THE STATE OF ELECTRONIC–CUSTOMER RELATIONSHIP MANAGEMENT IN ZIMBABWE'S BANKING SECTOR

Muchaneta Enipha Muruko[*]

Colletor Tendeukai Chipfumbu[**]

Theo Tsokota*

Abstract

The aim of this study is to explore and analyse how the banking institutions in Zimbabwe are using Customer Relationship Management technologies to build long term relationships with customers. The results show that the banking sector implemented several technologies which include electronic banking, mobile banking, electronic billing, automated teller machines and Zimswitch facilities. However, more customers are using automated teller machines and Zimswitch facilities whilst facilities like electronic banking, mobile banking and electronic billing are being used by very few customers. The study recommends that the banks in Zimbabwe should strongly advertise on the facilities being underutilised and to be fully committed in attracting customers to use the facilities.

Keywords: Electronic Customer Relationship Management, Information Technology, Banking Sector, Banks, Zimbabwe

[*] Faculty of Science and Technology, Dept. of Computer Science and Information Systems, Midlands, State University, Zimbabwe

[**] Faculty of Education, Dept. of Educational Technology, Midlands State University, Zimbabwe

Introduction

Business is revolving around the customer and the customer is the key to business growth and profitability. Every company wants to be customer focused and customer oriented to ensure positive feedback from the customer and to ensure that the customer starts developing faith in the company. According to Jha (2008), Customer Relationship Management is the philosophy, policy and coordinating strategy connecting different players within an organisation so as to coordinate their efforts in creating an overall valuable series of experiences, products and services for the customer. Baran (2013) defined Customer Relationship Management as a strategic approach that is concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments. Customer Relationship Management helps companies understand, as well as anticipate customer needs, wants and buying patterns.

Jha (2008) believes that Customer Relationship Management is not a new concept, what is new is that information technology has unleashed tremendous opportunities in dealing with a customer and in creating value to the customer. As global markets become increasingly integrated, all firms from the largest multinational to the smallest entrepreneur must be able to embrace technology which enables the firm to survive in highly competitive markets and to prosper by finding the best ways to meet the needs and desires of target customers. Fjermestad (2006) believes that Customer Relationship Management has changed over the years from a customer service business unit loosely linked to marketing to an electronic dynamo attempting to maximise the value of existing customers. Customers are becoming more and more difficult to catch and hold onto. Gancarz (2002) suggests that customers are now slippery because they have access to information about goods and services and choose to communicate in new ways. Customers choose brands that they associate with excellent and non patronising communication processes. Information technology can be used to revitalise a firm's customer service and this has brought a new paradigm, Electronic Customer Relationship Management, used to handle these more slippery customers. Electronic Customer Relationship Management can be seen as a multifaceted process, mediated by a set of information technologies, that focuses on creating two way exchanges with customers so that firms have an ultimate knowledge of the needs, wants and buying patterns.

Background of the study

Developing long term relationship with customers is the best way to gain customer loyalty. Kracklauer (2005) believes that customer satisfaction leads to customer loyalty. He suggests that customer satisfaction is the essential condition for retaining customers. Organisations should have a substantial understanding of factors that can influence a customer to maintain a long term relationship with them. According to Adebanjo (2003), Electronic Customer Relationship Management is a newly developing customer oriented business philosophy that orients enterprise operations in order to improve customer satisfaction, loyalty and retention. Today's market competition to attract customers is fierce and never easy and businesses have to evolve with the market instead of staying behind it. Increasing customer expectations and market pressure is causing dramatic increase in business competition. Internet has brought tremendous changes in the management of customer relationships. According to Uwagwuna (2011), the tremendous growth in e-business and web-based services has caused organisations to shift to an internet based customer relationship management. Implementation of Electronic Customer Relationship Management tools enhances the effectiveness of company operations and provides value for companies that adopt it.

Information revolution has enormously changed today's business model, especially huge influence on the interaction relations between the enterprise and the customers. Taking advantage of the revolutionary impact of the internet, Electronic Customer Relationship Management creates a mutually beneficial relationship with all the customers, through integration of customer touch-points as part of business processes. Kurtz (2013) believes that Customer Relationship Management combines people processes and technology with the long term goals of maximising customer value through mutually satisfying interactions and transactions. According to Fjermestad (2006), Information Technology has enabled businesses to understand and leverage their marketing knowledge and become more customer centric in their marketing and servicing practises.

Problem Statement

This paper seeks to analyse how Electronic Customer Relationship Management is being conducted in the Zimbabwe's banking sector. It explores how ICT practices and the internet are

being utilised to improve customer satisfaction, loyalty and retention. The banking sector has been chosen as an area of study because of the sector's need for customer loyalty. The companies in the Zimbabwe's banking sector are declaring themselves as customer focused and are forking money on Customer Relationship Management technologies.

Four (4) banks were chosen, Case A, Case B, Case C and Case D as samples for the study. These were chosen because they are the leading banks in Zimbabwe in terms of number of customers and branch network. These banks implemented Customer Relationship Management technologies through e-banking, mobile banking, electronic billing, automated teller machines and Zimswitch facilities.

Methodology

Interviews

The researchers interviewed representatives from each bank chosen for the study to elicit facts and statements relevant to the study. The interviewees included IT managers from each bank, two (2) IT staff members from each bank and one (1) public relations officer from each bank. Ten (10) account holders from each bank were also interviewed so as to understand their experiences with the banks. Interviews are more explanatory in nature and allows for more flexibility. The flexibility allowed the researchers to better understand how account holders view their banks' customer services. By asking the account holders some questions, the researchers were enabled to not only observe their behaviour but to subsequently understand the meaning that underlies that behaviour and to have the meaning explained in the account holders' own words. Social cues, such as, voice and body language of the interviewees gave the researchers a lot of extra information that can be added to the verbal answer of the interviewee on a question. According to Gillham, the relationship between the interviewer and the interviewee is responsive or interactive, allowing for a degree of adjustment, clarification and exploration. The interviews helped the researchers in uncovering important issues that eventually led to future enquiries. The interviews also allowed the researchers to probe on more complex issues and to have answers clarified. A more relaxed research atmosphere contributed to the elicitation of more in-depth and sensitive information. In the interviews, the researchers learned about specific events and also managed to gain an insight into people's interior experiences, specifically how the interviewees

perceive and how they interpreted their perceptions. The interviewees showed how the events affected their thoughts and feelings and the researchers managed to understand the process of an event instead of what just happened and how interviewees reacted to the event.

However, there were complications in planning the interviews. Recruiting people for the interview was hard due to the personal nature of interviews. Planning where to meet the interviewees and when to meet them was difficult. Also, the interviews were time consuming and attention was not only focused on a given issue.

Observations

The researchers opened bank accounts with the banks chosen for the study to gain a close intimate familiarity with the services offered and their practises through intensive involvement in their cultural environment over an extended period of time. The researchers clearly identified the variables to be observed by means of a checklist and how the observation was to be conducted. Observations helped the researchers find out how the banks use technology in managing customer relationships. As human beings, the researchers are very well equipped to pick up detailed information about the environment through common sense.

The observations provided the researchers with direct access to the customer services offered by the banks. Instead of relying on some kind of self report such as asking people what they could do in a certain situation, the researchers actually observed and recorded the behaviours in that situation. Observations avoid the range of problems associated with self reporting as opposed to interviews where a person may not always provide accurate or complete information or they might answer in ways that correspond to what is socially desirable. The observations entails some form of recording and provides a permanent record of events and behaviour, thus allowing the researchers to further analyse and make subsequent comparisons over time.

However, the observations were very time consuming and resource intensive. The researchers had to spend a lot of time waiting for a particular event to occur. Also, an observation can never give a full description of the services offered by the banks.

Questionnaires

Questionnaires that were easy to complete were drafted and distributed to account holders from banks chosen for the study. The questions were brief, clear, precise and relevant to the problem under investigation. Precise and simple instructions of filling the questionnaire were included in the questionnaire as foot notes. The questionnaires helped the researchers to collect information from a large group of people within a short period of time. Also, the responses were gathered in a standardised way which made the questionnaires more objective. The questionnaires allowed the researchers to quickly and easily quantify the results and used to compare and contrast the services offered by the banks.

However, the researchers had no ways of determining if the respondent understood the question being asked. Also, because the questions were so specific to what the researchers were asking, the information gathered was minimal. Another problem was that the questionnaires produced low return rates.

Results

The researchers noted Customer Relationship Management technologies implemented by the banking sector in Zimbabwe which include e-banking, mobile banking, electronic billing, automated teller machines and Zimswitch facilities.

Electronic banking

The banks implemented the electronic banking facility which allows customers to conduct financial transactions on a secure website. To access the electronic banking facility, a customer having personal internet access must register with the bank for the service and set up some password for customer verification. The customer would go to the bank's website and log on to the electronic banking facility using the assigned username and password. However, results has shown that very few customers are using the facility due to a number of reasons which include lack of trust on internet transactions, limited internet connectivity, lack of knowledge about the service and customer ignorance. Figure 1 below shows the sample statistics obtained on the use of e-banking facilities.
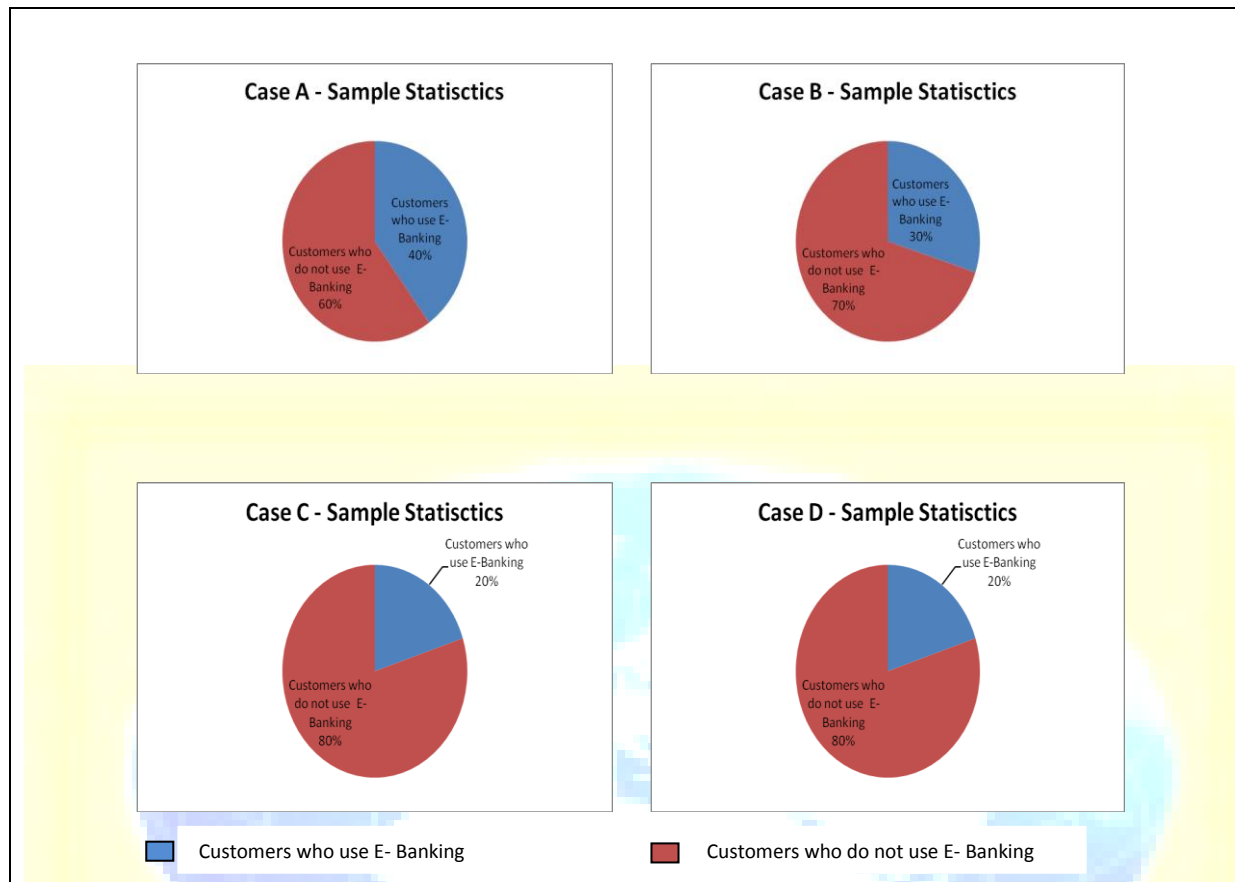
Figure 1: Use of e-banking facilities.

Mobile banking

The banks chosen for the study implemented the mobile banking service that allows customers to conduct a number of financial transactions through a mobile device such as a mobile phone or personal digital assistant. The customer first register with the bank for the service and the customer would receive text messages when a deposit or withdrawal into the account has been made. Figure 2 shows the sample statistics obtained on the use mobile banking.

Figure 2: Use of mobile banking facilities.

Electronic Billing

Electronic billing applications implemented in banks provide the ability to electronically settle payment for services / bills. Customers of banks and billing companies can use the internet or the phone to conveniently remit payments as well as to access their billing information. Figure 3 shows the sample statistics obtained on the use of electronic billing systems.
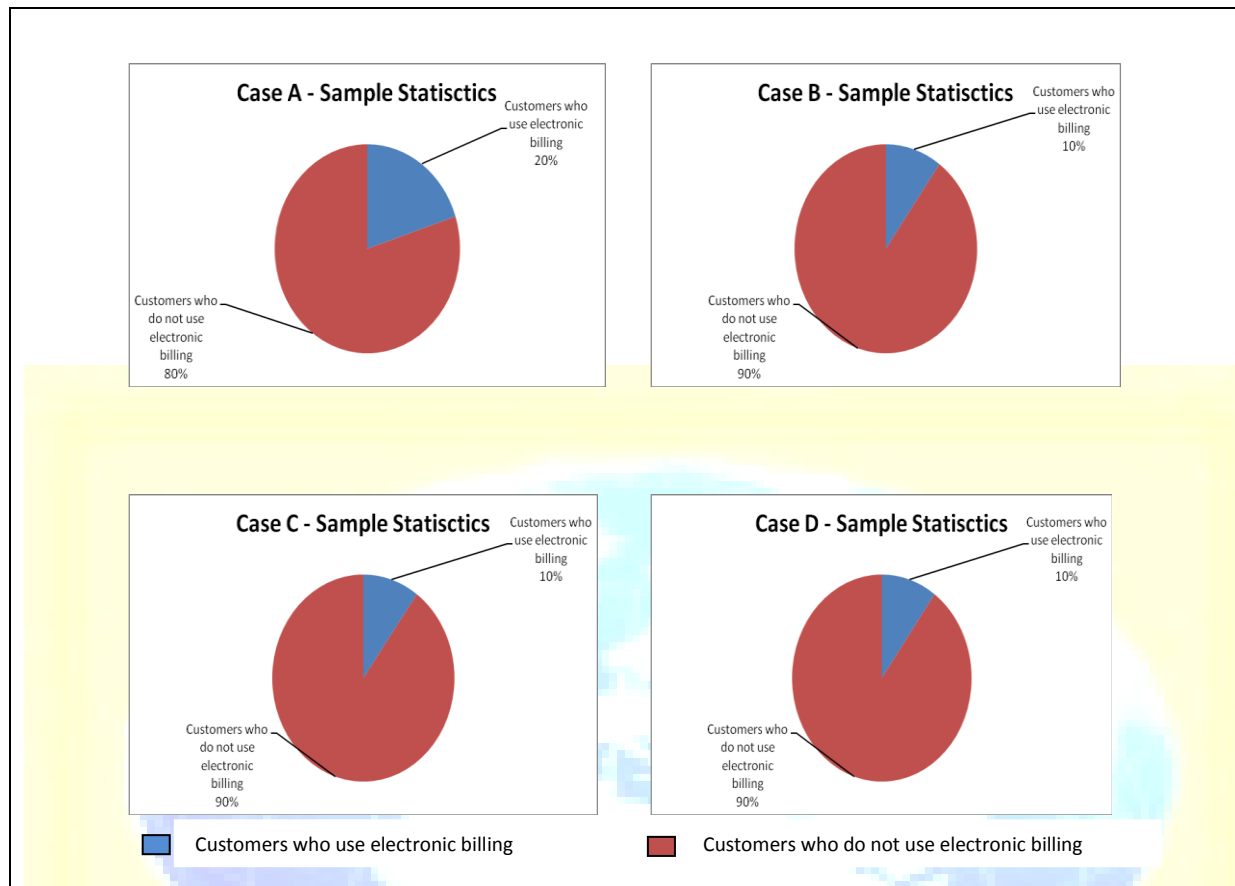
Figure 3: Use of electronic billing systems.

Automated Teller Machines

The banks installed Automated Teller Machines on almost all the branches around the country for the convenience of customers. Customers need not to wait for banking hours to withdraw cash from their accounts. Results from the sample study have shown that almost all the customers can access the automated teller machines. Figure 4 shows the sample statistics obtained on the use of automated teller machines.

Figure 4: Use of Automated Teller Machines.

Zimswitch facilities

Zimswitch is a national electronic funds switch for Zimbabwe that facilitates the common utilisation of payment systems infrastructure like automated teller machines (ATM's) and point of sale (POS) facilities in real time throughout Zimbabwe (Zimswitch Website, 2012). Banks connect to Zimswitch so that customers can buy from supermarkets using the ATM cards and also they can withdraw cash from another bank's ATM. The sample statistics show that many customers use this facility in buying groceries from supermarkets like OK Zimbabwe, Spar and TM among others. Figure 5 shows the sample statistics obtained on the use of Zimswitch facilities.
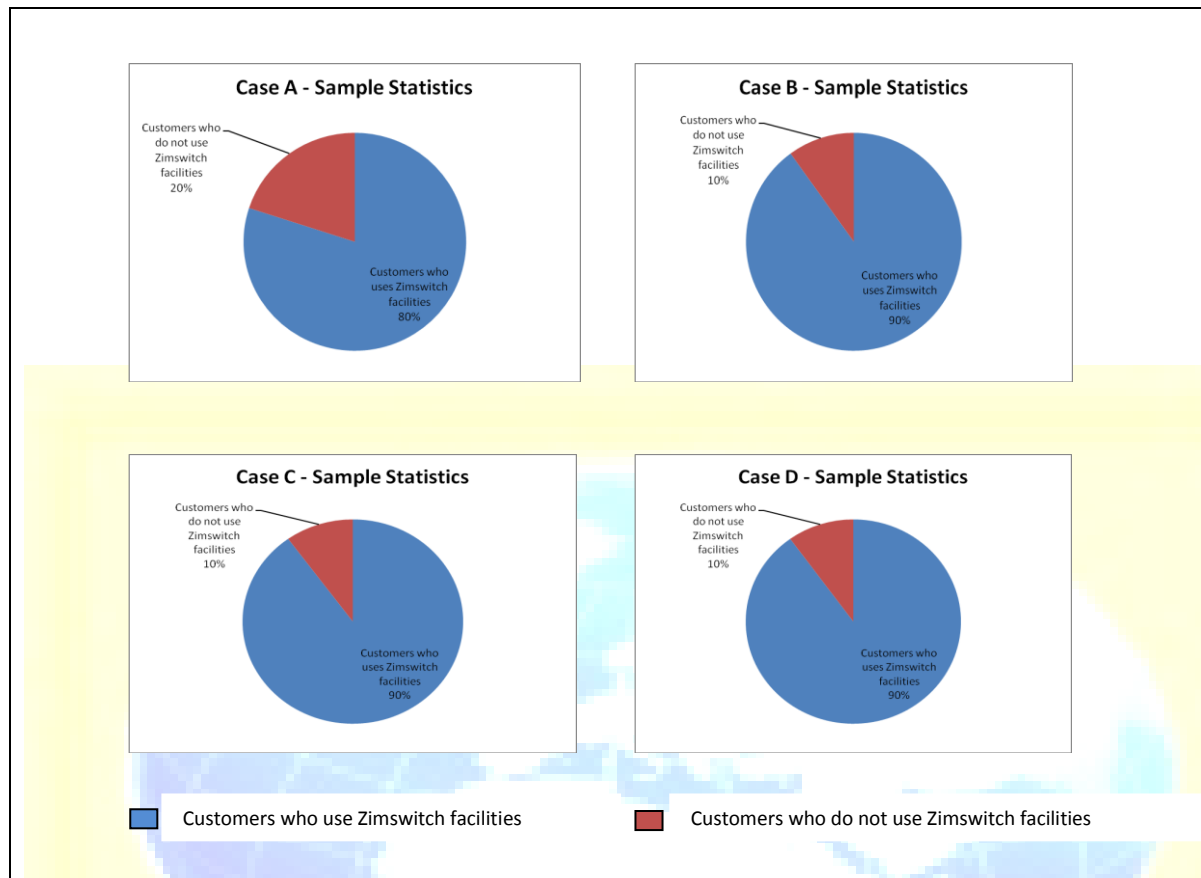
Figure 5: Use of Zimswitch facilities.

Websites

The banks use websites to broadcast information about the products offered, the banks' history, vision and mission, contact numbers and physical locations around the country. Customers and potential customers can access the websites for any information about the banks. Customers access the electronic banking facilities through these websites.

Analysis of Results and Discussion

Results have shown that though the customer service facilities are available, customers are not using the facilities due to a number of reasons which may include lack of trust on internet transactions, limited internet connectivity, lack of knowledge about the services and customer ignorance. Customers mainly use the automated teller machines and Zimswitch facilities whilst other facilities like e-banking, e-billing and mobile banking remain unused. Results have shown

that the facilities implemented in the banking sector in Zimbabwe are not being fully utilised to improve the customer relationships.

Conclusion

Electronic Customer Relationship Management can offer the banks in Zimbabwe easier ways of serving customers. There are more ways to reach and service customers which allow the banks to provide personalized services for each customer, based on individual wants. Electronic Customer Relationship Management results in increased customer satisfaction, leading to higher customer retention and the attraction of more customers. Ederer (2000) believes that every satisfied customer brings in at least three more and an unhappy customer communicates his negative experience to ten more potential customers. He also believes that regular customers exhibit less price sensitivity than new customers. Hence Electronic Customer Relationship Management can lead to enhanced customer experience, identification and retention of the most profitable customers, increased market share, reduced costs of customer servicing and ultimately a greater return on e-CRM investment. Dyche (2002) believes that it costs a company six times more to sell a product to a new customer than it does to sell to an existing one. This has motivated businesses to try to maximise existing customer relationships. Electronic Customer Relationship Management is relevant across the entire spectrum of businesses, where customer satisfaction is critical.

Recommendations

What makes a customer choose to do business with a particular bank is the passion that the bank has in delighting its customers. According to Mather (1999), delighting customers erects a barrier to competitors. The banks can show passion for their customers through the way they serve and care for them. The design of the banking halls and the products offered as well as the experience in the bank should be centred on the customers. The design of the marketing program should be meant to romance and entice the customer. Schust (2008) believes that constructing a marketing program that delivers superior value helps building up profitable relationships and creates customer delight and finally enables the company to capture value from customers to create profits and customer quality.

Shanmugasundaram (2008) believes that with the advent of the internet, the growth of electronic commerce, and the trend toward online services, customers desire the ability to serve themselves without having to interact with a corporate or call centre employee. Online transactions provides 24/7 availability which is particularly convenient for customers. The convenience builds customer satisfaction and loyalty and this leaves the customer service representatives at call centres and branches to handle more complex situations. The banking sector in Zimbabwe should encourage customers to carry out their transactions online. The banks should find out what can attract customers to the online facilities. They can reduce charges for online transactions so as to attract customers to do their transactions online. Wang (2007) believes that in order to effectively drive customers to accept ecommerce and online transactions, there is an urgent need to understand the factors that influence customer behaviour towards continued use of online transactions.

The banking sector in Zimbabwe should also try to advertise on the online facilities offered by the banks. They should advertise through print media such as the press, television and radio, banner adverts, billboards and social sites like facebook. The banks can also use access portals on other sites like the herald so that customers can click through to their websites. This would increase the visibility of the banks' websites. Advertising provides a prompt and efficient means of communicating with customers. It is also a primary means by which banks in Zimbabwe can inform customers about new or improved products like e-banking and mobile banking. According to Tellis (2004), advertising is essential for efficient working of competitive markets and is a major means of competition among firms.

Management in the Zimbabwe's banking sector should encourage employees to maximise the use ICT to create and maintain relationships with customers. Employees should be well trained on ICT so that they will perfectly execute their duties effectively and efficiently. Training provides an employee with skills and knowledge for performing a particular job in an effective manner. It helps employees acquire more knowledge of the job and learn or sharpen the needed skills, attitudes and values associated with efficient performance of their jobs. Tulsian (2008) believes that training is a service function, which provides management with professional support in meeting the organisational objectives.

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