E-Leveraging e-CRM for Future

Jacob Joju¹*, Vasantha¹ and Sony Joseph²

¹School of Management Studies, Vels University Pallavaram, Chennai - 600117, Tamil Nadu, India;mailer@ymail.com, vasantha.sms@velsuniv.ac.in
²Berchmans Institute of Management Studies, St.Berchmans Autonomous College,Changanassery, Kottayam - 686101, Kerala, India;sonyjoseph2007c@yahoo.com

Abstract

Background/Objectives: Majority of the banks are providing E-CRM services as a part of gaining the momentum and to enhance its competitive edge, where CSR can play a lot in leveraging E-CRM use among customers in future. ICT adoption makes a new mantra in retention and loyalty in private banks. This study as investigated different dimensions that contribute to make ECRM service quality and where CSR can play in leveraging ICT based banking in future. **Methods/Statistical Analysis**: Primary data is collected from customers of selected private banks in Kerala. The servequal Dimensions such as Tangibility, Assurance, Reliability, Responsiveness, Empathy in the selected banks are measured using the Delivery Gap Score. **Findings:** In all dimension of servequal and delivery gap model result indicates negative score reflecting customers of all the banks studied are dissatisfied and highest gap in service delivery is found in Reliability, Responsiveness and Assurance of banking services, where I CT adoption plays major role, in a state where 100% literacy is achieved the computer literacy rate as to be studied .Here CSR plays a major role in computer literacy and e-banking thus leveraging E-CRM. **Application/Improvement:** Private Banks in Kerala where 100% literacy rate and huge number of NRI population is present. Banks make efforts to update and compete itself with international players by the adoption of ICT & E- CRM technologies to increase its customer base, retention and profit. The banks have to concentrate on minimizing delivery gaps and utilize its CSR for giving computer literacy and e-banking lessons to leverage its E-CRM usage for future

Keywords: CSR, Competitiveness, CRM, Customer Service, E-CRM, ICT

1. Introduction

To gain profits, customer loyalty, and retention and trust the word Corporate Social Responsibility (CSR) stands as a business strategy that gained popularity everywhere. It emphasizes organizations responsibility in the business conduct .it defines the way to go beyond the commercial space of the business and building long lasting relations. In today's era when 'Customer is the King' the need for ensuring the highest level of customer satisfaction has given another dimension to CSR policies of banks worldwide.

Today's customers have received the right of demanding the right kind of service, product they need and also the delivery model to be tailor made or highly customized to customer perspective. Besides their expectations have gone up and as such banks are forced to quickly adapt to their growing demands to remain competitive. Concept of Customer Relationship Management (CRM) has assumed all the more significance today. In fact, CRM has given way to E-CRM. The use of technology but with a greater emphasis on personalization, technology, direct marketing and sales services for distinct market segments. Typically, CRM (or its latest incarnation E-CRM) is concerned with major problems such as acquiring, retaining, maintaining and growing customers. New customers and increase their loyalty and satisfaction became prime concern. The transition from traditional paper-based mode to online mode in the modern days has replaced the conventional CRM with E-CRM systems that address the concerns of customers and banks, both.

*Author for correspondence

In the present context, there is the need to dovetail the CSR policies of commercial banks with their E-CRM in order that they withstand the pressures of competition, and at the same time discharge their responsibilities to the public at large.

1.1 Literature Review

Customer looks at the product performance rather than the brand image for the banking & financial products - Codatte (1987). Rather than cognitive components satisfaction is dependent on components that coexist and make independent contribution to the judgments - Westbrook (1991). Increased rate of customer switching is the result of unsatisfied customer relations and thus lack referral of another customer - Levesque (1996). Repeat customer is the result of stratifies customer and have direct link with marketing activities - East (1997). Right customer is identified and retained through CRM - (Hobby, 1999). Use of information system will deliver the right service and product to the customers - (Levine, 2000). CRM shifts the customer role from marketing target to involving or policy maker by frequent communication.

In the recent study[1]it emphasizes on the importance of digitalization and customization of services and product, ore over digitalization makes banks more customer centric. Another study[2] have observed that private banks are sincerer in CRM initiatives than their public sector peers. Study[3] has analyzed the impact of CSR on the customer satisfaction using Structural Equation Modeling (SEM). It is found that customer satisfaction is the mediating factor for banking service quality and the CSR is the most influential factor for the customer satisfaction. Yet another recent study[4] have noted that new generation private banks are way ahead of old private banks in their CRM initiatives. In view of the above, though there are many studies on CRM and some on CSR, studies focusing on the relation between CSR and E-CRM in the Kerala context are nil. This study, thus, focuses on CSR and its relation with E-CRM with reference to banks in Kerala.

1.2 Process of E-CRM and its Basic Functions

Electronic Customer Relationship Management (or, E-CRM in short) use of Various data, like Demography, Personal information, CIBIL (Credit Information Bureau India Limited), Product Owner Ship, Consistency, Purchase Pattern, Consumption Pattern, Time of Purchase, Communication Pattern, Usage of Product, Risk and Profitability data from Data Warehouse for analysis and is updated for strategic decision making. Result obtained from E-CRM Process designs action plan for group/individual Plans, Campaigns marketing initiatives etc. and is used several channels to reach its customers.

E-CRM can be looked into from the perspectives of both customers and banks. The banks' perspective E-CRM is manifested in customer data and its use with due care on maintaining its privacy and security, ensuring adequate ICT and other infrastructure and adherence to RBI policies. From the customers' perspective E-CRM encompasses awareness on various banking services and benefits accrued from these, awareness regarding the use of such services, ensuring online security in using such services etc.

E-CRM is a set of skills, processes, functions, and technologies which makes banks to make more profitable. It values on defining the customers by making them valuable in handling long-term relationships and so attracting new customers. Implementation process of E-CRM typically include the following steps: (i) Developing E-CRM vision, (ii) Defining E-CRM strategy plan, (iii) Develop E-CRM operational plan, (iv) Market assessment / Competition mapping, (v) Training the customer, (vi) Implement E-CRM programme, and (vii) Analysis of E-CRM performance.

It may be noted that IT awareness (ICT awareness) is one of the vital requirements for an effective E-CRM system. As CSR involves substantial investment towards discharging the social responsibility of banks, how such funds could be channeled to enhance the IT awareness of customers so that it will in turn reinforce the E-CRM system further needs to be studied. This is because adequately skilled customers alone can confidently use the ICT-based banking services including E-CRM applications. If CSR can address the issue of ICT-awareness, then E-CRM can be effectively dovetailed with the broader framework for CSR policy of banks.

2. Objective of the Paper

(i) To study the significance of CSR and its relationship with E-CRM in the banking business;
(ii) To make an empirical study of the responses of customers and bank officials on ICT-based services with a focus on CSR and E-CRM, with reference to private banks in Kerala;

(iii) To suggest suitable strategies for effective formulation of CSR in such a way that it reinforces the E-CRM system with reference to the private banks in Kerala.

2.1 Methodology of Study

The nature of the study is primarily descriptive-analytical in nature, as it seeks to assess the linkage between CSR and E-CRM based on feedback from customers and bank officials. For this study, data from 80 bank-customers and 20 bank-officials are collected. The banks chosen are Kerala-based Old Private Banks viz. (i) Catholic Syrian Bank (ii) South Indian Bank (iii) Dhanalakshmi Bank Ltd. (iv) Federal Bank. Five officials each of these four banks were selected at random, that is totally 20 officials, out of their branches in Ernakulam city. Accordingly, 20 such officials were contacted and data collected using an Interview Schedule. Similarly, out of these 20 branches so selected at random from Ernakulam city, customers each having diverse society status. From these 80 respondents data are collected using a carefully drafted Questionnaire. Popular statistical tools are used for data analysis.

3. Result and Discussion

The adoption of ICT (Information and Communication Technology) made CRM to E- CRM the importance of analyzing the E- CRM service awareness among the Customers of Private banks will have a Clear understanding on the success of E- CRM implementation. Customer Opinion on Awareness of E- CRM service offering and Products as on Table 1 clearly says ATM services and SMS update on customer accounts have greater acceptance and awareness among its customers. Utility bill, Mobile

Banking, E–Banking and service request lack in the awareness. In interview with bank staff its clearly defined that coming to online/E–banking customers express a lack of confidence in online security and is having lesser confidence when compared to traditional banking mode. The major reason observed on interview method is lack of knowledge in cyber Security and IT infrastructure among customers. While SMS update and ATM services contributed a lot on retaining the customers and increasing the satisfaction, the non-awareness and lack of confidence in e–banking etc. is increasing process complex and inconvenience among staff and customers of private banks. Sample is also tested with SERVQUAL model which given picture that the service quality perceived by the bank customers are below customer expectations in private banks.

On the part of retaining and attracting new customers. The personalized service or human factor in services is the best available option towards customer – centricity from Table 2 it says what customer needs is not just E- CRM or ICT based services but a perfect blend of marketing

Table 1. Opinions of customers of private banks

Services offered	Yes , I Use	Yes ,I don't Use	Am not aware	Total
ATMs	62	10	8	80
E-Banking	9	27	44	80
Mobile Banking	7	24	49	80
Utility Bill Pay	14	29	37	80
Service Request	7	23	50	80
SMS Update	57	11	12	80

(Source: Field Survey)

Table 2. Opinions of the bank staff and bank customers

Opinions	Staff		Customers		Total	
	No.	Percent	No.	Percent	No.	Percent
Aggressive marketing alone	1	05	2	2.50	03	03
Need more E- CRM Services alone	2	10	3	3.75	05	t05
Marketing and E- CRM Services together	4	20	7	8.75	11	11
E- CRM Services and Personalized Services	4	20	16	20	20	20
Marketing, ICT- based and Personalized services	9	45	52	65	61	61
Total	20	100	80	100	100	100

(Source: Survey Data)

mix and E-CRM customized for Individual customers i.e. rather than aggressive marketing efforts alone or high tech E- CRM based customer Services, along with customized tailor made services for the customer is required or a human factor in in service delivery. E-CRM to be effective from the banking prospective and Customer Prospective awareness of the service offering should be implemented to customer end (Table 3).

The E-CRM enabled banking though ATM and SMS update from the offering is common, to the core the core the other major offerings like E- Banking, Mobile Banking

Table 3. Computer literacy among bank customers

Yes, I am Well Versed on Computers	15
I Use Computers Rarely	22
I Don't Know to Use Computers at all	33
I Use Computers with the Help of Others	20
None of the Above	10

(Source: Field Survey)

and Utility Payment are at the phase of capturing market in the curve of learning by customers. The customer is looking for quality services. It is noted that 75 to 85 percent of the customers of banks are not at all confident in using computers in their dealings with banks. Or, their Technological Readiness (TR) is poor. Thus, this is an area where the CSR policy of banks could focus. If CSR policy of banks gives thrust on enhancing the TR of customers then that itself will ensure that their CSR spending is recouped by way of increased business and better operational efficiency in the days to come. ICT-based services enhance the operational efficiency through reduced cost. Besides, it improves the corporate image and brand equity too.

Servequal analysis indicates that in all the dimensions customers are having dissatisfaction since the Table 5 shows –ve, factors like 1) delivery of services on time 2)Prompt services3)Staff availability for customer service 4) personal attention and from Table 4 refers to a point that customers of all banks under study is having same

Table 4. Delivery gap score

Customer Perception		Customer Expectation		P-E
Perceived - Tangibility	PT	Expected - Tangibility	ET	Gap Score
My banks service aid such as catalogues and leaflets attractive	3.54	Best banks service aid such as catalogues and leaflets are always attractive	4.63	-1.09
My banks employees are visually Appealing	3.54	Best banks employees are visually appealing always	4.61	-1.07
My bank equipments are visually attractive	3.50	Best banks provide visually attractive equipments	4.55	-1.05
My bank is having Modern Equipments	3.65	Best Banks have modern equipments	4.82	-1.17
Tangibility - Average Score		**-1.09**		
Perceived -Assurance	PA	Expected-Assurance	EA	Gap Score
My banks staff are well trained to answer my queries	3.63	Best banks staff are well trained enough to answer my queries	4.81	-1.18
My banks staff are well mannered in behavior	3.50	Best banks staff are well mannered in behavior towards its customers	4.82	-1.32
My Banks staff gives me confidence to Use banking services	3.55	Best Banks staff gives its customers confidence to Use its banking services	4.62	-1.07
I feel secure in my transactions	3.59	Best banks customers feel secure in all transactions it make	4.69	-1.10
Assurance - Average Score		**-1.17**		
Perceived -Reliability	PR	Expected-Reliability	ER	Gap Score
My bank Provides error free documents	3.54	Best bank Provides error free documents	4.85	-1.31
My bank Perform service as they promise when a service encounter happens	3.49	Best banks perform service as they promise when a service encounter happens	4.75	-1.26
My banks keeps time commitment	3.34	Best banks always keep Time commitment	4.63	-1.29
My bank provides the service without delay	3.26	Best banks Provides service without delay	4.66	-1.40
My banks always honors' my emotional status whenever there is a problem	3.36	Best banks always honors' my emotional status whenever there is a problem	4.59	-1.23
Reliability - Average Score		**-1.30**		

(Continued)

Perceived -Responsiveness	PR	Expected- Responsiveness	ER	Gap Score
My banks staff are always available for my banking service	3.25	Best banks staff are always available for customers banking service	4.67	-1.42
My banks staff will inform me when the service will be delivered	3.50	Best banks staff will inform me when the service will be delivered	4.59	-1.09
My banks staff is helping me on repeat service request	3.64	Best banks staff will help customers on repeat service request	4.69	-1.05
My banks staff are prompt in service delivery	3.59	Best banks staff are prompt in service delivery	4.70	-1.11
Responsiveness - Average Score		**-1.17**		
Perceived - Empathy	EP	Expected- Empathy	EE	Gap Score
My banks working hours are helpful for my banking	3.80	Best banks working hours are flexible enough for its customers banking	4.25	-.45
My bank can understand my personal banking needs	3.47	Best banks can understand its customers personal banking needs	4.59	-1.12
My banks consider my banking needs with great enthusiasm	3.30	Best banks consider its customers banking needs with great enthusiasm	4.70	-1.40
My banks staff gives me personal banking service	3.32	Best banks staff gives its customers personal service	4.59	-1.27
My bank have customer support staff to take care of my banking needs	3.26	Best banks have customer support staff to take care of customers banking needs	4.66	-1.40
Responsiveness - Average Score		**-1.12**		
Average Sum of Servequal Dimensions -5.85				
Average Sum / Five -1.17				

(Source: Field Survey)

Table 5. Sum average of servequal dimensions

Dimensions of Servequal-Average	Average of P-E
Gap Score Average-Tangibility	-1.09
Gap Score Average-Assurance	-1.17
Gap Score Average-Reliability	-1.30
Gap Score Average-Responsiveness	-1.17
Gap Score Average -Empathy	-1.12
Average Sum	**-5.85**
Average Sum/Five	**-1.17**

(Source: Field Survey)

opinion on different servequal dimensions. The Table 5 its understood that wide gap is existing in reliability dimension i.e. -1.30 and thereafter responsiveness, assurance with a gap score of -1.17

3.1 Major Findings of the Study

3.1.1 Reliability, Responsiveness and Assurance

Analysis clearly points out that a wide gap is there in responsiveness, reliability and assurance. The bank should put its effort to minimize the service delivery gap found in these dimensions Study clearly says that the highest gap was found in the dimension of reliability and empa-

thy. These dimensions play important role in since ICT can only contribute to reliability and responsiveness thus enhancing empathy the human factor cannot be avoided. E-CRM initiatives should also focus a generation that lacks computer skills too.

3.1.2 Poor Computer Awareness and ICT Skills of Customers

As already noted the ICT awareness of the bank customers is very poor. As high as 75 to 85 percent of the customers are not confident in using ICT-based banking services confidently. Thus, there is utmost need for imparting ICT education to the customers. For this the CSR investment of banks could be conveniently used. As they acquire such skills, they become confident in using various high-tech banking services. E-CRM becomes more meaningful. Since, ICT can only contribute to reliability and enhancing empathy

3.1.3 Adaptability of E-CRM

In view of the above discussions, it is noted that even though the ICT-based banking has developed greatly in Kerala, for better growth prospects of banks the state, the ICT-based CRM initiatives should also pick up fast. This is essential for retaining the customers. The adaptability E-CRM at

present era cannot avoid human factor in CRM initiatives. As the Table 2 shows still the need of manual (human) personalized service is of demand. At the same time, it is noted that technology readiness (TR) is very important for the banks for retention of their customers. This is because customers are very discerning these days and their levels of expectations are higher than ever before.

3.1.4 Systematic Customer Segmentation

Special need for the Hertogeneous society E–CRM initiatives are considered as technology readiness of the bank to capture future customers, from the Table 3 it is noted that only a particular segment of customers can understand and use E-CRM facilities at ease. Majority of the customers use traditional methods of banking due to poor computer literacy. But, the present scenario requires E-CRM. Thus, TR banks need to attract new customers, segment the customers so that 'tailor-made' banking services could be provided to each segment, depending on the specific tastes and preferences of each such segment.

3.1.5 Product Development and Process Innovation

Rather than a common marketing strategy to attract customers the process innovation should be the main part and its extension to existing customers will increase value addition and loyalty. Table No. 2 shows the popularity of ATM Services and SMS Update, these innovations help customers ease of process and increase loyalty and confidence among customers. The above mentioned process gained popularity since the computer literacy requirement to operate the same is not required. It clearly mentions the requirement of blend of human factor and E-CRM for process innovation.

3.2 Suggestions

(i) Significant share of the CSR outlays of banks needs to be earmarked for imparting the requisite Computer education, development of skills for doing ICT-based banking services. Accordingly, adequate confidence of the bank customers in effectively using various E-CRM services could be ensured by banks.

(ii) Provide training and Support E-Literacy Mission in state as banks CSR (Corporate Social Responsibility) initiative. Such training should be imparted right from the school level in respect of the formal system of education. In respect of the informal system too, steps be taken to provide such training with the help of NGOs, social organizations etc.

(iii) Create campaigns on E-CRM initiatives for better awareness regarding such services.

(iv) Organize Customer Induction camps to create confidence in the customers on the safe use of E-Banking services.

(v) Provide extra benefits for the use of E-CRM based services to the customers to prompt them to switch over to online platforms from the traditional modes.

(vi) Segment customers and focus on such customers who can be brought under the E-CRM umbrella and adopt the E-CRM process in a phased manner.

4. Concluding Remarks

In view of the foregoing discussions, it may be stated that though the technology readiness (TR) and its implementation is done in private banks in Kerala and the consumers of these banks are still in the learning curve of E-CRM and its applications. So banks have to consciously adapt their E-CRM strategies with a "human touch" to retain existing customers, attract new customers and to convince the existing customers as to technology-readiness of the banks they are dealing with. Process innovation should be brought about to the extent possible through research so as to simplify for the E-CRM initiatives that fit into customers of all segments. Technology adoption coupled with the human factor, and marketing strategies with segmentation might work better in the emerging scenario, then a full-fledged and high-tech E-CRM without a "human touch".

In order to enhance the computer awareness and ICT skills of the customers, there is a vital need to set aside higher outlay for the above purpose. As this in turn can discharge the social responsibility of banks, the best option appears to be that of setting aside a higher share of CSR investment of every bank for customer education and imparting ICT skills. Such initiatives can be started right from the school level, as today's students are tomorrow's customers. so can leverage E-CRM for future

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