Chapter 1
E-CRM in Digital Payment Services:
Its Role and Proposed Framework for Adoption

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ABSTRACT

Supported by technology, digital payment expanded at a rapid pace in the last decade, constantly reducing cash transactions across the world. Across the world, the shift to digital payments witnessed a dramatic rise due to the COVID-19 pandemic. As the benefits look to surpass the shortcomings, the adoption of digital payments is still affected by barriers of different kinds for different stakeholders, mainly the customers. Customer relationship management is a strategic tool that aids in retaining and improving customers' experiences. More importantly, the developments in electronic customer relationship management like the inclusion of social media, various communication channels, and web-based tools may facilitate customer adoption and satisfaction. Therefore, the role of e-CRM in digital companies needs detailed scrutiny from theoretical and practical perspectives. This chapter provides an overview of the current state of the digital payment industry and proposes a framework for the integration of e-CRM in digital payment companies.

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INTRODUCTION

In the recent past, multiple factors have led to the adoption of online processes by organizations. One compelling factor was the emergence of the pandemic Covid-19 that forced a massive disruption in various ways, affecting human lives in totality. But even before the pandemic, other factors were resulting in the rapid adoption of electronic transactions. These factors are, “consumer behavior, emerging technologies, competition, as well as regulatory push” (Nair & Prabhu, 2018). Payment method is an extremely significant process for any business, that traditionally relied on cash but has seen a paradigm shift to digital methods. Apart from various other benefits such as speed, convenience, cost-effectiveness, and development of safe technology, digital payments proved to be a panacea during the pandemic. It allowed customers to operate without contact, minimizing the need for physical interactions. Several contactless payment methods such as e-Wallets, peer-to-peer transfers, customer-to-business payments, mobile payments, etc. gained wide acceptance when the exchange of cash was discouraged. As a result, the digital payment industry has seen a sharp rise with a projected CAGR of 15.4% from USD 88.1 billion in 2021 to USD 180.2 billion by 2026 (Markets and Markets, 2021).

The growth of digital payment services is a disruptive phenomenon as it has impacted every type of industry in varying degrees. It has been seen that the use of digital payment as an innovative strategy boosted the growth of many companies across the world. Many studies have highlighted the role of digital payments at various levels and strata of the economy and society. Such an upscaling of digital technology means more demand for improved solutions and more space for competition within the digital payments industry. The payment services have now taken the form of a “commodity” with consumers demanding higher value. FinTech companies have been mainly responsible for this dramatic upheaval in payment technology. This change was a boon to the Generation Z individuals who are more accustomed to modern technologies. It was also adopted by business firms because it brings strategic benefits in the form of, “better inventory management; improving customer satisfaction; improved cash flow; minimizing theft of cash; accuracy in recording” (Emergen Research, 2022). Further, government policies have also been favorable to the switch to cashless transactions.

Customer relationship management is, “a business approach that integrates People, Processes, and Technology to maximize the relations of organizations with all types of customers” (Hoda, 2010). The core function of CRM is to integrate data from various channels to, “sustain and enhance customer relationships” (Rostami et al., 2016). The various benefits of an effective CRM accrue in the form of revenues, profitability, and overall business growth. Industries that are characterized by “high value per client and greater availability of customer data” are said to benefit more

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