.0)	117 (97.5)	105 (87.5)
HDFC	117 (97.5)	120 (100)	117 (97.5)	108 (90.0)

(Figures in parenthesis represent percentage)

Among the new generation service ATM has emerged as the most popular use service followed by internet banking and tele-banking and D-mat. The Table-1 represents the details of the new generation service usage of the respondents of select bank brands.

Table—2
Influence in Bank Choice Cross Tabulation

	BANK CHOICE					Total
	State Bank of India					
Important Role	Friend	Family	Spouse	Colleague	Financial Adviser	Row Total
ALWAYS Count %	9 37.5%	6 25.0%	6 25.0%		3 12.5%	24 100.0%
SOMETIMES Count %	15 23.8%	36 57.1%		9 14.3%	3 4.8%	63 100.0%
AS AND WHEN Count %	15 45.5%	3 9.1%	9 27.3%	6 18.2%		33 100.0%
Column Total %	39 32.5%	45 37.5%	15 12.5%	15 12.5%	6 5.0%	120 100.0%

Chi-Square Tests

	Value	Df	Asymp.Sig. (2-sided)
Pearson Chi-Square	14.315	8	.024
Likelihood Ratio	18.243	8	.019
Linear-by-Linear Association	.014	1	.907
N of Valid Cases	120		

Directional Measures

Statistics	Value	Asymp. Std. Error	Approx. T	Approx. Sig
Phi	.598			.024
Cramer's V	.423			.024
Contingency Coefficient	.513			.024
Lambda				
Symmetric	.182	.076	2.108	.035
With ROLE Dependent	.158	.108	1.373	.170
With CHOICE Dependent	.200	.119	1.522	.121
Goodman and Kruskal				
With				
ROLE Dependent	.206	.066		.041
CHOICE Dependent	.108	.052		.031

In case of State Bank of India the Chi-Square test reveal the degree of association between the roles of different persons in bank choice. It is observed that the significance level of .024 has been achieved. This means the chi-square test is showing a significant association of 97.6% (100-2.4) confidence level. From the obtained contingency coefficient of 0.513, it can be inferred that the association between dependent and independent variable is significant, as the value 0.513 is closer to 1 than 0. Also from lambda asymmetric value of 0.158. We conclude that there is an association between the two variables. This lambda value wells that there is a 15.8% reduction in predicting the influence of different persons in selecting a bank brand. This leads to the conclusion that the selection of a bank brand by the respondents is influenced by different persons. So the null hypothesis is rejected and the alternative hypothesis “There is significant influence of different persons in the choice of bank” is accepted.

Table—3

Influence in Bank Choice Cross Tabulation

	BANK CHOICE					Total
	ANDHRA BANK					
Important Role	Friend	Family	Spouse	Colleague	Financial Adviser	Row Total
ALWAYS Count %	3 7.1%	33 78.6%		3 7.1%	3 7.1%	42 100.0%
SOMETIMES Count %	12 25.0%	9 18.8%	3 6.3%	15 31.3%	9 18.8%	48 100.0%
AS AND WHEN Count %	6 20.0%	9 30.0%		3 10.0%	12 10.0%	30 100.0%
Column Total %	21 17.5%	51 42.5%	3 2.5%	21 17.5%	24 20.0%	120 100.0%

Chi-Square Tests

	Value	Df	Asymp.Sig. (2-sided)
Pearson Chi-Square	15.763	8	.046
Likelihood Ratio	15.933	8	.043
Linear-by-Linear Association	2.516	1	.113
N of Valid Cases	120		

Directional Measures

Statistics	Value	Asymp. Error	Std.	Approx. T	Approx. Sig
Phi	.628				.046
Cramer's V	.444				.046
Contingency Coefficient	.532				.046
Lambda					
Symmetric	.255	.136		1.762	.078
With ROLE Dependent	.375	.151		2.066	.039
With CHOICE Dependent	.130	.157		.780	.435
Goodman and Kruskal					
With:					
ROLE Dependent	.209	.094			.038
CHOICE Dependent	.150	.070			.003

In case of Andhra Bank the Chi-square test reveals the degree of association between the roles of different persons in bank choice. It is observed that the significance level of 0.046 has been achieved. This means the chi-square test is showing a significant association at 95.4% (100-4.6) confidence level is obtained from the contingency confidence level. From the obtained contingency coefficient of 0.532, it can be inferred that the association between dependent and independent variable is significant, as the value 0.532 is closer to 1 than 0. Also from lambda asymmetric value of 0.375, we conclude that there is an association between the two variables. This lambda value tells that there is a 37.5% reduction in predicting the influence of different persons is selecting a bank brand. This leads to the conclusion that the selection of a bank brand by the respondents is influenced by different persons. So the null hypothesis is rejected and the alternative hypothesis. "There is significant influence of different persons in the choice of bank" is accepted.

Table—3
Influence in Bank Choice Cross Tabulation

Important Role	BANK CHOICE					TOTAL
	Friend	Family	Spouse	Colleague	Financial Adviser	
ALWAYS Count %	6 33.3%	9 50.0%			3 16.7%	18 100.0%
SOMETIMES Count %	15 20.0%	27 36.0%	9 12.0%	12 16.0%	12 16.0%	75 100.0%
AS and WHEN Count %	24 88.9%				3 11.1%	27 100.0%
Column Total	45 37.5%	36 30.0%	9 7.5%	12 10.0%	24 15.0%	120 100.0%

Chi-Square Tests

	Value	df	Asymp.Sig (2-sided)
Pearson Chi-Square	16.526	8	.035
Likelihood Ratio	20.105	8	.010
Linear-by-Liner Association	1.579	1	.209
N of Valid Cases	120		

Directional Measures

Statistics	Value	Asymp.Std Error	Approx. T	Approx. Sig
Phi	.643			.035
Cramer's V	.455			.035
Contingency Coefficient	.541			.035
Lambda				
Symmetric	.200	.149	1.259	.208
With ROLE Dependent	.200	.215	.839	.401
With CHOICE Dependent	.200	.156	1.166	.243
Goodman and Kruskal Tau:				
ROLE Dependent	.240	.089		.016
CHOICE Dependent	.160	.051		.002

In case of ICICI Bank the chi-square test reveals the degree of association between the roles of different persons in bank choice. It is observed that the significance level of 0.035 has been achieved. This means the chi-square test is showing a significant association at 97.5% (100.3.5) confidence level. From the obtained contingency coefficient of 0.541, it can be inferred that the association between dependent and independent variable is significant, as the value of 0.541 is closer to 1 than 0. Also from lambda asymmetric value of 0.200, we conclude that there is an association between the two variables. This lambda value tells that there is a 20.0% reduction in predicting the influence of different persons in selecting a bank brand. This leads to the conclusion that the selection of a bank brand by the respondents is influenced by different persons. So the null hypothesis is rejected and the alternative hypothesis, "There is significant influence of different persons in the choice of banks" is accepted.

Table—4
Influence in Bank Choice Cross Tabulation

		BANK CHOICE				TOTAL
		IDBI BANK				
Important Role	Friend	Family	Spouse	Colleague	Financial Adviser	Row Total
ALWAYS Count %		12 44.4%		3 11.1%	12 44.4%	27 100.0%
SOMETIMES Count %	15 26.3%	9 15.8%		30 52.6%	3 5.3%	57 100.0%
AS and WHEN Count %	12 33.3%	6 16.7%	6 16.7%	12 33.3%		36 100.0%
Column Total	27 22.5%	27 22.5%	6 5.0%	45 37.5%	15 12.5%	120 100.0%

Chi-Square Tests

	Value	df	Asymp.Sig (2-sided)
Pearson Chi-Square	22.459	8	.004
Likelihood Ratio	23.470	8	.003
Linear-by-Liner Association	2.766	1	.096
N of Valid Cases	120		

Directional Measures

Statistics	Value	Asymp.Std Error	Approx. T	Approx. Sig
Phi	.749			.004
Cramer's V	.530			.004
Contingency Coefficient	.600			.004
Lambda				
Symmetric				
With ROLE Dependent	.196	.114	1.567	.117
With CHOICE	.286	.151	1.658	.097
Dependent	.120	.135	.839	.401
Goodman and Kruskal				
Tau:				
ROLE Dependent	.250	.079		.013
CHOICE Dependent	.125	.047		.012

In case of IDBI Bank the chi-square test reveals the degree of association between the roles of different persons in bank choice. It is observed that the significance level of 0.004 has been achieved. This means the chi-square test is showing a significant association at 99.6% (100-0.4) confidence level. From the obtained contingency coefficient of 0.600, it can be inferred that the association between dependant and independent variable is significant, as the value 0.600 is closer to 1 than 0. Also from lambda asymmetric value of 0.286, we conclude that there is an association between the two variables. This lambda value tells that there is a 28.6% reduction in predicting the influence of different persons in selecting a bank brand. This leads to the conclusion that the selection of a bank brand by the respondents is influenced by different persons. So the null hypothesis is rejected and the alternative hypothesis, There is significant influence of different persons in the choice of bank is accepted.

Table—5
Influence in Bank Choice Cross Tabulation

Important Role	BANK CHOICE					TOTAL
	Friend	Family	Spouse	Colleague	Financial Adviser	
ALWAYS Count %	6 50.0%	6 50.0%				12 100.0%
SOMETIMES Count %	15 38.5%	18 46.2%	3 7.7%		3 7.7%	39 100.0%
AS and WHEN Count %	6 8.7%	36 52.2%	6 8.7%	12 17.4%	9 13.0%	69 100.0%
Column Total	27 22.5%	60 50.0%	9 7.5%	12 10.0%	12 10.0%	120 100.0%

Chi-Square Tests

	Value	df	Asymp.Sig (2-sided)
Pearson Chi-Square	8.808	8	.359
Likelihood Ratio	10.953	8	.204
Linear-by-Liner Association	5.599	1	.018
N of Valid Cases	120		

Directional Measures

Statistics	Value	Asymp.Std Error	Approx. T	Approx. Sig
Phi	.469			.359
Cramer's V	.332			.359
Contingency Coefficient	.425			.359

Lambda				
Symmetric				
With ROLE Dependent	.081	.084	.914	.361
With CHOICE	.176	.141	1.153	.249
Dependent	.000	.100	.000	1.000
Goodman and Kruskal				
Tau:				
ROLE Dependent	.144	.066		.190
CHOICE Dependent	.055	.036		.374

In case of CITI Bank the chi-square test reveals the degree of association between the roles of different persons in bank choice. It is observed that the significance level of 0.359 has been achieved. This means the chi-square test is showing a no significant association. From the obtained contingency coefficient of 0.425, it also can be inferred that the association between dependent and independent variable is not significant, as the value 0.425 is closer to 0 than 1. This leads to the conclusion that the selection of a bank brand by the respondents is no way influenced by different person. So the null hypothesis is accepted.

Table—6
Influence in Bank Choice Cross Tabulation

Important Role	BANK CHOICE					TOTAL
	Friend	Family	Spouse	Colleague	Financial Adviser	
ALWAYS Count %	3 9.1%	27 81.8%	3 9.1%			33 100.0%
SOMETIMES Count %	27 50.0%	21 38.8%	3 5.6%	3 5.6%		54 100.0%
AS and WHEN Count %	15 45.5%	9 27.3%	3 9.1%	3 9.1%	3 9.1%	33 100.0%
Column Total	45 37.5%	57 47.5%	6 5.05	6 5.0%	3 5.0%	120 100.0%

Chi-Square Tests

	Value	df	Asymp.Sig (2-sided)
Pearson Chi-Square	10.990	8	.202
Likelihood Ratio	12.084	8	.147
Linear-by-Liner Association	.052	1	.820
N of Valid Cases	120		

Directional Measures

Statistics	Value	Asymp.Std Error	Approx. T	Approx. Sig
Phi	.524			.202
Cramer's V	.371			.202

Contingency Coefficient	.464			.202
Lambda				
Symmetric				
With ROLE Dependent	.163	.164	.937	.349
With CHOICE	.136	.184	.692	.489
Dependent	.190	.210	.823	.410
Goodman and Kruskal				
Tau:				
ROLE Dependent	.128	.057		.268
CHOICE Dependent	.130	.070		.009

In case of HDFC Bank the chi-square test reveal the degree of association between the roles of different persons in bank choice. It is observed that the significance level of 0.202 has been achieved. This means the chi-square test is showing a no significant association as the confidence level is at 79.8% (100-20.2). From the obtained contingency coefficient of 0.464, it can be inferred that the association between dependent and independent variable is not significant, as the value 0.464 is closer to 0 than 1. This leads to the conclusion that the selection of a bank brand by the respondents is no way influenced by different persons. So the null hypothesis is accepted.

Conclusion:

In this era of e-technology customers are least influenced by the other people. Rather in these days using website for electronic customer relationship is an essential tool for an organization that desire to have competitive advantage over others. Making use of this modern day technology tool is now essential for organization survival. 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 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 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. 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 are trying 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, and reduction of costs through higher productivity, lower complexity and automation of administrative functions.

In this study the E-CRM banking facilities provided by the banking sector have been more user friendly for attracting new and retain the existing customer. Independently, a few internet banking services are seen as more favored by the customers from the same bank they have an account. All banks enjoy almost equivalent level of customer satisfaction for different internet banking services except a few. The high positive response of the customers indicates that the desired information is available on the website of these banks, website are user friendly and customers are satisfied with the bill payment facilities provided by these banks and satisfaction level is almost at the same. These banks have also ensured the security of transaction. The banks are also more active in sending the internet user id and password as well as sending responses to email query to customers for attracting the customer. There is significant influence of different persons in the Influence in Bank Choice.

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