ONLINE BANKING AND E-CRM INITIATIVES: A CASE STUDY OF ICICI BANK

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ABSTRACT

ICICI has transformed itself into a technology intensive financial services group in the last decade. To achieve its long term goals of being in a position to practice one to one marketing, ICICI has taken a series of initiatives. In online banking face to face interaction between bank and customer is not seen. This create huge service gap for banks how to serve and maintain customer relation in online environment. The paper discuses how banks use “Electronics Customers Relationship Management” tool to maintain customer relations by using the internet and what benefits are derived by using E-CRM tool.

Key Words: E-CRM, Online banking, SIEBEL

Introduction

In the new economy, business, especially in the service sector has become customer centric and has been exploring new ways to service customers efficiently. ICICI Bank the first Bank to offer E-Banking services in India. Has more than one lakh regular user accounts, of which more than 25% are NRIs. The Bank has viewed advanced information technology as a managerial and competitive tool and has tried to harness technology to the maximum possible extent to deliver superior customer services.

Online Banking

According to Karjaluoto et al. (2002) Electronic Banking term refers to Internet Banking the Internet has a great impact on electronic Banking now it can be done without any time and geographic remoteness. Consumers all over the world can access their account 24 hours a day, seven days a week. This provides many opportunities to banks as well as a customers and the person using online banking is young, well educated, having high level of income and good job. It is argued by Ravi et al. (2001) there are two types of online banking namely E-banks and E-branches, an E-Bank exist only on the Internet where paper record is not kept and it operates all over the world without any geographical boundaries and it is available round the clock and without any opening and closing hours, while E-branch bank is a brick and mortar bank that provides Internet Banking to its customers because customer prefer more E-branch service then E-banking service.

Definition of CRM

According to Parvatiyar and Sheth (2001,) Customer Relationship Management is a comprehensive strategy and process of acquiring, retaining and partnering with selective customers to create superior value for the company and the customers.

E-CRM

In simple terms, E-CRM provides to a companies mean to conduct interactive, personalized and relevant communication with customers across both electronic and traditional channels. It utilizes complete view of the customers to make a decision about messaging, offers, and channel delivery. It synchronizes communication across disjointed customer facing system it adheres to permission based practices, respecting each individuals preferences regarding how and whether they wish communicate with you.

E-CRM and Portals

With the emergence of the Internet, enterprise portal took on a whole different meaning. They have now become the gateways to entire web based communities and customer activity. A portal is a gateway to an array of services to an optimal community it is a centralized entry point, usually centered on web server that links multiple information and interactivity sources, and allows a personalized view of any or all the services according to the requirements of the users who is entering. The personalization is accessible through a password and user ID.
Research Problem

To gain a better understanding of how Banks are using electronic customer relationship management (E-CRM) in online banking in B2C context for a better understanding of this research problem the following objectives have been developed.

Research Objective:
1. To know the Electronic Customer Relationship Management (E-CRM) be used in online banking.
2. To know the benefits of E-CRM technology in online banking.

Review of Literature

Elements of E-CRM

According to Jellasi and Enders (2004) E-CRM is the use of the Internet and IT applications used to manage the relationship with customers. There are four elements in E-CRM first selection, retention, acquisition, extension.

1. Customer Selection: It refers to customer targeting, segmenting and mass customization which offers a customize product which fulfills individual needs and maintain low cost position via mass market operations has been introduced into business process which creates new developments. First customer have individual lives, and everyone has unique setup needs and desires and second fast growth of information and production technology has made it possible to meet these individual needs to meet a high degree.

2. Customer Acquisition: It focuses on promotion and other incentives to acquire new customers to serve existing customers to come online. While in online channel the firm should have at least the email address of the customer. Detail customer profiles are included to get this information customers are offered incentives like gifts, certificates or free product samples.

3. Customer retention: It turns one time customers to regular customers and keeps them as long as possible in online environment. It is achieved from two dimensions personalization, while personalization website is done by considering the needs of the customers and it make possible for him to stick particular website. While online communities create network effect with different users both types of users stay on a particular website.

4. Customer Extension: It has focus on the maximization of lifetime value of a customer. The companies expand this through existing customer relationship like cross selling of products and services.

Benefits of E-CRM

E-CRM is a approach in relationship management it benefits to its stakeholder who include employees, customers, suppliers and channel partners (Ragins and Greco, 2003) according to Rigby and et al. (2002) E-CRM takes many forms and depends on the objectives of organization. It is not only a technology or a software; this is a tool is used a line business process with the customers in a strategic way like E-CRM increase the customer loyalty, E-CRM gives more effective marketing, E-CRM includes customer service and support.

According to Jellasi and Enders (2004) the benefits of E-CRM is to
1. Create long term relationship with customer with minimum cost.
2. To reduce customer defection rate
3. Increase the profitability from low profit customers
4. Focus on high value of customers.

Methodology

Research Purpose

The research purpose of this study is mainly is descriptive since the main objective is to understand to know how E-CRM is used in online banking and its benefits to the stakeholders in online banking.

Research Approach

The base of this study is on scientific theories and research objectives have been related to these theories so, the study is detective because of the fact that the conclusion is drawn from the information on gathered data which is full of values, perception and beliefs, so the data is non quantifiable. Based on our research purpose and research objectives, our research approach is qualitative. It is considered that qualitative method is the best way due to the fact that we want to give understanding of how banks are using electronic customer relationship management in online banking in B2C context.

Sample Selection

The researcher wanted to examine bank that have online banking facilities and establish customer relationship by using internet channel. The sample selection was based on convenience sample by considering the activities of the bank with latest E-CRM practices and the availability of interviewee willing to answer the
question. Introduction to email and research questions were sent to the bank who are working in ICICI bank for the purpose of the study. There customer support officer referred to the concern person involved in E-CRM practices. These respondents were well qualified in CRM practices.

**Data Collection**

Since, the study is descriptive nature, researcher considered primary data as most suitable for the study. The bank websites are used www.icicibank.com

**Empirical Data Presentation**

**Case ICICI Bank**

**Introduction**

ICICI Bank is India's second-largest bank with total assets of Rs. 3,634.00 billion (US$ 81 billion) at March 31, 2010 and profit after tax Rs. 40.25 billion (US$ 896 million) for the year ended March 31, 2010. The Bank has a network of 2,035 branches and about 5,518 ATMs in India and presence in 18 countries. ICICI Bank offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its specialised subsidiaries in the areas of investment banking, life and non-life insurance, venture capital and asset management. The Bank currently has subsidiaries in the United Kingdom, Russia and Canada, branches in United States, Singapore, Bahrain, Hong Kong, Sri Lanka, Qatar and Dubai International Finance Centre and representative offices in United Arab Emirates.

**Technology Initiatives for CRM**

In ICICI Bank CRM is hugely technology driven. The banks philosophy behind CRM is massive use of technology. The technology might push customer away from the branch and get most of the requirements fulfilled through machines outside the branch. It believes that this effort of bringing customer least to the branch might help in reducing the factor of customer ignorance, poor employee behavior, inadequate parking and so on CRM at ICICI bank is viewed as a discipline as well as a set of discrete software technologies which focuses on automating and improving the business process associated with managing relationship in the area of sales, marketing and customer service and support. The organization aims to achieve the end goal of one2one marketing. The CRM software applications are not only intended to facilitate the coordination of multiple business functions but also to support to coordinate multiple channels of communication with the customers as face to face, call centers, ATMs, web, telephones, kiosk, bank branch and sales associates etc. so as to enable the bank to carryout the cradle to give the customer management more efficiently. To accomplish the above objectives through specific software, ICICI bank has rolled out customer relationship management software SIEBEL. Customer touches the bank from a number of channels, namely call centers, bank branch, ICICI centers, ATMs, Web and SMS. SIEBEL provides a common platform so as to have an integrated single view of the end customer across product lines and channels.

**Benefits of E-CRM technology in Online Banking**

SIEBEL benefited ICICI Bank in the following ways

1. Complaints and Queries management: SIEBEL address complaints in a systematic manner. Any case requiring the authorization of an officer automatically goes to the officers mailbox and moves forward only after his approval, service request and complaints can be routed to the respective departments through an inbuilt escalation matrix.

2. Customer Retention: Software enables a branch head to know exactly when and which account is showing any abrupt behavior. He/she can then known its reason and ultimately check his/her detachment from the bank.

3. Cross selling and up selling the software can be used for cross selling and upselling purposes if the branch head comes to know that a particular customer has withdrawn significant money from his account for the purpose of some investment, it can immediately ask his sales team to reach the customer and offer the investment avenues that the bank has such as fixed deposit schemes, bonds and insurance.

4. Customer contact management: SIEBEL enables the bank to record a complete profile and contact history of customers. It also helps in greeting at various occasions such as Birthday, Wedding day and Insurance premium submission day. These help the bank introducing personnel touch with customer.

**Analysis**

**Introduction**

In this section within the case analysis is presented i.e. ICICI bank each objective is compared by using theories and the findings taken from the case.

1. To know the Electronic Customer Relationship Management (E-CRM) be used in online banking.
1.1. Mass customization: The website of ICICI bank provides bank information, product information brochures, history of bank, performance of bank, customer feedback option, ICICI is operating and its web based system enables to customers have a look on banks transactions.

1.2. Contact Management: ICICI bank to record a complete profile contact history and account management with the help of software, the customer is greeted at various occasions such as Birthday, Wedding and Insurance premium submission this help the bank in inducing personnel touch with customers.

1.3. Flexible Timing: Its metro and urban branches the bank has increased the timing from 8 pm to 8 pm to help the office going customers.

1.4. Mobile ATMs: ICICI bank is first to introduce mobile ATMs in Andheri Mumbai.

1.5. E-Lobby: It is a self service banking centre started by the bank it showcases most innovative and user friendly gadgets providing self service banking in the area of bill payment, cash withdrawals video conferencing with customer service executive, online banking and other such transitions without any assistance.

2 To know the benefits of E-CRM technology in online banking
   - Roaming current account.
   - Funds Transfer
   - Bill Payment
   - Receive Funds
   - Ticket Booking
   - Prepaid Mobile Recharge
   - On line Tax calculation
   - Share trading
   - Online Loans and Credit cards

Findings and Conclusions:
1. The finding shows that bank is using E-CRM tool for mass customization, the customer profiling self services and time saving as a primary goal. Then the second priority is the mass market operation accuracy in order to management personalization and one2one marketing as their secondary task and low importance is given to marketing campaign. While monitoring customer behaviour, market segmentation and enhanced customer service. On the basis of findings from the study the following objectives are considered the most important for the bank participated in E-CRM activity, customer profiling, self service, one2one and personalization of services
2. By understanding the views of respondent it is found that the benefit of E-CRM in Banking sector is the reduced cost of operation and increase the customer loyalty while the low priority is given to the different contact options for a customer to minimizing the administrative work. The finding shows that definite which are derived from bank prospective by using E-CRM tool are reduced cost of operation increased customer loyalty.

Implication:
The following implications are based on the empirical data analysis and conclusion made during this study. I suggest to the management they should adopt new technologies in analyzing the customer behavior to offer them accurate products. Further consideration the voices of the customer by adopting their products, procedures and processes. This is a new sector to consider and the bank should constantly re-engineer their processes and procedures and short them by evaluating the customer feedback.

References