

Electronic customer relationship management in commercial banks in Ondo State, Nigeria

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Abstract

The advent of ICT has compelled banks to embrace electronic customer relationship management (E-CRM) in order to strengthen customers' relationships and increase profits, satisfaction, and loyalty. The continual and rapid growth of information and communication technology (ICT) in Ondo State, Nigeria, improves and promotes customers' relationships with commercial banks, as well as the operations and services supplied by the banking sector. Many financial institutions have adopted the motto "customers are kings/queens" strategy by transforming their corporate environment and incorporating various sorts of ICT into their customer's relationships. The purpose of this paper is to obtain a better understanding of electronic customer relationship management in commercial banks in Nigeria's Ondo state.

Keywords: Bank; commercial banks; customer relationship management; E-CRM.

Introduction

In the view of the twenty-first century's rapid development of information and communication technology in the economic and commercial sectors, in recent years, it has been possible to connect rapidly, wherever you are, at any time, and at a low cost, as the worldwide market has transitioned from a tangible to a space market orientation. Ondo State has seen growth in a range of economic sectors as a result of the technology revolution.

The establishment of commercial banks is one of the most important aspects of Ondo State's economic progress. Ondo State banks have progressed to the point where they can use and adapt modern technology to provide electronic banking services to customers through advanced information networks and speedy communication systems. It is able to keep up with advancements in industrialized countries in the field of banking in terms of inclusivity and protection, and it has become vital to pay attention to the quality of electronic service in the context of global competitiveness.

Because of the new advances in information and communication technology (ICT) and the massive adoption of new media, market opportunities became much more accessible to customers. This resulted in increasing the pressures and opportunities of competition among business to gain the satisfaction of demanding customers. Therefore, long-term customer relationship management (CRM) is becoming more necessary. CRM is not only for solving customer related problems in an organization but also a broad concept with three key integrated functional areas, which are sales, marketing and customer services. (Aher & Bhakke, 2011).

Market opportunities have become considerably more accessible to customers as a result of new breakthroughs in information and communication technology (ICT) and the widespread adoption of new media. CRM is a broad concept with three major integrated functional areas: sales, marketing, and customer service.

Customer relationship management (CRM) is a management technique that blends marketing and information technology. It was created in the United

States in the late 1990s and has since been adopted by a huge number of businesses all over the world. Close customer engagement will result in increased collaboration between the marketing and IT departments, leading to long-term client engagement. In the last 10 years, CRM has become increasingly crucial as the competition for customer retention and acquisition has heated up in both local and global markets which also achieves the efficiency of online mobility and increases the volume of data and information provided to the customer. (Dhingra & Dhingra, 2013)

According to Jalal, A., Musa, M. and Usman, U. (2012), corporations rushed to deploy CRM systems because they wanted to reap large benefits from high return on investment (ROI) and enhanced customer loyalty. The financial and banking sectors have undergone significant changes in recent decades. Several new means of offering banking services to customers have evolved as a result of the transformation in the realm of information and communication technology (Godwin, 2012).

Essentially, the banking sector is one of the most important economic pillars in all countries throughout the world, and given the issues that the financial services market is facing, banks are under more pressure to develop other channels beyond traditional performance. In order to attract more customers and improve customer views of the services provided by this sector, it does not adhere to a set place or time in their financial transactions. The banking sector had to profit from the ICT revolution and its application through electronic banking services because it was one of the sectors most closely associated with technology changes in order to boost the efficiency and effectiveness of its performance (Khan & Khawaja, 2013)

As a result of technology improvements, customers now have more options, increasing their bargaining power. As a result of these expanding challenges and opportunities, customers are becoming more demanding and powerful. The importance of long-term customer relationship management is growing (Aher & Bhakkad, 2011). Because of the close touch with customers, the banks' and information technology departments will collaborate closely to give customers a long-term relationship. To put it another way, e-CRM is a marketing and information technology-based management strategy for establishing strong customer relationships. (Rao, 2013).

Commercial banks services in Ondo State

Commercial banks in Ondo State offer a variety of services to their consumers via their official websites. To achieve a competitive advantage in the market, the bank is employing data mining techniques. The bank strategy employs a number of data mining techniques that are utilized in the segmentation of bank customers. Customers are divided into numerous divisions during the segmentation process, such as personal banking and commercial banking customers. This segmentation allows the bank to provide information and services targeted to each group's individual needs and interests. The following is a quick summary of each website service that can be thought of as a support service for e-CRM functionality.

It provides information on services and products, as well as a large volume of data in various formats to fit customers' interests and demands. Furthermore, information regarding their products and services is readily available and frequently updated (when there is something new about the bank, it appears immediately on the website). Customers must have an

authorized ID and password in order to use commercial banks' electronic services. Customers' personal and demographic data are converted into relevant information that may be utilized to make business decisions later by commercial banks in Nigeria (Hatami-Nasab et,al ,2013) . Data mining and data warehousing tools are used to make this conversion. Customers of commercial banks are also notified about new features, products, and services using this information. Commercial banks in Ondo State primarily serve their consumers with electronic channels such as "mobile banking," "SMS services," and "security information," among others.

➤ **SMS services**

This channel allows customers to stay up to date on all of their account transactions no matter where they are. "SMS alert" is one of the commercial banks' services through which a customer is notified through SMS message when transactions are made using any of his or her commercial bank cards. The last four numbers of the card, the date, the time, and the transaction amount will all be included in the message (Stephen, 2012). The "SMS alert" service includes the following features: a customer will be notified immediately when his or her card is used; a customer will be notified when any transaction is made (these transactions include: transactions performed on POS machines; transactions performed on ATM machines (except balance inquiry); and transactions performed for Internet purchases); and finally, a customer can check his or her message and keep records to see how much he or she has spent.

Another SMS service provided by commercial banks in Ondo State is "SMS linked to accounts alert," which alerts customers to all transactions on their accounts, including cash withdrawal, check

withdrawal, direct debit, bill settlement, inward transfer, salary credit, cash deposit, check deposit, and account balance at the end of the day if there is a transaction during that day. Commercial banks in Ondo State give their customers crucial information, instructions, and recommendations that they should keep in mind when using electronic channels through this channel.

➤ **Online services**

In addition to the above channel, commercial banks offer its customers other services via its website and mobile apps, some of the services include; mobile and data top-up for recharging phone lines, a loan calculator that allows them to calculate their loan if they need a loan, transaction enquiries, complaints and other bill payments (Khan & Khawaja, 2013). In addition, commercial banks in Ondo State offer an onsite search tool that allows customers to search for information about services by inserting a keyword.

Furthermore, the commercial banks provide sitemaps to assist customers with easy and quick navigation of their websites and mobile apps which takes away the need of going to the banks. Additionally, as part of the bank's personalization and customisation approach, various alternatives are offered to bank customers. The objective of e-CRM is to improve the loyalty of banks with their customers thereby creating competitive advantage.

Electronic customer relationship management

Customer Relationship Management (CRM) is a broad term that refers to a software program that focuses on customers and incorporates many aspects of a business's operations. It is a continual process that necessitates the re-organization of important business procedures, beginning with the

perspective of the customer and based on consumer input. While designing products and services based on this strategy, customers' needs must always be addressed (Khan & Khawaja 2013).

Furthermore, improving customer relationships necessitates a thorough understanding of all customer segments, whether profitable or not, as well as the organization of a company's business processes to treat customers as individuals, meeting their needs and desires in accordance with their values and beliefs (Onyechukwu, 2013).

Customer relationship management operations in commercial banks in Ondo State require both technology and practices to be successful. Employees are the foundation for developing customer relationships, and each one must grasp the goal of implementing customer relationship management as well as the changes it will bring to the firm (Chen & Popovich, 2003). A customer-centered overhauling strategy, for example, requires cultural transformation and the participation of all corporate personnel. Certain employees may desire to quit the company; others may be averse to the new business model. Therefore, CRM's effective adoption will result in the loss of some employment (Abu-Shanab & Pearson, 2009).

Top executives in Ondo State's financial institutions have shown a commitment to continue helping in the development and training of their employees in the act of customer acquisition, retention and extension. This has improved workers' knowledge and learning skills while also increasing their motivation and commitment and decreasing resistance. Electronic customer relationship management is an application that uses internet technology to meet customer relationship management goals (Musa, 2011). As a result, customer

relationship management is a tool for supporting customers in evaluating the services offered by those banks successfully. Customers, they believe, use self-service devices to surf the internet instead of interacting with employees, resulting in higher service and transaction activity. CRM software connects your entire company, including customers, suppliers, and partners. E-CRM supports all marketing, selling, and service activities (Mohammed, 2011).

In the domain of internet banking, any bank's primary purpose is to maintain a relationship with its customers. CRM is the technology that will assist banks in achieving this goal. With good CRM implementation, you can obtain higher customer loyalty; improve customer care and support, increase efficiency, and lower expenses (Suleiman, O. 2009). Because physical interaction is eliminated and customer data is integrated into a single database, managers, marketing teams, and other bank departments can share information and work toward the same shared goals using the same basic client statistics, reducing the cost of e-CRM.

Impact of e-CRM on banking sector in Ondo State

CRM systems that are well-adapted and maintained can assist banks in building long-term customer relationships while also improving sales and profit. The strategic importance of CRM, as well as the diversity of customer desires, should be recognized by banks. Banks should also engage qualified workers to deal with the complexity of systems and guarantee that they run smoothly (Godwin, 2012). The banking business makes use of technology to make it easier to establish customer profiles, understand money movement, cut costs, and maintain mutually beneficial relationships.

In an ever-changing economic climate, the three components that assure the success of banking services are technology, customers, and processes. E-CRM is the most recent business buzzword, and it's widely considered as one of the most powerful instruments in the banking industry. As a result, financial institutions must make a determined effort to expand their customer base (Gupta & Mittal, 2013). Several companies are combining CRM with knowledge management tactics to better service their customers and make better use of data. According to (Hatami-Nasab et.al 2013), e-CRM is a useful tool for increasing business success by retaining existing customers, cutting expenses, and increasing the value of interactions. As a result, several noteworthy trends will develop, including:

- Put more focus on relationship marketing rather than transactional marketing.
- Considering customers to be a valuable business asset rather than a target market.
- Shifting from functions to processes is a prerequisite when it comes to organizational structure.
- Emphasizing the benefits of using data in a proactive rather than reactive manner.
- Recognizing the need for a trade-off between extracting and delivering customer value as technology advances, and
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Gupta and Mittal in 2013, stated that banks must leverage technology to increase market penetration, improve efficiency and

productivity, supply cost-effective products and services, enable faster operations and transactions, and provide unrivaled convenience across numerous delivery channels. Furthermore, convenient and efficient customer service will contribute to the banking industry's overall development and expansion. According to Stephen, R. (2012), the following are some of the advantages of using e-CRM in the banking sector:

- Customer contact and pleasure are revealed to be the most significant advantages.
- Transactions were processed in a timely and accurate manner.
- The most important advantages provided to customers are comfort and convenience.
- The banks' ability to provide up-to-date information and dependable employees
- Customers' trust in the total services provided by businesses is a huge advantage.

The effect of electronic banking on the growth of the banking sector in Ondo State

By streamlining operations and cutting transaction costs for customers, electronic banking developments have a substantial impact on the banking sector's growth. Electronic banking makes use of ICT. Card-based payments (debit/credit), electronic clearing services (ECS), electronic money transfer (EFT), real-time gross settlement (RTGS), and electronic customer relationship management (e-CRM) are all venues that ICT is promoting for banks (Gupta & Mittal, 2013). Commercial banks in Ondo state are said to provide the following to their consumers when they deploy e-CRM programs:

- More convenient service due to personalized service.
- Access to more accurate, complete, and update information via a variety of channels.
- The ability to contact their primary banks from anywhere via a variety of communication channels.

Customers can see their increased convenience as the most critical value gained from e-CRM adoption. Furthermore, e-CRM implementation in financial organizations resulted in a number of competitive advantages for both banks and customers. Five competitive advantages were discovered by Stephen in 2012 which includes; preparation of up-to-date technology, up-to-date financial systems, proliferation of channels, marketing potential, and fragmentation of the consumer segment.

Moreover, in 2013, Taiwo in his study discovered that banks compete for the deployment of modern electronic channels to attract and meet customers' wants after learning about their needs and determining what is most useful and advantageous to them. The following are some examples of e-competitive CRM's advantages:

- Customer profitability improved and integrated
- Marketing and strategic factors were properly utilized
- Response time to customers was reduced,
- A new business structure was created.

Conclusion

It's apparent that many financial institutions are adopting the slogan "the customer is king or queen" by making adjustments to their business environment and applying

various sorts of ICT to improve their client relationships. Launching their e-CRM projects, where Internet and web 2.0 technologies are used to maintain a competitive advantage, is one of the new modifications. Through their websites and mobile applications, which include many electronic touch points, banks are increasingly relying on Internet and mobile technology to attract, retain, and extend customers (e.g., e-mail, call center, FAQ, etc.). Better bank operations and more effective and efficient customer service will arise from such a strategy. Commercial banks in Ondo State offer a variety of electronic services to their consumers, including mobile banking, SMS services, bank apps, security information, and an on-site search option, among others. These services assist customers in completing financial transactions quickly, effectively, and securely.

Furthermore, because all electronic services are supplied free of charge, such electronic services play a vital role in developing the bank's relationship with its customers and leveraging their happiness and loyalty. The websites of commercial banks in Ondo State are the primary channel via which all services are delivered to consumers, who can contact the bank at any time of the day or night. The bank promotes all its services through its official website, which can be easily found and navigated. Commercial banks in Ondo State appear to offer e-CRM services as part of their collaborative CRM system.

It is critical to integrate ICT and web 2.0 tools into bank operations in order to modernize activities and tasks, which places enormous financial and human constraints on banks, particularly older ones. Commercial banks in Ondo State are aiming to use e-CRM technologies, projects, and portals to improve their customer

relationship management strategies in the future. Another potential future option for the bank is to use digital signatures in their financial transactions. However, this is still being considered due to security issues and the financial resources required.

Recommendation

Based on the study's findings, the researcher suggests the following:

- Banks in Ondo State should make every effort to introduce new ideas and obtain customer agreement in order to engage them in providing a complete service that leads to strong relationship.
- Bank employees should not be encouraged to be strict in their dealings with customers as if they were robots, but rather to try to be flexible.
- The bank's customer service department should be staffed with more people to make it easier for the bank to respond to the demands of all of its customers in a timely manner.
- Other variables that must have contributed to the customers' pleasure, such as friendliness, good, advertising to establish a positive image in the eyes of the consumers, and publicity, should be continued; this will have the impact of keeping their customers loyal even when they have complaints.
- The marketing members of the organization should perform more studies on what the bank's teaming population wants, and a team to move rapidly to meet this demand should be made available.

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