CHAPTER 3

CRM: An Overview of Emerging Trends, Developments and Future
CHAPTER-3

CRM: AN OVERVIEW OF EMERGING TRENDS, DEVELOPMENTS AND FUTURE

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3.1 EMERGING TRENDS IN CRM:
Partner Relationship Marketing (PRM), which had been just another category of CRM, is now becoming a core business need and one of the most important facets of a CRM strategy- if we understand the business environment, it is enough for one to suggest a name change that reflects the importance of CCRM i.e. CONTINUOUS CUSTOMER RELATIONSHIP MARKETING.

What one is dealing with a highly volatile customer base that holds no particular loyalty to company's product lines or service offerings, and what they have multiple choices of accessing these choices. With incredible amounts of information at hand to understand what they are, or are not getting, it is therefore important to know for companies regarding which customers are most profitable, and least profitable, in order to cut or put aside as a supplier, companies relationship with suppliers lasts as long as they value price and ability to catch their demand in a timely way is ample. Companies have to make sure that it provides price, product, and services in a timely and cost-effective way or it will be thrown out from market. (Greenberg Paul 2005)¹

3.2 DEVELOPMENT IN CRM:
From Basic Marketing to Reactive Marketing and then Proactive Marketing. The marketing practices have moved to Relationship and Collaborative Marketing. This was brought about in the wake of increasing competition, when the banks realised that 'Customer is King' and keeping or retaining a customer is less expensive than creating a new customers for their products. The dawning of this realisation led to the origin of Continuous Relationship Marketing (CRM). CRM is evolved from the age-old paradigm practiced by the corner shops. CRM in principle is a return to the days of the corner shops; the storeowners knew you and what you liked. They took time to make recommendations and endorse products. Thus, CRM is an extension of old-fashioned good customer service, aided by technology as CRM aims to provide information that has a unique value to customers based on information about the individual customer. The changing customer behaviour made it imperative that the banks align their processes and practices with the customer at the center and not their products. CRM is thus a process to build profitable continuous relationship with the customers, there by fostering repeat business.
In the past, producers took their customers for granted, because at that time customers were neither demanding nor had many alternative sources of supply or suppliers. Since he/she was a passive customer, the producer dictated terms and had little customer commitment. However, today there is a radical transformation. At present the changing business environment is characterized by economic liberalization, increasing competition, high consumer choice, enlightened and demanding customers, with increased more emphasis on quality and value of purchase. Ghodeswar B.M (2001)²

According to Sam Walton, 'There is only one boss-He is the customer. It was the growing realisation of these paradigm shifts that led banks to veer towards CRM, which believes as follows:

- When you lose a customer, you lose his/her lifetime value.
- A satisfied customer is the best advertisement for a product
- A 5 per cent increase in customer loyalty will result in profit increase of more than 25 per cent.
- 80/20 principle- in nearly every industry, 20 per cent of customers account for 80 per cent of the profit.
- 68 per cent customers quit because of the indifference of some of the employees
- A satisfied customer brings in 100 potential new customers whereas one dissatisfied customer prevents 1000 potential new customers.
- It takes up to twelve good experiences to overcome one bad experience of a customer.

3.3 RM TO CRM:

A well-known scientist Darwin gave principle called as 'Survival of the fittest' the theory of evolution is of human beings. An evolution is also on the move in the present day business environment that has become highly volatile and perplexing. In present rising competition due to globalization and increasing sophistication due to newly emerging technology has radically us changed the way businesses are conducted across the globe. New principle comes in to existence as 'Strongest can survive'. The
journey of continuous relationship starts with ‘Customer’, Mahatma Gandhi rightly quoted that ‘Customer is King’. The biggest management challenge in the new millennium of liberalization and globalization for a business is to serve and maintain good relations with the king—“the customer.” The word of Mahatma Gandhi on the significance of customers is most appropriate in these regards reproduced as follows.

- A customer is not dependent on us, but we depend on him;
- A customer is the most important person in any business;
- A customer is not an interruption of our work; They are the purpose of it;
- A customer is a part of our organisation, and not an outsider;
- A customer is the lifeblood of any business;
- A customer is a person who brings us his wants and it is our jobs to fulfill those wants;
- A customer is not a cold statistics. They are flesh and blood human beings with feeling and emotions like our own;
- A customer is deserving of the most courteous and attentive treatment we can give; and
- A customer does a favor when he/she calls but we are not doing him/her a favour by serving him. In fact, he/she is doing us a favor by extending an opportunity to serve him.” (Batra. S.P. 2001)

3.4 CRM TO e-CRM:
The 20th and 21st Century has seen an increase in the use of electronic transmission, mediums either as alternatives or as the sole means for the exchange of information, products, and services. Technology and the Internet in particular, has become as important a feature to business as the advent of the calculator photocopy machine and the telephone. As with other advances in technology and business system, inadequate or poorly planned inputs can only result in poor outcomes e-commerce has added benefit of allowing personalised services to occur over a far greater number of people and organisation.

Now, Customers have not only become more demanding about the level and quality of service but their tolerance for internal communications deficiencies are decreasing and the need for instant gratification is on the rises. If the company is unable to satisfy
customers, they will lose their business to the competition. Using electronic means to buy and sell products and services over the Internet will not in itself enhance customer service and support, nor will it increase sales opportunities. e-CRM has many advantages over traditional methods of CRM including man communication, personalisation around the clock availability, increased knowledge and awareness of customer needs and expectation, and the potential for increased customer satisfaction whilst increasing revenues. However, eCRM has the potential to alienate customers, create problems within company culture and threaten the livelihood of the company if not implemented correctly.

In simple words, e-CRM is a means to conduct interactive personalised and relevant communication with customers across both electronic and traditional channels. It focuses on understanding how the economics of customer relationship affect the business.

The e-CRM, i.e. CRM online implies an additional means of communication and level of interaction with the customer. e-CRM can be defined as “A comprehensive understanding of customer activities, personalisation, relevance, permission, timeliness, and metrics as a means to an end optimising the value of your most important customers). (H peeru Mohamed & A sagadevn 2002)³

It can be referred as “electronic” customer relationship management, or more simply CRM that is Web-based. The goal of eCRM is to leverage technology, more specifically the power of the Internet to improve customer service, and enable a greater degree of customer interactions through personalized communication. The Internet has changed businesses around the world by offering simpler ways to send and receive information search, buy and sell products at the mere click of a mouse. This has made a lot of things easier for the customer. Features like products and services On-Demand, 24-hour Access, up-to-the minute information on stock levels, prices and features, online customer support, self-service and personalized content are all easily available. This can save the customer time and energy scouting around for products for days. It can save the company executives from going back and forth to get the exact requirements from the customer and, it has also reduced errors.
Developing continuous relationships with customers and to make them feel delighted has become a necessity in the wake of globalisation, where customer delight is the only key to success and to the very existence of the company. Company's perception is usually based on the customer's broad experiences with staff of the company.

The status of relationship marketing in India elicits the various techniques employed by marketers to build and maintain relationship with the customers. It provides a rich insight into the role of IT in CRM. To become market driven CRM have to opt IT as e-CRM.

This is the most potent weapon on the battleground of 21st century marketplace with digital markets, faster, smarter, adaptive marketing, and customized products/services for customers with the most potential long-term value.

e-CRM is not only simply electronic CRM, it is customer management for e-business that must confront the complexity of managing sophisticated customer and business partners in a variety of online and offline medias, personal contacts and other automated and electronic forms of communication. (Alok Srivastava, 2000)

In simple words, eCRM is technology driven CRM, where relationship is maintained with the help of extent technology. IT is the skeleton of modern business and marketing is the core of all business activities, therefore the changes in information technology inevitably changes the marketing processes, systems, strategies and setups. Blossoming of the information age has made marketing efforts more information-oriented, service oriented and relationship-oriented.

The development of information superhighway and opening up of the digital market have enable the marketers to provide customized product or services offering, and develop value laden long lasting relationships with the customers. Highly empowered and informed customers have made CRM a most important area to concentrate upon the marketers.

Success in the 21st century marketplace will depend on a company's ability to develop, retain, and expand profitable business relationships with its customer base. Getting the right technology and infrastructure is a major part of one's continuous relationship management strategy. Its no longer enough to understand who are your
customers - you have to develop enduring and proactive relationships while buying a sustaining infrastructure that delivers to your company's customers' needs, expectations and wants at the time and place dictated by him/her. It's hard to enough fostering these personal relationships in the offline world.

Even though the Internet gives companies a greater opportunity to learn more about an individual customer's needs, preferences and buying pattern, one must remember one removed from the relationship via the distance of the web. Traditionally, customer services were reactionary, with a customer contacting the company and the company responding to the contact.

(ET, learn)\textsuperscript{4}

3.5 BASIC REQUIREMENTS FOR eCRM:

Necessary technical and functional requirements for e-CRM solutions are listed out as follows:

3.5.1 Analytical capabilities:

In organisation, e-CRM applications contain a vast amount of information pertaining to its customers. Such information needs to be leveraged and analysed by decision makers to take more informed and timely business decisions. This is a major requirement, for marketing applications and possible only if e-CRM solutions have robust business intelligence and analytical capabilities.

3.5.2 Web based e-CRM:

Web is a critical channel for e-business, and is also important from an infrastructure perspective. Users of e-CRM applications require access to their applications, which is supported through standard web-browsers. Moreover, business logic and data are maintained centrally thus facilitating the deployment, maintenance and upgrading of applications.

3.5.3 Continuous Channels of Customer Interaction:

Continuous interaction with customers is a prime requirement for eCRM. Integration of these components across multiple channels is required so that the customer interaction can be seen seamless, consistent and efficient.
3.5.4 Integrated Workflow with ERP applications:
Integration must include low-level data synchronisation as well as business process integration so that the integrity of business rules can be maintained across systems and workflow tasks can pass between the systems. This e-CRM to ERP integration ensures that organisations can perform business intelligence across system.

3.5.5 Optimisation of Interactive Continuous Relationships with Customers
Problems:
Some e-CRM offerings might patch together sales force automation and customer support, producing only a fraction of an eCRM solution. Still another CRM packages might provide customer analytical needed to observe customer relationship but lack the means to turn findings into initiatives in order to have a positive impact on continuous relationships with customers.

3.6 SIX ‘E’s OF eCRM IMPLEMENTATION:
Implementation of e-CRM is the basic need for continuous relationship with customers, that requires following six ‘E’ outlined in brief as follows.

3.6.1 Electronic Messaging Channels:
For fast interactive and economic customer communications, companies have to adopt new electronic channels such as the Web and personalised eMessaging. The purpose of the Web experience in the CRM is to identify a customer, derive the value of the customer and interact with him/her.

3.6.2 Enterprise:
Every enterprise gains the means to touch and shape a customer’s experience through e-CRM. An e-CRM strategy relies heavily on the construction and maintenance of a data warehouse that provides a consolidated, detailed view of individual customer behaviour and communication history.

3.6.3 Empowerment:
At present consumer, have a power to decide when and how to communicate with the company and through which channel. Consumers also decide which firms earn the privilege to communicate with them. New e-CRM strategies must be structured to accommodate such type of consumers, and eCRM solution must be
structured to deliver valuable information timely and patiently information to its customers that he/she can accept it in exchange for his/her attention.

3.6.4. Economics:

Understanding customer economics relies on a company's ability to attribute customer behaviour to marketing programs. Today, customer economics drives smart asset allocation decisions, directing resources and efforts at individuals likely to provide the greatest return on consumer communication initiatives. Many companies execute best communication strategies to understand the economics of continuous customer relationship.

3.6.5. Evaluation:

For meaningful evaluation, a company should evaluate customer interactions along with various customer touch point channels, and compare anticipated ROI against actual returns, through customer's analytical reporting. Results of evaluation allow companies to continuously refine and improve efforts to optimise continuous relationships between companies and its customers.

3.6.6. External Information:

External valuable information can be used to understand customer needs in a better way. External information can be gained from sources such a third-party information networks, and web page profiler applications, under the condition that companies adhere to strict consumer opt-in-rules and privacy concerns.

Company builds an e-CRM solution in order to optimize continuous relationships between companies; and its customers. Each company has different and multiple objectives such as increasing the number of customers, increasing customer profitability, growing revenue, driving customers through cost effective channels and cross-selling for continuous relationship with the customers.

3.7 eCRM AS A COMPONENT OF CRM:

CRM is essentially a right business strategy for acquiring and maintaining the loyal customers for continuous relationship for long-term period. A number of channels exist for interacting with current customers. One of it is called as known as e-commerce or e-business. In the simplest terms, e-CRM is electronic CRM on the web. (Bergeron, Bryan; 2002) The thrust of e-CRM is not what the organisation is doing
on the web but how fully it ties up with its on-line channels back along with its traditional channels, and on customer touch points. (Kapil Chaturvedi and Anil B. Bhatia, 2002) 6

Following figure describes about how the advent of electronic channels have made CRM as a technology-driven approach to be adopted by organizations in the new challenging present-day business environment of marketing.

**Figure No.3.1. Customer Relationship - A Technology-Driven Approach:**

<table>
<thead>
<tr>
<th>Traditional Approach to CRM</th>
<th>Web-enabled Integration Approach to CRM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Contact models:</td>
<td>Market Intelligence System</td>
</tr>
<tr>
<td>Telephone</td>
<td>Customer Database</td>
</tr>
<tr>
<td>Mail</td>
<td>Electronic Point of sale</td>
</tr>
<tr>
<td>Fax</td>
<td>Automation of Customer Support Processes</td>
</tr>
<tr>
<td>In person through:</td>
<td>Sales Force Automation</td>
</tr>
<tr>
<td>Personal Selling</td>
<td>Marketing Automation</td>
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<tr>
<td>After Sales Service</td>
<td>Call centers</td>
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<tr>
<td>Complaint Handling</td>
<td>Systems Integration</td>
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<tr>
<td>Customer Care</td>
<td>Lifetime Value of a Customer</td>
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<td>Customer Satisfaction</td>
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Traditional approach and Integration approach is a two different ends Traditional approach includes tools such as Telephone, Mail, Fax etc., in CRM with customers in person for Personal Selling, and After Sales Services. Customer Care Management (CCM) program and Customer’s Complaint handling are the core concepts for customers’ satisfaction in the organisation.

On the other hand web-enable, Integration approach to CRM is a new concept, and includes new systems viz., Marketing Intelligence System and Customer Database, etc. Automation of Customer Support Processes, Sales Force Automation, Marketing
Automation Call Centres, System Integration and Life Time Value of Customer for continuous Relationships with the valuable target customers. It means that traditional approach includes limited functions for customer satisfaction.

Figure No.3.2 Traditional Concept of CRM:


Traditional concept of CRM concentrates on customer’s convenience and Customer Services, Technical support and marketing are its main tools. In today’s competitive business world, CRM is becoming the ultimate solution for both customers and organisations. All organisations therefore should have to clear idea regarding loss of its customers. Which would help them to be proactive and to facilitate taking of reactive measures to minimise or avoid it. Various strategies that
can be employed to build and maintain long term and continuous relationship with customers, enabling a reader to consolidate relevant strategies suitable to his business context.

By adding anticipatory channels to traditional relationship management organisations can realize new dimension of CRM satisfaction.

3.8 IMPACT OF INFORMATION TECHNOLOGY ON CRM:

The new buzzword in management is eCRM. Today, consumers have dramatically more freedom of choice than ever before. A new dimension to customize e marketing in form of eCRM (Electronic Customer Relationship Management) is now emerging on the Internet. Successful marketers need to go beyond conventional selling and customer contact methods to delight the customer through eCRM.

One can make use of the Internet to easily exchange information with customers, prospects, competitors, suppliers, and complete Strangers Anywhere in the world. Companies are now required to collaborate over the Internet in order to meet its customer demand and also to better understand preferences of its end-users and business partners.

The International Data Corporation (IDC) conducted a study on some popular e-commerce websites. By 2002, 58 per cent of web visitors will be outside the USA. It means that websites will have to gear up for traffic across borders, giving a new dimension to customer service. The biggest concerns of most website operators were customisation and personalization of web sites. About 92 per cent of the online merchants were integrating customer service into their web sites. About 75 per cent used personalization tools; in order to increase the retention value of its customers, and around 44 per cent were even trying to predict the lifetime value of their customers. (Somu Giriappa 2002)

Home Shopping through Online Services and Internet are already in vogue in developed countries. Even cable networks have been offering home-shopping services. Companies are using computer-generated three-dimensional images and a variety of instruments to create the illusion that its user is wandering through a store environment.
Information Technology (IT) is drastically changing the distribution systems. Electronic Networking has become all pervasive the boundary of the organization is blurring, as it becomes more of a network, with electronic links forward into customers, backwards to suppliers and sideways to business partners. With the introduction of Tele-Shopping, On-Line Shopping and Virtual Shopping Mall, the retailing wars of the future are not likely to be fought in the virtual market space.

Service industries such as Banking, Distance Learning, Stocks and Securities Trading, and Currency Trading have been benefited to a great extent by the use of IT. Banks use Automatic Teller Machines (ATMs) to deliver services. With smart-phones, it has become possible for consumers to carryout banking operations sitting at home. Consumer product companies typically tie-up with banks for money collection and with courier companies for distribution of goods. They use the Internet for promotion and order booking. One now finds the convergence of IT, Telecom and System thinking in distribution. In case of industrial products, investments in IT have lead to greater co-ordination, collaboration, co-operation and communication (4Cs) between the company and its target customers. This helps companies to develop intricate understanding of each other’s business and customize products and services to better suit the specific needs of the users illustrated as follows.

* Shri SPS Grover, [Head CRM, Oracle Software India], stresses on the global aspect. He stated, “earlier the customers were only in local geographies but now they are around the world. Hence, companies need to have additional dialogue bandwidth unlike when working in specific geographies. (Shri SPS Grover 2003)⁹

* Shri C. V. Rao, [CEO, eCRM foundation, Delhi], illustrated on eCRM by stating that till yesterday, companies concentrated on processes to encash product differentiation through features, looks, and host of other features. Today, the customer has taken them for granted and looks beyond them. Therefore, it is essential for companies to become increasingly customer-centric. Indian companies therefore needs to can also leverage its competitive
strength and look for customers elsewhere on the globe as long as they can satisfy them. (Shri C.V.Rao 2004)

3.9 eCRM AS A SALES TOOL:
The application of e-CRM includes activities of sales executives internal as well as field. General application of e-CRM viz., time scheduling of sales persons; contact with accounting department; compensation of sales persons; sales forecasting; evaluation of demand; deciding pricing policy; allotment of sales territory; and reporting. Special rules should be programmed into configuration applications and need to be abstracted from customers. Sales configurations should suit the Web user customers they need not be expected to have a technical background to assemble products.

3.10 eCRM AS A MARKETING TOOLS:
eCRM is a new business tool that all age companies are rushing to get. It is the agreement that was signed in the New Delhi between Microsoft and Infosys honchos Bill Gates and N R Narayana Murthy. It is a business strategy designed to optimise profitability, revenue and customers' satisfaction.

It is an integration of varying Communication Channels viz., Wireless Application Protocol (WAP), Electronic mail (e-mail), Telephony and Mobile Devices. Web, Wireless and Voice Technologies may make it possible to combine personalized touch and customised service with mass-market efficiencies. The typical Call Canter and direct marketing technology for markets dealing in selling goods at a mass level. It expands on this technology by using next generation technologies that are integrated, comprehensive and interactive. It bring about a web-centric approach where the web and e-mail are a critical means of customer interaction that makes customer to access and make use of eCRM system from anywhere and anytime. General application of e-CRM consists of viz., marketing inventory management; forecasting and budgeting; marketing information system; pricing policies; channel and logistic management; and evaluation of marketing campaign.

It is primarily important to Indian customers because of increasingly available domestic and global brands in the market place. ECRM should cover majority of the customer touch bases such as face to face; Internet and phone. It should support
employee and should customer-facing roles and allow all individuals viz., employees, and business partners, to innovate the entire value chain to come together and successfully create customer delight.

3.11 eCRM AS A MARKETING STRATEGY:

eCRM help companies to increase their dialogue bandwidth and engage in continuous dialogue with the customer, establish a learning relationship in order to deliver customised solutions. For Indian companies especially, global ambition and competition lie at the heart of eCRM strategy. eCRM especially makes it possible for varying departments to provide one uniform face to the customer whenever they interact with them. Therefore, their attitude, communication ability, knowledge base coupled with technical skill becomes important.

* According to Ginjan Sinha, [Founder and President, eGain corp.], the next wave where technology will create advantages and wealth disproportionate to initial investments is eCRM. It is the big thing that will drive value generation”.

* Shri D V Jagdish, [Director, e-commerce SAP India] expressed that “eCRM is to help Indian companies to compete globally by opening a new channel, Internet sales, through which it can extend their reach. Through web-based Contact Canter, companies can provide customer service for 24 x 7 hours to any customer irrespective of the time zone. That would help it to increase market share in the global market place” (Shri.D.V.Jagdish 2004)

* According to Shri Arun Maheshwari, [CEO, Trivium India software], Today, eCRM is emerging as one of the most important component of corporate strategy. Primarily, the way businesses are being done is changing rapidly. It is critical to win a customer in today’s competitive environment but more critical is to retain and acquire those customers that are profitable to the company. It also supports companies to identify profitable customers and cross-sell or up-sell to them. Porting the existing reactionary models to an Internet enabled one. (Shri Arun Maheshwari 2005).
3.12 TOOLS AND TECHNOLOGIES OF eCRM:

As the e-CRM is associated with electronic and computers, it relies on computer technology for different tasks and activities carried out under its umbrella. Some of these computer technologies reside in powerful telephone system and some in the connections between the telephone and computer network. The technology based products and services in the CRM industry can be stratified into an array of different categories of space (Bergeron, Brayn 2002) Characteristics of traditional relationship management versus anticipatory relationship management are noted in below table. To blend these two models in electronic CRM
Table No. 3.1 eCRM: TOOLS AND TECHNOLOGIES:

<table>
<thead>
<tr>
<th>Computer Software Analysis</th>
<th>E-Commerce</th>
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<tbody>
<tr>
<td>Business Intelligence</td>
<td>E-mail</td>
</tr>
<tr>
<td>Call Center Management</td>
<td>Executive Decision Support</td>
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<tr>
<td>Campaign Management</td>
<td>Field Service</td>
</tr>
<tr>
<td>Channel Support</td>
<td>Help Desk Management</td>
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<tr>
<td>Communication Software</td>
<td>Information Protection</td>
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<tr>
<td>Computer Based Training</td>
<td>Marketing Automation</td>
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<tr>
<td>Contact Management</td>
<td>Sales Force Management</td>
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<td>Customer Loyalty programs</td>
<td>Mobile Computing Solutions</td>
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<tr>
<td>Customer Service Automation</td>
<td>Operations</td>
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<tr>
<td>Data Aggregation</td>
<td>Security</td>
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<td>Data Collection</td>
<td>Telemarketing</td>
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<td>Data Mining</td>
<td>Territory Management</td>
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<td>Data Warehousing</td>
<td>Voice Recognition</td>
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<td>Database Management Systems</td>
<td>Work Force Management</td>
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<td>Computer Hardware</td>
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<td>Data Backup Systems</td>
<td>Peripherals</td>
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<tr>
<td>Monitors</td>
<td>Security Systems</td>
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<tr>
<td>Network Hardware</td>
<td>Uninterruptible Power Supplies</td>
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<tr>
<td>PCs</td>
<td>Wireless Devices</td>
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<tr>
<td>Process &amp; Professional Services</td>
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<tr>
<td>Application Service Provider</td>
<td>Network Management</td>
</tr>
<tr>
<td>Back Office Integration</td>
<td>On-line Resources</td>
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<tr>
<td>Call center Services</td>
<td>Process Reengineering</td>
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<tr>
<td>Consulting</td>
<td>Software Design</td>
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<tr>
<td>Customer Communications</td>
<td>Staffing Services</td>
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<tr>
<td>Field Support Services</td>
<td>System Integration</td>
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<tr>
<td>Help Desk Support</td>
<td>Technical Outsourcing</td>
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<td>Internet Support Services</td>
<td>Training/Education</td>
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<td>Telecommunications</td>
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<tr>
<td>Call Center Equipments</td>
<td>Telephony Networks</td>
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<tr>
<td>Messaging</td>
<td>Wireless Systems</td>
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</tbody>
</table>

If the customer calls with a request or if the customer e-mails a request, inquiry, or complaints to satisfy their demand, there is nothing wrong with this approach. However, when expanded by applying anticipatory customer relationship management, organisations will dramatically expand to a highly coverage customer relationship model that puts the customer at centre-stage.

Characteristics of traditional relationship management versus anticipatory relationship management are noted in below table. To blend these two models in electronic CRM

### 3.13 eCRM PRACTICES IN INDIA:

The following examples illustrate the point as to the extent to which service companies can customize their services to build individual relationships with their target prospects with IT.

- A company like **American Express**, which has the largest number of credit cards in circulation, is now able to claim that they can service customers in any part of the globe within eight hours through satellite communication. It is now possible for customers and suppliers to transact business at Anytime from any part of the globe.

- **Dell Computer of US** sells PCs not by configuration. A typical phone customer dials in with a configuration and a budget in mind, and uses an interactive exchange with the sales rep at the other end to identify an optimum, involving permutations on capacities and speeds of different components that will meet his/her budget.

- **Check into a Ritz-Carlton hotel anywhere in the world** and you will be greeted not by the doorman, but also by a number of small, pleasant surprises. The hotel does not need to ask the name of customer's employer, his/her home address, whether you want a non-smoking room, or if his/her preference is for a non-allergic pillow. All of this information was obtained during his/her previous visit to Ritz-Carlton. To customer's delight, the desk clerk greets his/her by name on phone for a morning wake-up call and asks if his/her would, as usual, prefer breakfast in his/her room. When he/she awaken the next day, his/her favourite newspaper, The Wall Street Journal, is his/her your door.
He/she did not even have to ask. Indeed, he/she sense that the hotel staff is somehow able to anticipate and respond to his/her every need, providing his/her with a feeling of satisfaction that come from being among people who care about his/her as an individual. “Why would he/she ever stay anywhere else?” he/she wonders.

- According to Shri. Dhruv Khaitan, chairman, [Vtplex is one of the web start-up to join eCRM club] we will provide the growing IT industry in India with the tools to generate complete customer loyalty. We offer the technologies and services to enable Indian companies to manage their customer relationships with respect to marketing, sales, order fulfilment and support.

- Shri Jayanta Chatterjee, [Founder, Chief Knowledge Officer, Vtplex], further adds, “It will also cover applications not limited just the Internet alone, but encompassed Financial Services; Tele communications; Consumer Goods; Retailing; and Freight and Logistics. We want to use the US experience to bring the eCRM multiplex to India i.e. complete set of all applications for eCRM, cashing on a global advantage. The estimated size of the global eCRM market was estimated to be $11 billion by 2002. The eCRM package help to integrate all the communication channels including phone, Fax, E-mail, Web and Video for complete customer interaction. Vtplex operates on a Build-Operate- Transfer (BOLT) basis. It involves applying existing business rules in customer interactions in the electronic form. The entire software application is then set up over the Internet, enabling all the branch offices of the company too, to integrate them with the main office, thereby bringing about speed in communication. Using our software, we work with our clients, and transform their customer data into market and customer intelligence, helping them, organize themselves better”. Outsourcing the customer support applications helps in cost saving in terms of having to develop software in-house for the company. (Shri Jayanta Chatterjee 2003).

shift from get a sale now at any cost to managing long-term relationships and maximising the lifetime value of each customer. As the cost of accumulating and accessing the data drops, the ability to talk directly to target prospects and to build one-to-one relationship with them will continue to grow”.

One must recognise the fact that an acceptance and implementation of eCRM is a managerial decision. It is about establishing a learning relationship and subsequently delivering customised solutions to address the needs of a customer that need to-commerce transactions. Meanwhile, the core advantage of using Internet that is speed is lost.

Indian companies face the dual issue of technology costs and developing intellectual capital in implementation of eCRM solutions. An application and implementation of eCRM can cost companies in two-fold way. First, cost of technology to buy and implement software, and second, expenses related with change management within the organisation to align the business processes to bring customer in focus. It has relatively become easier to implement eCRM today because companies are moving from Brick and Mortar to include not merely CRM people but the organisation as a whole.

Customers defect and switch over very quickly if their demand and expectations are not being fulfilled. Dissatisfied customers have wide power to broadcast their grievances in a networked world. The important problem being faced by a netizen while shopping on the Internet is related with the process of sending e-mails to the web hosting company, waiting for their replies and follow-ups, before the problem is resolved. It is increasingly becoming commonplace with rapidly rising number of websites offering eclick and Mortar or a pure Click. It should cover all customer touch bases viz., face-to-face, Internet or phone.

The new eCRM technology-enabled tools will facilitate companies to initiate and run customer-oriented business practices. It has made them to redesign the processes keeping focus centrally on the needs and wants of consumers. These tools now provide the customer with all possible support in Sales, Service and Product-related aspects as well as Problems resultant into customer delight due to the
consistency and quality of experience with business independent of the media of communication and the person or function with whom the customer interacts.

3.14 PHASES OF eCRM:

An attempt has been made to outline phases of eCRM as follows.

3.14.1: Assessment: -

Companies have begun to react to the data it collects in order to provide greater value to customer initiatives and attempts are made to integrate customer-facing activities into Single Integrated Systems. However, in order to further develop eCRM within the organisation, a strategic review of the company's current position needs to occur.

Possessing the technology alone is not sufficient as eCRM initiatives need to be seen in the light of the overall strategic direction of the organisation (Chaudhry, 2000; Payne, 2000). Possessing the technology alone is not sufficient as eCRM initiatives need to be seen in the light of the overall strategic direction of the organisation (Chaudhry, 2000; Payne, 2000). As with any strategic implementation, the organisation should function follow.

- Companies should determine about its their core business is both now and in the future.
- Establish what form of CRM is appropriate for their business, both now and in future.
- It should determine existing IT infrastructure and future needs of the same to support the organisational needs.
- It should determine vendors and partners to be associated with company.
- It should ensure a powerful sponsorer with full support and involvement from top management.
- It should have sufficient personnel and adequate team involvement from top management.
- It should ensure that eCRM is not merely the automation of dysfunctional manual process.
- It should establish that there is exists necessary budget for required training and support.
• It needs to accumulate data about customers, which will reflect retention rates and the likelihood of long-term relationships. The data should provide more than an understanding of the customer’s behaviour.

• Customers’ database should be segmented according to sales and profitability. It is difficult to assess target customers without integration of legacy and external data sources and there are varieties of technologies, which can assist in these processes. Data warehousing technologies and tools such as OLAP (Online Analytical Processing), Data Mining and Statistical Analyse needs to be used to report analyse and unearth any trends that exist within the data (Chaudhry 2000). Data warehouses are the linchpins of the architecture for eCRM initiatives, as it becomes the nucleus of the data that is required to perform this assessment phase. As a part of the strategic assessment should include an assessment of the cultural changes and how these are to be managed, in order to avoid organisational chaos and a flow on effect to the customers the company is attempting to maintain and gain.

3.14.2: Planning:

During this phase, decisions are made regarding necessary marketing campaigns and strategies well as the IT solutions. Marketing and customer treatment plans, as well as media and communication plan needs to be determined for target customers. The specific value proposition of the plans should be customer loyalty and customer value to enhance profits. It is vital that eCRM practices are not fragmented. Measurements of customer retention, identification of root causes of defection, related key service issues and the development of corrective action to improve retention as above all is very vital if customer satisfaction is to be increased along with profitability.

3.14.3: Execution:

The aim of this phase is to ensure customised customers’ interactions based on information gathered during the assessment, and planning phases of CRM. In-depth analyses are to be carried out in real time. In order to add value, results should be fed back not only to management but also throughout the organisation, so that the eCRM initiative optimises customer value. Its analysis should enable the exploiting of
opportunities, allocation of resources and restructuring in order to serve specific target markets in an appropriate way.

3.14.4: Measurement:

It is important that the effectiveness of eCRM initiatives is measured. Even though large sum of money are to be invested in eCRM solutions, several companies appear to be uncertain as to how to use them to gain optimal value. For many companies, value chain includes processes and activities, of capital-intensive nature viz., Inventory Management and Distribution Centres. However, these functions often do not add value from a customer perspective. Companies such as Dell and Amazon have addressed this issue by reducing its inventories and investments into service and support activities in order to build customer loyalty and company profits.

3.15 WEB BASED ECRM INITIATIVES:

- e-Services are available 24 x 7 and the time required to access information and customer preferences. The customer can select the standard and level of service they desire considering personalisation depending upon customer preferences. Companies can find and respond to tasks that customers do not like doing and those that can provide a one-stop facility for necessary chores. Self-service facility for immediate customer feedback should be made easier for the customer to do business with the company. Companies should process and ensure its orders can be processed and delivery more efficiently. Many of the services on offer are free of charge or less expensive than offline. Automated software delivery can allow monitoring and updating software applications.

Collecting information on customers and enhancing there total experience by tracking purchases through delivery and after sales services.

3.15.1 Live Chat Facilities:

- [www.miadora](http://www.miadora). Recognized need for personalized service in the selling of high priced jewellery and implemented online chat facilities from the outset.
- The company uses [www.livepersons.com](http://www.livepersons.com) allows customers and potential customer to get answers in real time and is hosted on remote server
3.15.2 Automated E-Mail:

- Developed by eShare, this facility enable customer to send and e-mail query to a company such as www.188flowers.com and their inquiry will be handled by a rules based routine engine, thus providing and automated response based on the message content.

3.15.3 Voip:

Microphones, headsets, speakers and a sound card are required hardware; it allows customers to make phone calls over the Internet. Companies offering such services include Quintus and Callme.

- The convergence of voice and data is such that companies like Epiphany are able to focus on specific aspects of CRM that of providing companies with the capability that enables voice. Epiphany software enable companies to analyse customer habits in order to provide personalised marketing campaigns. The revenues of the company have grown 465 percent to US$49.2 million in 1999. Their success has largely been due to relationship with AT&T, Bank of America and the Washington Post (Retuers 2000)

Developing a relationship customer base and instituting mechanisms for bidirectional contact often consists of the following architectural constructs:

- Sales Force Automation system are committing direct sales forces to promote rather than greater customer feedback
- Call centres allows both customer initiated direct contacts as well as outbound telemarketing sales
- Web Access
- The Network Self-service is the backbone of Web based applications. The primary issues involved in service and Network decisions therefore need to include the following: Performance particularly where global contents distribution and processor intensive operations are consideration. Reliability such that downtime needs to be minimised and
- Backups include a retention strategy for the backing up all databases, content and Network based software is customised in order to provided the following interfaces:
• Recognising the user by their name or alias and having all the detail accessible when they access the organisation.

• Customisation of the content according to needs of the customer or particular and services.

• Ability to listen for both explicit and implicit messages, either through requests for specific information picked up through pattern of queries or usage. Providing customers with what they want in a timely manner and improving the future content of the web site implementation plans should always include an online system for file sharing and collaboration, as well as for reviewing specification, design and other documentation. The company should focus on specific, high-value functionality rather than on particular products or methods and because of this outsourcing is often a more efficient and cost-effective means of achieving this goal.

3.16 BEYOND eCRM:

The term “customer” perhaps needs to redefine in order to ensure that all business interactions are covered by eCRM initiatives. ERP Vendors who have dominated the back office market are now attempting to interface between front office and back office applications and therefore develop eCRM applications. There has been a variety of recent mergers and acquisitions such as Siebel and IBM, People soft and Vantive and HP and Oracle (Magic CRM).

There has been a surge of new jargon to describe some of the relationships between companies and those other parties with which business is conducted (Graham, 2000). For some of them include following.

• Partner/ Affiliate Relationship Management (PRM).

• When critical mass is necessary in order to achieve online growth, so access to partners and their customer base is important.

• Supplier Relationship Management (SRP)

• Re-examination of the value chain and the importance of the end customer.

• Production Planning, Inventory Management, Logistics and Procurement need to be well managed.

• Enterprise Relationship Management (ERM).
• Intellectual property needs to be well managed.

Monitoring effects of relationships within the organisation to ensure no negative impact on customers.

3.17 CRM - IN BANKING SECTOR:

Banking has finally gone electronic which has positive effect on the industry's future. In the post liberalisation era, technology is enabling banks to provide the convenience of Anytime – Anywhere – banking to increasingly demanding customers. Banks are now reengineering the way in which their services can be reached to their “distribution channels.” The earlier Brick and Mortar branch is no longer sufficient technology is now taking banks to the homes or office, 24 hours a day, 365 days a year through ATMs, telephones and personal computers.

The financial supply chain is undergoing a fundamental strategic change. For a long time, consumers could do their banking works only by coming to a bank branch, whether it was an individual customer wishing to encash or deposit a cheque, or a corporate customer wanting to open a letter of credit (L.C.) The Brick -and-Mortar building of the bank branch defined the periphery of service delivery of banking products. Funds could be transferred only through mail transfers by issuing demand drafts which needed to be Physically transported from its place of issuance to its place of payment Realisation of payments used to take time, often a couple of months.

The trend of Non-Branch-Service delivery in banking started with the growing popularity of electronic payment services in 1970 in the U.S. It was the technology push that enabled banking services to be delivered to the customer's doorstep. It started with Electronic Funds Transfer (EFT). Then, came credit cards, ATMs and smart cards were next in the evolutionary history, gradually, with the advance of Computing Technology, Telephone Banking and Computer Technology Integration (CTI) has become a powerful medium of delivering banking services. The newest product is Internet banking services, Mobile banking services, where the technology and other issues are still under evolution. All this technology is now finding widespread use and acceptance in India as well.

These new technologies have broken the paradigm of branch- banking customer, whether individuals or corporate, no longer have to go to the bank to do
their business. It can be done from home, using the PC or the telephone, or at the shopping markets, using plastic money. Most of the progressive players in the industry have invested in setting up state-of-the-art computer networks, along with satellite communication links. This has enabled these players to get all their bank branches connected together. As a result, fund transfers have become instantaneous within the branches of the same bank. Moreover this networking has allowed the customer to do his/her banking at any branches, irrespective of which branch the customer may have opened his/her own accounts in. This is the new flexible financial supply chain.

Anthony Rohiwink (1991) Explains how this form of banking is becoming a competitive advantage “Technological advances have made home, office and telephone banking more effective and efficient as a means of selling and delivering products and these channels are gradually gaining more acceptance among customers. At some time, the rapidly rising cost of operating a physical branch network, particularly in terms of staff and premises, are making this traditional channel less attractive. Such developments are changing the relative competitive advantage of various distribution channels.”

3.18 TECHNOLOGICAL DEVELOPMENT IN BANKING SECTOR:

Technology entered the global Banking arena in the early 1960s. The initial applications were Batch Accounting Systems for back office, which were handled, on the mainframe Electronic Data Processing (EDP) environment.

In the early 1970s Cash Dispensers, Enquiry Systems and on Line Networks were installed. In the late 1970s on line counter terminals and ATMs were introduced, as were Electronic Fund Transfer mechanisms like SWIFT.

The 1980s was introduction of Home Banking Corporate Cash Management System, Automated Clearing House System etc. and in the year 2000 Non branch based Electronic Delivery Systems including Interactive Kiosits, Video Smart Phones and Internet are becoming popular. This can develop five different phases of IT viz., Bank office computerizations; Electronic front office computerization; on line real time systems; Self service systems; and Virtual banks of the future.
3.19 ELECTRONIC BANKING IN INDIA:

In India, electronic banking is still in its infancy stage. The traditional model for growth has been a start in the non-branch banking services. The new Private Sector Banks and the Foreign Banks are handicapped by the lack of a strong branch network in comparison with the (PSB) public sector banks. In the absence of such networks the market place has seen the emergence of a lot of innovative services by these players to increase their market share and reduce their cost of service delivery through direct distribution strategies of non-branch-delivery. All these banks are using “home banking” as a key “pull” factor to wean customers away from the well-entrenched public sector banks.

No more waiting in long queues, just log in into your account and logout with the cash.” It best describes the way banking is moving forward in country. Today’s banks (especially private and global banks) are no more housed in dingy places where employees it upon ledger books, taking eternity to check the balance in our account. Thanks to the rapid spread in the usage of information technology, things are moving fast even in the nationalized banks, which have been forced to adopt technology to negate the advantage that their new counter parts were walking away with.

3.19.1 AUTOMATED TELLER MACHINE (ATMs):

ATMs have it has changed the way banking has been conducted all through the ages. It is one of the high points in the history of the banking industry. Today not just private banks but nationalized banks like state bank of India and other have also started deploying ATMs on war footing at various centers across the count SBI intends to set-up 45 ATM facilities in Delhi itself and proposes to link the ATMs installed in the four metros, Bangalore, Hyderabad and Pune through VSAT links,

Under the initiative of the Indian Banks Association (IBA) in Mumbai, a pilot project to link up 156 ATMs of 31 member banks have come up in the form of SWADDDHAN, a Shared Payment Network System, which has a card base of 1,000,000 with 30,000 transactions per month. Master card and visa are also following suit to offer shared ATM networks.
Table no.3.2: Top ATM Depositors:

<table>
<thead>
<tr>
<th>Bank</th>
<th>No. Of ATMs</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Bank</td>
<td>72</td>
</tr>
<tr>
<td>HSBC</td>
<td>56</td>
</tr>
<tr>
<td>SCB &amp; ANZ</td>
<td>46</td>
</tr>
<tr>
<td>AMEX-ISBI</td>
<td>32</td>
</tr>
<tr>
<td>ICICI</td>
<td>177</td>
</tr>
<tr>
<td>HDFC</td>
<td>107</td>
</tr>
<tr>
<td>SBI</td>
<td>87</td>
</tr>
</tbody>
</table>

Post Liberalisation banking sector reforms brought in a new era of competition was forced banks to look different ways of competing. ATMs Services have helped banks to increase their reach improve customer responsiveness and also provided it with opportunities to open new streams of revenues. The emergence of private banks, and Multinational banks opening their shops in India, has fuelled the process, putting ATM services on a high growth path.

Although the first ATM was installed in India was by Indian Bank in 1988, All the way Banks introduced ATMs in the 1970 to automate two functions, first Deposits and second Cash extraction. Citi Corporation first installed ATMs to serve customers with low bank balances. Initially the thinking in banking services was that the high balance customers would do business with bank tellers and ATMs would be used by the less wealthy. According to an ATM survey conducted by the American Banker, customer use of ATMs has been rising significantly with a commitment to decrease in bank operating costs’

The real boost in ATM services comes in the wake of the economic reform process. The reform process also brought to the fore a new generation of banks, as private banks and foreign banks started opening their shops in India. . Increasing the reach, ATMs is marketing tool for new products and services: Online ATMs

Source: Management Review, March 2001
connected to customer databases can provide updated and customized information to customers.

3.19.2 MODUS OPERANDI OF ATMs:

Most ATM transactions occur in the same manner. Cardholders insert their card with its Magnetic Stripe loaded with account information in to the ATM. Customers have to enter the Personal Identification number (PIN) that the bank has assigned, using the number pad. The ATM contacts the local hosts from here the transaction can take several routes.

If the transaction is an on-us transaction, it is authorised by the local host itself, if it is directly to the issues bank for validation if it is on the shared network, or sent to a network plus being run by Visa and Master Card, respectively. The PIN and the Account Information are transmitted from here and the transaction is directed towards institution that has issued the card. It works through all the validation and authorisation routines such as the correct PIN, limits on withdrawals, and checking of availability are sufficient funds in the account if all the routines all executed successfully, there respective transaction are sent back to the ATMs to complete the transaction. Each machine may be connected to several networks. In addition the ATMs can be connected to a Shared Network that serves many banks, or the message can be routed to the visa, Master or equivalent networks Ideally the transactions would take the most of the network level that can complete. The task the switch after getting the transaction from the ATM checks first to see whether the bank issued the card owns the ATM. If the issuers of the ATM card ATM is not a member of the shared network. One of two things can our sometimes two networks will have an agreement have an electronic gateway that allows it to accept each other’s transactions.

3.19.3 CREDIT CARD:

Credit cards have found widespread acceptance in the Metros and big cities. The major players in the credit card market are the foreign banks and few big public sector banks like SBI and Bank of Baroda. India is likely to reach 05 million credit cards in circulation by 2003. In today’s day and age, some one would like to step right in to the shop fish out his credit card and start the process of buying. That is how the world of finance and consumption has changed. That is the power of plastic money.
Interestingly, credit cards are not new to India. The concept has existed for the last 20 years. Citi bank launched the country’s first credit card in 1991. However, earlier cards were seen as chiefly status symbols, possessed and used by only a select few. Over the years, credit cards have come to be known as popular payment tools. This also means that the status of a credit card as a rich man’s buying device has undergone a sea change. The basically credit averse nature of the Indian consumer has undergone a shift. People are now ready to face the fact that cards allow them the needed facility to push back payments while making immediate purchaser.

The number of credit cards issued in 1995 were approximately 1.8 million and card spend was Rs.1, 900 Crore, the figure was 5.1 million cards, card spends at Rs.8, 100 Crore in year 2000. India’s Credit card industry is growing at a healthy 30 per cent per annual. Prompting almost every bank, big or small to try and claim a slice of the pie.

The global major player in the credit cards business called as ‘Master card’ too has witnessing straggling growth in its Indian business. With over licensed 2.6 million cards issued in the market. It has 26 banks licensed to accept Master Cards in India.

3.19.4 TELE – BANKING:

Tele banking is available with a few foreign and private banks offering this service through the technology called Inter active Voice Response Service (IVRS). It has moved into the domain of mobile phones as well a service that is being marketed as Mobile Commerce. Today with Mobile being the in-thing, banks are not far behind to position it selves for the new medium to ring customers and convince M-banking has been a reality in form of SMS based services provided by the banks to its customers with basic account information have evolved in to WAP (Wide Area Protocol) Services enabling for example, money transactions and stock trading. However, the large-scale use of mobile phones for banking and the adoption of new mobile services have both been delayed by the lack of convenient identification method in the mobile environment. A new era is mobile and enhanced security; Balance Inquiry.
3.20 PROGRESS HAVE BANKS ON IMPLEMENTATION OF AN ELECTRONIC BANKING:

India’s electronic commerce based Trade was estimated to exceed 150 Million by 2001. The electronic support Act and the Information Technology Act, 1998. Ordinance on cyber laws are already on the anvil. E-commerce is likely to rule the market in the next millennium. To illustrate, HLL and Godrej are in advance stages of applying E-commerce across it supply chains. The SBI Bank has garnered a good deal of the funds in the Resurgent Indian Bonds, through application at its website. Citibank is collecting phone and utility bills from consumers through credit cards in Banglore.

3.20.1 IMPACT OF ON BANKING INDUSTRY:

The Indian banking industry is no longer an isolated entity. It is key enable for the banking industry to stay ahead in the next millennium through ATMs Automated Teller Machines and Tele banking.

3.20.2 ANYWHERE BANKING:

It has enabled selected customers to collect and realize. Money at Cities other than where they have their accounts and to make payments at other centers.

3.20.3 ONLINE DEBIT TECHNOLOGY:

A modern day version of Scrambling, the bank handles debit transactions with the help of Customized Terminal Software so support it. A secure PIN is provided through PINPAD for data entry. The basic task carried out by ‘PIN’ is essentially an electronic signature identifying the cardholder. The PINPAD is a security device for the cardholder to enter his/her PIN in privacy.

3.20.4 INTEGRATED TREASURY MANAGEMENT SOFTWARE & MULTI CURRENCY ACCOUNTING SYSTEM SOFTWARE:

It facilitates integration of the rupee and foreign exchange transaction. As on today, where to separate departments in banks are required to look in to rupee and foreign, under ITMS a single senior executive can handle the task. It integrates information relating to accounting and cash low arising out of rupee and foreign transactions.
3.20.5 BANKING ON TOUCH:
Spain's bank la Caixa is using Tough Touch Micro systems Inc.'s touch screen solution. It servers faster and makes an easier access to ATMs for payments. This touch screen ATMs provides multifunction services apart from standard cash withdrawals. It helps to access inform easily and quickly on account balance, last debits or credits etc.

3.20.6 SERVICE PROVIDER NETWORK OF TOMMORROW:
System provider networks (SPNs) can be classified as Generic and Specific SPNs. A generic SPN (GSPN) provides the methods and mechanism, which are independent of the application or activity and are common across a vast domain of applications. Stock market is an example of a specific SPN on a GSPN.

3.20.7 ELECTRONIC CLEARING SERVICES:
The electronic clearing services (ECSs) benefits both bank customer and investors in shares, debentures, and deposits.

3.20.8 DIRECT CREDIT:
It is related with the dividend, interest, commission, salary, pension, income tax refund and any such other regular income where in the amount is directly credited in the bank account.

3.20.9 DIRECT DEBIT:
It deals with the payment of utility bills such as telephone bill, Electricity bill, Loan installment, insurance premium, fees of school, college and club, Credit Card dues, Water taxes, property taxes and any such other regular payments.

3.21 BENEFITS OF ECS:
ECS eliminates posted loss and delay as well as paper work and lengthy procedures; It saves cost of stationery, printing and postage; It ensures that no fraudulent encasement take place; It facilitates immediate receipt and payment of dues; and to automatic reconciliation and It has earned appreciation from both investors and customers.

3.22 ELECTRONIC PAYMENTS:
Electronic payment systems are proliferating in banking, retail, health card; on line markets and Government Banks are motivated by the need to deliver product and
services more cost effectively, and to provide a higher quality of service to its customers. Research into electronic payment systems for consumers can be traced back to the 1940, and the first applications – credit cards – appeared soon after. In the early 1970, the emerging electronic payment technology was labeled electronic funds transfers (EFT). EFT is defined as an any transfer of funds initiated through an electronic terminal, telephonic instrument, or computer or magnetic tape so as to order, instruct, or authorize a bank to debit or credit an account. 700 B. Earlier coins produced in western Turkey to pay mercenaries or taxes.

3.23 DIGITAL TOKEN – BASED ELECTRONIC PAYMENT SYSTEMS:

None of the banking payment methods are completely adequate in its present form for the consumer – oriented e-commerce environment. Its deficiency is their that the parties will at some time of other be in each other’s physical presence or that there will be a sufficient day in the payment process for fraud overdrafts, and other undesirables to be identified and corrected.

New forms of financial instruments are also being developed. One new such financial instrument is an electronic token in the form of electronic cash/Money checks three types:

3.23.1 CASH OR REAL TIME:

Transactions are settled with the exchange of electronic currency. An example of on-line currency exchange is electronic cash (e-cash).

3.23.2 DEBIT OR PREPAID:

Users pay in advance for the privilege of getting informed. Examples of prepaid payment Mechanisms are stored in smart cards and electronic purses that store electronic money.

3.23.3 CREDIT OR POSTPAID:

The server authenticates the customers and verifies with the bank that funds are adequate before purchase. Examples of postpaid Mechanisms are credit /debit cards and electronic checks.
Internet banking has destroyed all geographical advantages enjoyed by the brick and Mortar Model and is becoming a strategic necessity for banks to increase customer convenience reduce channel cost and enable great speed of response.

Net banking in India got connectivity in 1989 and a recent assessment places the total number of internet users at more than 1.1 million, if only, cities and towns with population exceeding 10 lakh are considered. In India, new Privet sector banks like ICICI Bank, HDPC Bank, UTI bank, IDBI bank have taken the lead in banking.

3.24.3 **Internet banking offers many services:**

Customer can Access account details; in India; detailed up to the minute statement of account; balance equity; details of F.D and Loans; Credit card details; Demat account; Govt. of India Relief Bond details; Fund transfer; Between your own accounts instantaneous; Bill payment; View schedules and pays bills free; View Schedule and pay LIC premium free Apply and pay for mutual fund units’ online cheque book, stop payment of cheque, reporting ATM card loss, Opening of FD and RD, Quantum optima for value Added S.A.

Online shopping; online investment; There are reasons, which makes customers to put their money where the Mouse is, because it is Easy. Click... Click... Click... Banking with infinity is as simple as that. The screens and options of infinity are so simple they may not even need a manual.

Internet banking is quick, safe and convenient customers can access customer accounts 24 hours a day 7 days a week. No brick and mortar branch filings.

A multi cayered security architecture including firewalls, filtering routers, sophisticated encryption and digital certification from versioning makes infinity absolutely safe.

In future are can find member of internet was on which Net banking depend will increase once the govt., implements its policy by setting up kiosks and offering Internet access through cable TV For the market owing to cow PC.

(Victoria Griffith 1999) \(^{16}\)

Step-3 Launch additional services such as fund transfer issue of demand draft sliding instioctiae, opening of fixed deposits etc (Level – III)
3.24.4 POSSIBLE REMEDIES TO POTENTIAL TREATS FOR INTERNET BANKING:

Online banking from remaining, an expensive additional channel that does little to retain footloose customers, banks must act quickly. They should take in to see to it that the basic problems fueling is dissatisfaction have been addressed.

Banks must ensure that their service is competitive obviously; it should include checking, savings, and brokerage services, which another customers.

There are threats to banks as well. Several leading systems provides have developed bank in a box solutions unbranded electronic, full service, virtual bank system that can be bought bounded and offered to consumers by any authorized Co that wishes to provide banking services.

To illustrate a host of insurance companies and retailers have applied for banking licenses. Many of these entrants see banking less as a profit center than as a tool to retain and acquire customers for their cone business. They are thus likely to market and price their banking products very aggressively indeed.

Many products and services of such banks are less sophisticated than those of their brokerage competitors because they have not adequately anticipated the capabilities and resources of the internet they have simply “e-enabled their existing products by attaching a Web front End to their legally IT systems. Offers and then constantly provide incentives such as free services for increased balances.

Banks must also move swiftly to acquire new online customers. They should have a powerful retail distribution network that show allows them both to migrate their customers and to acquire new area at much lower cost.

Banks must more beyond traditional Banking because of the opportunities offer by the Internet to create entirely new business. For example;

3.24.5 ONLINE BROKERAGE:
Traditional retail banks tried for years, with relatively little success, to launch and build discount – brokerage capabilities. When the Internet arrived trading was the obvious candidate to take online yet no bank sought to become leader.

3.24.6 ONLINE PAYMENTS:

This is the second area where bank must do better. There are options like (I) e-mail based payment system. To the institutions.

To meet the challenge of online brokers and others new banks would need to add “Supermarkets” selling products such as Mortgages, Mutual funds, and insurance. Build a customer relationship capability banks must learn to aggregate their customers’ different online financial services relationship. The purpose of aggregation should not be engage in blatant cross-Selling or to achieve “100 per cent share of Wallet” but rather to develop a picture of the consumer’s entire balance sheet. Any one who gains such a view can provide superior convenience and advice.

Banks must migrate old customers and go after new ones. In building of online business, a bank’s offline customer base is a huge asset for it will be harder for competitors to pick off the banks current customers than for the banks to get them online. But to do so, banks must make one time (ii) person-to-person credit and payments.

3.24.7 ESCROW SERVICES:

They should deliver value – leveraging new technology as well as their Existing assets to remain their customers.

The benefits that the customers can avail on net banking are as follows:

- **Electronic funds Transfer:**
  It helps the customers to transfer funds between any of their accounts easily.

New fixed Deposit Request:
It facilitates to open a F. D. account on the Net. The customers are only required to provide details on the transfer of funds from their specific account, account number, amount and tenor and its relevant maturity terms.

- **Banker’s cheque Request and D.D. Facility:**
One can get banker’s cheque or DD issued from his/her account by providing details on a/c to be debited, amount, location, and beneficiary. The bank also provides courier facility for onward transmission of the banker’s cheque.

- **Tax deducted at Source inquiry:**
  It helps customers by providing inform on the tax deducted at Series on any of the concerned bank’s branches for the current and previous financial year.

- **Stop payment facility:**
  One can request stop payment on a cheque or series of cheque online. To do so one need to enter the cheque number and the reason for stopping payment.

- **Cheque status inquiry:**
  One can use not banking to find out the status of a specific cheque that has been issued from any of the accounts.

- **Cheque Book request:**
  One can request for a new chequebook on line. It will be couriered to the address as per the records in the bank.

- **Account balance inquiry:**
  One can easily find out the amount of bal held in any accounts viz., Savings/or current accounts including details on available funds, unlearned funds, ledger balance Overdraft limit, hold funds and Sweep in account in Net banking.

- **Account Statement inquiry:**
  In this, a customer can view all the transactions that he/she has completed on his/her account for either the current period or a specific period as case flay be and customers can also collect statement via Mail as per the records in the bank.

- **Fixed deposit inquiry:**
  It helps customers to access the details about his/her fixed deposit account viz., principal balance, terms of deposit rate of Interest Maturity date Maturity amount instruction for payment and Maturity and lien amount.

- **Security of Transactions:**
  It is built up using the whole. Gamut of Security architecture including firewalls, filtering rooters, encryption, and digital certification. A part from above benefit many offer of leave as an instruction. It means that the bank would carry out any such other
request like change in name address, telephone number, change in (or) renewal of fixed deposit as provided to them by concerned customers as the case may be.

The technology driven banking in the era of globalisation and liberalisation combined with reforms has brought a metaphoric change in the entire banking industry. Today, the banks are not just banks any more. Banks are going beyond the financial intermediation aspect of e-commerce and establishing their Virtual Market places with the changing. Scenario in the banking industry the concept of universal Banking has already started emerging. In the changing phase, the customer has become the key focus area of all aspects sectors in the banking industry. The banks, which provide value added services and satisfaction to their larger customers, are likely to become emerge as winners. It is based on the premise that profits and healthy returns are the two important factors for the banks to survive in the emerging stiff competitive era.

3.25 REDEFINING THE BANKING:

A new relationship is emerging both for customers and banking in the process of fast changing scenario. It is being clearly understood that the future banking will have to survive in buyer's Mkt. The banks that are service providers have to understand the customer's Needs, which have to be convenience banking at a lower price and simultaneously giving profits and good returns to the shareholder.

Banks are not the only commercial organizations looked are a love hate relationship with the Internet. Net continues to gain importance is the commercial world. As per an international report on Internet banking. A banking transacting at a brick 1.07, 0.27 via a ATMs a just one cent on the Internet. Internet banking has distinct Security needs as well as a number of core operational requirements. On the bricks and mortar world, we do business supported by a trust model that has remained largely unchanged for thousands of years. Banks adopting PKI (Public Key infrastructure). Security technology. PK I is the enabler that turns Internet threat in to Internet advantage. Allows a bank to maintain a highly secure and fully controlled system yet, one, which is virtually transparent for customers.

Innovative use is made of push technology to provide customers with a kind of financial alarm clock, and on screen they see a dazzling graphical array of current and
historical account information existing customers start by filling a form on the website and confirming their keep banking details. Over the telephone. They then download the site. An initialization disk arrives by post and is inserted by the customer into their computer and then they connect to the bank's website automatically.

There are five main reasons for going online.

First, Internet banking removes the need for physical presence in new territories.

Second, growth can be accommodated centrally, without building and operating new bank branches.

Third, the time to market for new products and services is dramatically reduced because of technology.

Fourth, there is the chance to preach to convert. Marketing costs can be concentrated on creating an effective website that attracts potential clients.

Finally, the Internet fits well with the characteristics of corporate banking; thousands of transactions can be conducted daily and multiple updates provided. Provided individuals could work easily from different locations. The profitable customer relationships are those that are long term and expand over time. The objective of e-commerce industry and customer relationship management is retaining existing customers. In addition to security, quality of service is another key area in providing successful e-banking. Any customer is only a click away from a competitor. The web is only the beginning of e-banking as it is likely to evolve.

As web banking becomes more common, potential customers have increasing choice. The more informed among them are shopping for service not just on the basis of obvious criteria such as interest rates and functionality but also on the quality of security.

3.26 NEW MODE OF OPERATION: VIRTUAL BANKING:

The practice of banking has undergone a significant transformation in the nineties. While banks are striving to strengthen customer relationships and move towards relationship banking customers an increasingly. Moving away from the confirm of traditional branch. Banking and are seeking the convenience of remote electronic banking services. And even within the broad spectrum of electronic banking, the aspect of banking that has gained currency is virtual banking.
Virtual banking is the provision of banking related services through extensive use of IT without direct recourse to the bank by the customers. Its origin can be traced back to 1970 with installations of ATMs various types of virtual banking services that can be provided like ATMs shared ATM networks EFTPOS, Smart Cards, Stored value Cards, Phone Banking and More recently, are internet and internet banking.

3.27. BENEFITS OF VIRTUAL BANKING:

Virtual banking has the advantage of having a lower cost of handling the transaction viz. The virtual resources compared to the cost of handling the transaction via the branch

The increased speed of response to customer requirements under virtual banking Vis-a-Vis branch banking can enhance customer satisfaction.

The lower cost of operating branch network along with reduced staff costs leads to cost efficiency under virtual banking.

Virtual banking allows the possibility of improved quality and an enlarged range of services being available to the customer. More rapidly and accurately and at his convenience.

As per the international report the banking transactions on a brick and mortar banking costs around 1.1 while through ATM it costs around 0.27 and just 1 per cent of over the counter banking in case of Internet banking statistics such as these have woken the Indian Banking Industry. Thus the Indian Banking system is seeing a fabulous change in the quality of service provided by them. Technology is root of this change, which is implemented by the banks to wiz more business from customers. Almost all the private sector banks are moving towards e-enabling their existing products. HDFC Banks and ICICI Bank have taken a lead introducing e-banking in India. Internet Banking starts from migrating existing products to the net. This tented initially with simple functions such as getting information about interest and computing loan eligibility. Then the services will extend to on-line bill payment transfers of fund between accounts and cash Management, Services for corporate. Recently banks state setting up payment gateways for Bank and B2C transactions. This is to facilitate payment for e-commerce transactions by directly debiting bank accounts or through credit cards. Banks can earn a commission based income, on the
transaction or sale value resulting, in higher other income. This could because than the revenues they can generate from credit card transaction. Private sector banks have leveraged the Internet effectively in taking away the customer from public sector banks and significantly increased their revenue potential. Internet banking is just one manifestation of these banks technological capabilities. They have a complete automation, an electronic customer date base real time transaction processing capabilities and the latest technological platforms.

The distribution of banking business in India is highly skewed both geographically and in terms of customer segment. Geographically the top 100 centers account for around 70 per cent of the loans disbursed. These are expected to account for mostly early Internet users. In terms of customer segment key focuses on the asset side is the corporate sector. This segment accounts for a high share of profits of banks and is likely to be an early adapts to the Internet. On the liability side Internet banking is expected to boost customer acquisition and profitability significantly in the top corporate segment and in the urban high/Middle income retail segments.

The right combination of customer relationship and technological competency is required to dominant the financial intermediation of e-commerce for increasing there reduces potential. An eye should be there where players are ignoring the potential customers by remaining away from the latest technology.

3.28 Future of CRM:

According to research organization, Meta Group, the 2000 largest companies in the world collectively will spend $ 10 billion per year on CRM solution by 2003. Most business plans feature promises of enhanced customer relationship and takeover are justified based on acquiring customer bases. A separate survey showed improvements in customer satisfaction, revenue growth and employee productivity. A large number of companies are adopting CRM. Some of the examples are; Baan, Samsung India limited, Adity Technologies, Aptech, Pwc, SAS institute, QAD, Global Groupware Solutions, Modi Xerox, Tata InfoTech, Tata Telecom etc.

According to market research firm, IDC, the worldwide CRM services market will increase from $61 billion in 2001 to $184 billion in 2005 with a compound annual growth rate (CAGR) of 25 percent. It exceeds the overall growth in IT services market
pegged at 12 percent CAGR for 2000-2005. According to NAASSCOM, the CRM market in India is currently estimated to be around $2 million and is slated to grow to $17 million by 2006.

We are swiftly moving from a predominately seller-driven economy to a predominately buyer-driven economy. Companies are reinvesting in hardware and software technologies to improve communications with their customers. CEOs like Michael Dell and Tom Siegel realize that building a customer focus requires companies to look through the eyes of the customer and think more like a customer. You’ve got to sell the way customers want to buy. More and more companies will soon get their customers more involved in their strategic planning processes to lay out CRM plans as well as suggest new products and customer support improvements. During these sessions, customers will be encouraged to put forward their opinions on what the company’s priorities should be and the improvements that need to be made. CRM is becoming the buzzword of the day. (Greenberg Paul 2005)

If a company spends vast amounts on advertising, it will rethink its approach. It makes sense today to spend more on a few clients whereby the overall cost comes down. Less expensive, more personalized methods of communication via broadband, digital cable and database technologies make sense. Television audiences may be targeted with specific advertising messages depending on the consumer groups. Commercials can be targeted at specific types of households, based on their histories and viewing trends and the sales can be monitored. If the sales do not increase, the advertising expenses for the product can be reduced or a different product can be advertised. Depending on responses, advertisers can refine their understanding of customer purchase preferences. Custom advertising and then more immediate consumer feedback on a per-household basis is the aim of the industry.

CRM software is evolving from a generic CRM market to specialized vertical markets that will cater to different types of customers, business models, and selling strategies. Industries will not have to customize a CRM tool to its processes but vendors will provide customized solutions specific to vertical industries. CRM projects will be forced to integrate customer touch points or fail. While taking care of customer
requirements it will become equally important to be sensitive to all customer complaints and feedback as part of understanding a customer's overall profile.

Some analysts predict that the focus will shift toward touch point technology. And the new paradigm will be, 'Now that we know who you are, how do we get access to you wherever you are?' One thing is certain: the customer will be at the center of the enterprise.

The B2B CRM markets are demanding multifunctional technologies and products and small and big vendors alike will compete for technological leadership in the development of CRM suites.

In an e-business economy, customer satisfaction, product quality, product delivery time, response time to customer inquiries, as well as the various means of analyzing customer buying behavior and forecasting products/services are going to be in highest demand. To deal with the vast amounts of data that will pour in, knowledge management components will need to deliver organizational knowledge to the customer on demand, anytime anywhere. Analysts predict a shift from a transaction-oriented relationship to one that is mutually beneficial to vendors and customers, where information is freely available and both parties can share information and develop an equal relationship.

Future CRM applications will be developed on modular architecture; such as the Java paradigm or Microsoft .NET and so will become less complex. Customer Relationship Management till now has been all about the customer, selling to the customer, analyzing the customer, communicating with the customer but has never really been about listening to the customer. In fact some vendors have already anticipated this need and are already actively developing customer voice management applications, which actually capture the customer's voice into new product development processes and product management.

Some vendors are working on applications that will actually track attitudes, stated preferences, and opinions. While traditional CRM only measures actions, future applications will measure attitude, monitor what certain customers are buying and even send out an alert when the company is about to lose a customer. (ET, learn, Times Multimedia)
3.29 CRM AS A GLOBAL:

Global CRM usually doesn’t apply to sales-force automation or to marketing—these types of CRM are normally executed locally. The technology considerations of global CRM can be positively daunting. For instance, do your remote locations have access to your centralized customers database, or does each country track its own customers? This introduces a number of new considerations that are not part of the typical country-specific CRM strategy. For instance, European privacy rules are more strident than in the United States and might differ from one country to another; thus the collecting customer data might be illegal. Some countries actually forbid a company from giving incentives to consumers to do business with a partner company, as with car-rental frequent flier miles. In some Asian countries, a direct-mail communication will be summarily discarded unless it has been preceded by a personal contact. And many countries still shun credit cards in favor of cash.

Considering going global with your CRM initiative? Don’t do it until you have a good grasp of the difference in business processes across countries and are certain that the need for data exchange outweighs the likely but potentially complex infrastructure requirements. Such differences could render a CRM system unwieldy, expensive, and ultimately best left to the individual country office to deliver. (Dych Jill 2004)
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