



## RESEARCH ARTICLE

### E-CRM: A PERSPECTIVE OF URBAN & RURAL BANKS IN KERALA

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#### ARTICLE INFO

##### Article History:

Received 29<sup>th</sup> June 2015

Received in revised form

13<sup>th</sup> July, 2015

Accepted 27<sup>th</sup> August, 2015

Published online 30<sup>th</sup> September, 2015

##### Keywords:

Electronic,  
Customer,  
Relationship,  
Management,  
Geographical,  
Segmentation.

#### ABSTRACT

Electronic Customer Relationship Management (ECRM), a tool that believed to leverage customer retention, loyalty and to attract new customers, is the magical formula used as 21st century business strategy in banking to face competition. Customer Experience in ECRM for different customer segmentation is different. Long-term relationships with customers are more important. Long-term relationships, which rely on commitment and trust, unifying customer needs with Information and technology adaption is not possible. ECRM strives to identify customers that provide the greatest return to the banks coupling with human factor to it, and to optimize relationships with those customers needs are segmented. To get loyalty from customers, their needs differ on geographical segmentation.

#### INTRODUCTION

The magical formula ECRM to face the battle of competition was triggered in India during post-liberalization (1990s). Information and Communication Technology was introduced in banking industry to face the battle for banks to gain market share and to retain customers of all segments Organic Growth Potential became nil for Banks. ECRM became a marketing mantra for acquisition of new customers and retaining existing customers.

Focus shifted from maintaining relationship satisfaction to earn loyalty and retention. It became important to make customer feel unique for the services bank offers. Human factor of customer relationship has been leveraged by Electronic customer Relationship management (ECRM) through induction of ICT. Customers become the focal point for the banking satisfying their customers in a mutually rewarding. Realizing this, there is a strong feeling in the modern banks that each individual employee working with them has to act as a marketing person who contributes to the total satisfaction of their customers. Banking business models have incorporated ECRM as marketing tool getting bigger slice from market share. Banking industry is classified into specific categories like public sector, private sector, foreign banks, etc.

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The attempts of the banks to increase the number of services, innovate new products, invest in ICT and develop customer's relationship management systems to retain and attract customers' to better service quality and service advantages.

#### Literature Review

Bank customers expectations derived from many sources – Boulding, (1993) proposed that customers form expectations of what will happen in their next encounters based on what they “deserve”. Zeithaml & Bitner (2000) identify two levels of expectations, desired service and adequate service. Desired service represents the “wished for” level of performance and adequate service reflects showing more basic service expectations. The model permits exploration of the perceived difference between expected service and the experienced service, particularly the zone of tolerance developed by Parasuraman et al. (1991), they're by customer specific benefits are under for the study.

#### Customer interaction and satisfaction

The importance of e-CRM technology in bank-customer interactions remains undisputed, commentators; nevertheless, emphasize how customer evaluation is shaped by social and personal forces. (Hollander, 1985; Czepiel, 1990) Interaction has got a very prime place in the banking services. However in order to make the interactions good it is highly important that

both banks as well as customers actively involve themselves in the interaction.

The relationship, which is maintained between customer and organization, has always a special place in the banking industry when compared to other industries. The interaction process has includes three major factors. (Mosad, 1995)

- Information exchange
- Business or financial (transactions)
- Social exchange

He further explained thus the transaction process involves engaging both bank and customers in common satisfying terms. The bank should know what exactly the client wants; at the same time client should also make sure that has enough knowledge about the bank offerings. Social exchange involves more of maintaining long-term relationship with the customers. Confidence, trust, ethics and friendship to some extent are the aspects of the social exchange. (Mosad, 1995)

### Convenience

According to James (1998) with the increasing knowledge and superiority, of the customers banks are now trying to woo the customer by determining the aspects, which are really vital for them. Thus the aspects may include facilities, reputations, service, operation hours, interest on savings as well as on loan, location of the bank, convenience, friendliness, responsiveness, efficiency of employees, ambience of the banks, etc. Convenience plays a vital role when selecting a brand and if the customers are not happy with the convenience of a particular brand. It doesn't take much time to switch brands. The extent of influence of the convenience on the customer is that it can also make the loyal customers to switch the brands. (Jennifer' R 2005)

Location is considered to be convenient if it helps the customer to reduce the travel costs. Location also has broader impact on convenience includes time, place, acquisition etc. It has also greater influence on other convenience dimensions and is believed to be a precondition for other types of convenience. A convenient location is often considered to be an additional service aspect of the core services. (Michael et al., 2003)

### Speed of processing the transaction through e-Response

According to Mohini Singh (2002), Faster processing the transaction by e-CRM, the fact that e-responses to customer queries, order acknowledgement, delivery and payment information via emails or automated responses are greatly appreciated by customers. It has also been highlighted that the nature of e-responses also helps strengthen the relationship between the supplier and the customer and makes up for the personal response that prevails in the traditional shopping arena. One of the business respondents emphasized that "via e-mail order acknowledgment, we recognize and address our customers by their first names", strengthening e-relationships with this service. Another business viewed that "a close relationship with customers can be developed from a distance with e-responses". E-mail responses were widely used by businesses to acknowledge receipt of orders, payment and delivery of information. An e-response to say thank you, an apology for any delays, tailored e-mails from analysis of shopper profile to provide online shopping guidance and to

announce the release of new products and specials supported online shoppers.

Customer responses confirmed the value of e-responses in the B2C e-space, ECRM how timely responds to customer for their requirement

### Trust

According to Wong & Sohal (1998) it is an attitude of trust among the partners of substitute. It's a vital aspect for understanding the potency of marketing relationships. Trust is an essential relationship structure, which is found in most of all relationship models. Trust factor can be seen in many ways like motivation to depend on a substitute partner and one who sees confidence in him.

### Service quality

Service quality according to Brandon & Randall (2007) satisfied customers. Service quality has its connections with the events that are behavioral like the outcomes from a mouth of a human being. There's a lot of attention that has been focused in the relationship between service quality and its outcomes such as profitability and retention of customers and their loyalty. Five proportions of service quality are reliability, responsiveness, quality, empathy and assurance.

Service quality according to Mosad, (1995) is an important criterion that is being used by the customers in selecting a bank. Accounts, transactions accuracy, carefulness, factors in subject with functional quality, availability of the information technology, helpful and friendly personal and effectiveness in correcting mistakes are the most important determinants for the customers to determine the bank.

### Objectives of the Study

The main objective of the study is to analyze Electronic Customer Relationship Management in Rural and Urban Banking in Kerala .

### Hypotheses of the Study

The following hypotheses are proposed:

- To be treated on Rural Sector
- **H1:** There exists a significant difference among the level of customers' Experience and ECRM practice in rural banking.
- To be treated on Urban Sector
- **H2:** There exists a significant difference among the level of customers' Experience and ECRM practice in urban banking.
- To be treated on comparison.
- **H3:** There exists a significant difference among the level of customers' Experience and ECRM practice in the Rural and Urban banking.

### MATERIALS AND METHODS

Banking in Kerala have an history of 100 years above , Sample size of 100 respondents from different banks excluding cooperative banks from urban and rural are drawn 50 from urban and 50 from rural area.

Questionnaire was designed to collect the primary data. Convenience sampling method is used for collecting the data and the data was collected in Person from the customers. Rural and Urban Customer views on regard n towards ECRM practices in banks have been qualified on the basis of five points scale. These five points and their respective values in the scale are given below:

Points of Scale	Assigned Score
Very Satisfied	5
Satisfied	4
Neither satisfied nor dissatisfied	3
Dissatisfied	2
Very dissatisfied	1

Score in the low/high range indicates conversely high / low degree in satisfaction of the Urban and rural banking habits of customers. Since it's a survey method, the Parameters selected for measuring customers' satisfaction have been selected as below:

- Staff Behaviour
- Over the Counter Banking
- Services offered
- Accounts Handling
- Grievance Handing

**The following techniques were used to study the objectives:**

- Standard Deviation
- Mean
- Z-test
- Percentage Analysis

**Limitations of the Study**

- Limitations of convenience sampling.
- Time constraint.
- Resistance from some respondents in sharing of data

**Analysis of the Study**

**Staff Behaviour**

ECRM practice of bank staff behavior is e willingness of the bank staff to help customers and provide prompt services and induction towards ECRM Practices to its customers. Customer expectation that employee will help them to induct to the services and help them when ever required. This Parameter is linked to several ingredients of the satisfaction experienced by the customers such as: Willingness, Ready to Serve, Knowledge, Product information, Quality of information, Attitude .The response of the staff of the bank under study is exhibited in Table 1.

Interpretation from Table 1 reveals that Urban banks provides the highest satisfaction to its customers, as the combined mean score of different variables which determine the satisfaction of the customers on the basis of the Responsiveness of the Bank Staff which is represented by the combined mean 2.98. The mean score of the Urban sector banks lies in between satisfied or very satisfied. The customers of the Urban banks expressed inconsistent as the standard deviation is 1.31. In Urban banks,

'Willingness, Ready to Serve, Knowledge, Product information, Quality of information, Attitude banks staff is the highly contributed towards ECRM factors towards satisfaction of the customers. In Rural banks, Willingness of the staff is the highly contributed ECRM factor towards satisfaction of the customers of the Banks and ready to serve attitude of the bank staff and quality of information received is the highly contributed factor towards satisfaction of the customers of the Rural Banks.

**Table 1. Staff Behaviour**

No.	Variables	Urban Banking		Rural Banking	
		Mean	SD	Mean	SD
1.	Willingness	3.06	1.208	3.76	1.211
2.	Ready to Serve	3.78	1.587	3.46	1.451
3.	Knowledge	3.16	1.209	3.12	1.204
4.	Product information	2.54	1.431	2.04	1.197
5.	Quality of information	3.10	1.367	3.08	1.321
6.	Attitude	2.46	1.202	2.14	1.179
	Combined Mean/SD	2.98	1.31	2.95	1.29

**Over the Counter Services**

Over the Counter Service refers to customers' satisfaction with the time taken for deposit / Withdrawal of cash from the bank, issue a draft and collection of cheques. Speed of such services have importance in determining the customer satisfaction to the ECRM practices of the bank. The Customer view on regard with over the counter services in Table 4.

**Table 2. Over the Counter services**

No.	Variables	Urban Banking		Rural Banking	
		Mean	SD	Mean	SD
1.	Cash Deposits	4.50	0.787	4.12	1.113
2.	Cheque deposits	3.56	1.353	3.40	1.387
3.	Cash Payment	3.02	1.380	3.54	1.237
4.	Cheque payments	3.68	1.347	3.76	1.445
5.	Issue a draft	3.40	1.054	3.36	1.059
	Combined Mean/SD	3.66	1.185	3.64	1.251

Table 2 shows that the highest satisfaction of customers is for Urban Banks as the combined mean score of different variables which determine the satisfaction of the customers on the basis of the Speed of Counter Services which is represented by the combined mean 3.66. The mean score of the Urban banks lies in between neither satisfied, nor dissatisfied, and satisfied. The views expressed by the customers of the Urban banks are inconsistent as the standard deviation is 1.185. The satisfaction of customers of the Rural banks lies in between dissatisfied and neither satisfied, nor dissatisfied, mean value being 3.64. Rural bank customers are showing inconsistent as the standard deviation is 1.251. Analysis of the above table indicates that in rural and urban banks, the speed of over the counter services are the highly contributed factors towards the satisfaction of the customers.

**Services Offered**

Maximum number of services and product offering is vital in facing the competition. The main objective of banks is to provide better service to customers. The services like, ATMs card; Demand draft; cheque book; Net banking are the important aspects of ECRM practices towards customers' satisfaction.

**Table 3. Services offered**

No.	Variables	Urban Banking		Rural Banking	
		Mean	SD	Mean	SD
1.	Net Banking	3.08	1.189	3.10	1.235
2.	Cheque Book	3.24	1.523	3.20	1.470
3.	Demand Drafts	3.02	.927	3.04	1.046
4.	ATM cards	4.16	1.218	4.12	1.094
	Combined Mean/SD	3.40	1.18	3.36	1.19

Customers' satisfaction with Banking Services refers to the quality of service provided by the bank. services offered by the banks under study in Table 3. The Table 3 gives a clear picture that the Rural banks provides the highest satisfaction to its customers as the combined mean score of different variables which determine the satisfaction of the customers on the basis of the Services offered by the combined mean 3.36. The mean score of the banks lies in between satisfied or very satisfied. The customers of the rural banks are consistent as the standard deviation is insignificant 1.19. In Urban banks, ATM cards service is the highly contributed factor towards satisfaction of the customers of the Banks and Cheque book service and net banking is the highly contributed factor towards satisfaction of the customers of the Urban banks.

### Accounts Handling

Accounts Handling of Rural / Urban bank Customers' satisfaction account handling is satisfaction of customers with basic services like saving account, current account and fixed deposits of the bank. Customers views regarding this parameter in this study in Table 4. The above table indicates that the highest satisfaction of customers is provided by the rural banking, as the combined mean score of different variables which determine the satisfaction of the customers on the basis of Accounts Handling is represented by the combined mean 3.38.

**Table 4. Accounts Handling**

No.	Variables	Urban Banking		Rural Banking	
		Mean	SD	Mean	SD
1.	Fixed Deposits A/C	3.69	1.261	3.65	1.141
2.	Savings A/C	2.95	1.415	3.00	1.433
3.	Current A/C	3.18	1.192	3.22	1.229
	Combined Mean/SD	3.26	1.291	3.38	1.269

The mean score of the banks lies in between satisfied or very satisfied. Customers of the rural banks are consistent as the standard deviation is insignificant 1.269. The satisfaction level of customers of the Urban banks, the banks is in between satisfied or very satisfied as mean score is 3.26. However, the score of standard deviation of the banks shows some inconsistent views of urban customers. As the standard deviation score is 1.291. Findings study reveal that customers have the highest satisfaction with savings accounts of both sector followed by fixed deposit in Urban banks and current account in rural bank is highlighted. Customers have maximum satisfaction with savings accounts of the both the sectors.

### Grievance Handling

Importance of ECRM influencing customers' satisfaction is banks ability to solve Customer Grievance. Solving Grievance can change the dissatisfied customer to stratified customer addressing is personal banking issue and retaining the customer.

Grievance handling is having a direct link to the customer satisfaction. Customer View on this parameter under the study are exhibited in Table 5. The study of Table 5 says that Urban banking provides the highest satisfaction to its customers, as the combined mean score of two variables which determine the satisfaction of the customers on the basis of the ability to resolve Grievance which is represented by the combined mean score is 4.10. This score is in between very satisfied and satisfied. The Customer views are consistent as the standard deviation is 0.98.

**Table 5. Grievance Handling**

No.	Variables	Urban Banking		Rural Banking	
		Mean	SD	Mean	SD
1	Solution for Grievance	4.90	0.756	4.28	0.845
2	Grievance Addressing	3.50	1.203	3.26	1.163
	Combined Mean/SD	4.10	0.98	3.94	1.00

The customers of the rural banking express their level of satisfaction below very satisfied mean value being 3.94. Score of standard deviation clarifies that some inconsistent views of customers in rural banking. Detailed analysis of Table 1 indicates that in case of Urban banking and Rural banking, the solution to grievance and its handling are the Direct linkage towards the satisfaction of customers by the urban banking. Table 5 clearly indicates that customers of Urban banking are satisfied than rural banking.

### Fully Automated Kiosk Branch

**Table 6. Fully Automated Kiosk Branch**

Acceptance of Fully Automated ECRM enabled Kiosk Branch				
Customer Response	Urban Bank	Percentage	Rural Bank	Percentage
YES	38	76%	19	38%
NO	12	24%	31	62%
Total	50	100%	50	100%

The Table 6 Clearly indicates that the customers in Rural banks have lesser acceptance towards the concept of fully automated ECRM enabled Kiosk Branch where human factor is less or nill where the acceptance for the concept is only 38%. In Urban area acceptance for fully automated ECRM enabled Kiosk branch is accepted by 76%. Expansion in the form of fully automated kiosk branch is appropriate in Urban area and further expansion in rural area should focus on traditional banking practices with human factor, the survey indicates 62% of rural bank customer trust in traditional system.

### Overall Customers' Satisfaction

Customer satisfaction in ECRM practices in Urban and Rural sector banks (Expect Co-operative Banks) in Kerala which has been. Shown in the table 6 reveals that in all the banks the satisfaction level ranges between satisfied, and neither satisfied, nor dissatisfied. As the overall customers' satisfaction score in Urban and Rural sector banks are 8.97 and 8.61 respectively Table 7. Comparison between Urban and Rural sector reveals that the customers that both the sector are closer. The calculated Z-value regarding staff behaviour (0.927), Services offered (-0.13) and Accounts handling (-0.29) is less than the table value of Z-test at 5% level of significance.

Table 7. Hypothesis Satisfaction an Overview

No.	Variables	Urban Banking		Rural Banking		'Z' Value
		Mean	SD	Mean	SD	
1.	Staff Behaviour	18.10	3.197	17.60	2.513	0.927
2.	Over the Counter Services	18.16	0.789	18.18	1.110	3.491
3.	Services Offered	13.46	1.061	16.90	1.203	-0.13
4.	Accounts Handling	9.82	1.941	9.87	1.865	-0.29
5.	Grievance Handling	8.40	1.363	7.54	1.427	2.033
	Combined Mean/SD	8.97	1.731	8.61	1.691	1.815

Thus, the alternative hypothesis that there exists a significant difference among the level of customers satisfaction in the Urban and Rural sector banks is rejected in favour of null hypothesis. This shows that the customers of Rural and Urban banks hold the similar views. However, the calculated Z-value regarding Grievance handling (2.033) and Over the Counter service (3.491) is greater than the critical value of Z-test that is  $\pm 1.96$  at 5% level of significance. Thus, the alternative hypothesis is correct and hence accepted.

In this comparison of Urban banks and Rural banks is concerned, the calculated Z-value between the mean score of Urban banks and Rural banks is greater than the critical value of Z-test that is  $\pm 1.96$  at 5% level of significance with respect to Grievance Handling, thus the alternative hypothesis that there exists a significant difference among the level of customers' satisfaction in Urban and Rural banks is accepted. However, with respect to other dimensions of customers' satisfaction, the calculated Z-value is greater than the table value of Z-test at 5% level of satisfaction. Thus, the alternative hypothesis is Correct and hence accepted. This suggests that the customers of urban banks and Rural banks do not hold similar view towards the ECRM practices.

## RESULTS

Competition in its edge is forced to adopt ICT (Information and Communication Technology) for banking CRM practices for new service /product offering .This study reveals ECRM practices and customers' banking experience level in Urban and Rural banks in Kerala .The analysis of data brings out the following findings:

- From the study, it indicates that staff of Urban and Rural banks are more sincere in handling and addressing customers' Grievance
- Study Reveals that staff in Urban banks have maximum courtesy with their customers, more willing to help customers, more knowledgeable in answering customer queries , and excellent in information delivery .
- ECRM enabled fully automated Kiosk branches are accepted in urban areas.
- Urban banks, the knowledge and ready to serve attitude and Willingness of the bank staff are major factors contributing to ECRM Practices of the customers.
- The study Clearly indicates that the Staff behaviour of Urban banks are very attentive towards its customers as compared to Rural banks.
- Human factor in customer relationship management is more accepted in rural bank customers.
- Study found that customers ECRM practice and customer experience of Urban banks are more acceptable than in customers of rural banks.

## Suggestions

Banks focus on maintaining relationship with customers leading to customer loyalty and retention by ECRM to face competitive edge. Based on the findings, a set of suggestions are made on ECRM Practices to balance rural and urban customers.

Any ICT adoption to improve ECRM Practices should Incorporate human factor according to urban and Rural Segmentation

- Customer Grievance should be handled speedily to ensure customer retention and loyalty
- All Employees should be given training on inducting customers to ECRM Practices.
- Banks under study to keep a separate ECRM Practice /Strategy and automation for Urban and Rural Customers.
- Every branches should go for automation of process after banking hours so is to incorporate human factor and ECRM practices to leverage and induct bank customers on ECRM practices.
- Expansion plan should incorporate more human factor (Staff) in rural areas and must go for fully automated urban kiosk branches in urban areas.
- More of automated kiosk branches should open in urban area according to business volume.
- More of services and product development should be done addressing both segments for efficient useage of ECRM practices

## Conclusion

It can be concluded that banks in Urban area provides better ECRM services to their customers than the Rural area branches . The customers of Urban branches are more satisfied with E CRM Practices as compared to Rural banking Customers. Since customers are treated as key business partners in banking industry ,focus should be on developing products services and offerings balancing both urban and rural segments rather than focusing on one segment of customers and balancing the act of ECRM Practices .

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