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The Principle and Emphasis on Customer Engagement Administration for the Finance Industry

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ABSTRACT: The concept of customer relationship management relates to the banking industry's proclivity to establish and maintain long-term relationships with customers in order to provide value to both the consumer and financial institution. These approaches help banks to better understand and engage with their customers on an individual level, which allows for better customer segmentation and communication as well as the establishment of long-term relationships. Banks are attempting to identify customers and personalize their offers to meet their unique needs as part of their attempts to maximize profits in today's economic context. Customer Relationship Management is evolving as a result of modern technology into a method for sustaining present structures while also building a loyal customer base of high-quality customers. In order to develop a marketing strategy, it is necessary to gain a more comprehensive understanding of the entire customer base. This includes understanding customer demands and attitudes, as well as conducting a more efficient analysis of the profitability and added value that each client provides to the financial institution. With this paper's findings, we hope to determine whether or not introducing the Customer Relationship Management concept into the banking sector will be beneficial. This will be accomplished through the development of strategies, the modification of organizational structure and culture, the implementation of internal processes, and the application of modern technology. In this article, it is explained how to evaluate the performance of the Customer Relationship Management concept, as well as the challenges that banks face while implementing a new business strategy.

Keywords: CRM concept, CRM strategy, processes, information technology, communication channels.

INTRODUCTION

In the twentieth century, a number of factors influenced the development of Customer Relationship Management (hence referred to as "CRM") as both a concept and a particular way of communication. When firms are competing in a complicated environment, transaction marketing (4Ps: product, price, location, and promotion) is inadequate (Denison and McDonald 1995, 54). The goal nowadays is to segment clients into multiple groups, each with a particular set of requirements, in order to better serve them (Day 2003, 77). Customers Relationship Management (CRM) is a concept that evolved in developed countries, namely in firms whose primary focus is on retaining current customers as an essential business sector, particularly in a competitive market. Customer relationship management (CRM) is a philosophy, method, and idea for the establishment and administration of customer relationships. Banks that have embraced the CRM idea are better equipped to detect and predict the requirements and aspirations of their customers.

Rapid advancements in technology, as well as changes in the daily lives of customers, have made it possible to successfully integrate customer relationship management principles and new modes of communication. The customer relationship management (CRM) idea is based on a marketing strategy that combines internal processes, activities, and external networks in order to provide value to customers and generate profit (Buttle 2009, 15). The customer relationship management (CRM) idea enables banks to more efficiently coordinate activities in order to offer an uniform message to individual customers. As a result, it is important to send a unique proposition to the client by phone, mail, human contact, or email, depending on the means of communication that the customer has selected.

CRM: The Overall Concept and Objectives

Customer Relationship Management (CRM) is a sophisticated process that relies on a thorough understanding of the habits and requirements of customers. In order to provide consumers with offers depending on their requirements, it is assumed that the bank would gather information about their activity on a continuous basis.

It is necessary to make constant modifications on both the client and bank sides in order to establish a CRM strategy. There are four key reasons why banks modify their business operations to better meet the demands of their customers:

• Retaining current customers, attracting new customers, encouraging consumers to extend their collaboration with the bank, informing customers about the bank's array of goods, services, and communication channels, all with the goal of boosting profits or preventing losses. Peppers and colleagues (Peppers et al. 1999, 152) believe that a well-implemented customer relationship management (CRM) concept allows for:

• Identification of customers through channels of communication, interaction, and transactions with the goal of creating value for each customer with the slogan "the right product at the right time"

• Client segmentation is important. Each client has unique requirements for goods and services; the bank must ascertain to which category the consumer belongs before providing those products and services (age, sex, income, transactions, channel utilization, etc.). Customers with similar wants or behavior must be grouped together; this requires knowledge on the customers, since their requirements are quite complicated. The ability to track and analyses changes in consumer behavior is a big problem for the bank. As a result, increasing the number of encounters and communicating with each client on a more regular basis increases the possibility that the bank will acquire better information about the customer's requirements and behavior.

• Interaction with clients and consumers. One of the most significant objectives of the customer relationship management concept is to track the behavior of consumers and their requirements over time. When a bank initiates a communication process with a client, it is doing so in order to gather information about the consumer, watch their responses, and assess how much value the person has for the bank. Customers, on the other hand, obtain the information they need regarding the bank's operations in order to meet their requirements. Modern marketing, in contrast to conventional marketing, which has as its purpose the generation of messages for consumers, has as its goal the generation of feedback from customers.

• Personalization of client interactions is becoming more popular. Personalization refers to the way a bank serves each client individually, differently, and uniquely, by tailoring its offers to each individual consumer in order to foster long-term customer loyalty.

Currently, customers serve as a source of information that is essential for the successful execution of marketing strategies. Relationship Marketing is becoming more significant as a result of changes in the market and active engagement of consumers in marketing communications efforts. In lieu of Transaction Marketing, whose goal was to attract clients with a non-individualized product range, Relationship Marketing is being used, which entails creating long-term connections with customers through cross-functional collaboration inside the financial institution. Creating a unique connection with the consumer by giving additional value to goods and services is what Relationship Marketing is all about (Lindgreen and Wynstra 2005, 735). With the advancement of communication technology, a tool for modernization of current processes, improvement of business and communication between clients and financial institutions is made possible. Accurate information is becoming more important as a source of competitive advantage. In order to implement changes in business, banks must participate in the generation of information and the use of information in order to be proactive in their use of information. According to research, the CRM concept (Richards and Jones 2008, 121): improves the ability to select profitable customers; integrates the offer to customers across channels; improves the efficiency and effectiveness of sales; personalizes marketing messages; customizes products and services for customers; and improves pricing policy. The number of clients who are leaving the bank is decreased by up to 25%, and the expenses of gaining new customers are lowered by up to 50% over the long term, as a result (Catalan-Matamoros 2012, 4). Revenues and profits are growing, expenses are decreasing, and organizational changes are occurring in the banking industry, demonstrating the benefits of the CRM approach. Customer Relationship Management (CRM) is a specialized management procedure that must be coordinated across all levels of the bank. The advantages of the CRM approach are demonstrated at three levels: operational, tactical, and strategic. It is necessary to collaborate on three areas: operational, analytical, and organizational (Payne 2005, 23) in order to successfully implement the CRM idea in the banking industry.

Operational CRM serves as a one-of-a-kind repository of information about customers. It is concerned with the generation of information as well as the support of sales, marketing, and customer service activities. Organizational CRM requires collaboration between marketing functions and infrastructure in order to optimize activities aimed at customers, to create value for the bank and the customer through the use of multiple channels of communication. Analytical CRM is carried out through the collection, processing, and systematization of data in order to obtain information relevant to Customer Relationship Management. This customer relationship management system (CRM) is in charge of developing client engagement via the most suitable channel of communication. The success of CRM in the banking industry is dependent on the quality of its integration. Integration between analytical, operational, and organizational CRM is required in order to streamline bank operations and better meet client expectations, according to the Financial Services Institute. Several banking institutions in Europe, Asia, and North America have adopted a contemporary approach to customer service via the implementation of operational, analytical and organizational CRM. Banks in the Balkan area have adopted their strategy as well. A handful of banks in Serbia have adopted the CRM concept, and the vast majority are not yet in the process of implementing it, despite the many benefits that CRM concept can give to businesses.

Factors Involved in the Success of the CRM Concept

CRM strategies, organizational structures and cultures, workers and top management, communication channels, and information technology all have the potential to influence the acceptability and success of the CRM idea, both favorably and adversely. There is a cause-and-effect relationship between the factors listed above, because the establishment of a proper CRM strategy, its acceptance within the organization and by employees, the selection of the appropriate CRM technology, and the integration of the technology with communication channels are all essential components of a successful CRM concept.

Customer Relationship Management (CRM) Strategy

The first stage in the process of building a CRM idea is a clear description of the company, as well as the aims and reasons for why the bank engages in its operations. The peculiarities of the business environment, as well as the evolution of media and distribution channels, should be investigated by the bank. Additionally, the bank should invest in a technology infrastructure that will facilitate the execution of the CRM strategy. In order for the bank to construct a marketing strategy that links and aligns internal capability with external difficulties, it must first identify its business plan (decision making for Customer Relationship Management, building relationships with customers, analyzing attitudes and behaviors of customers, customer segmentation, etc.).

Because customization is a fundamental aspect of the customer relationship management concept, the bank develops a plan to increase and improve the quality of client interactions. CRM (Customer Relationship Management) is a business approach that is founded on the ideas of Relationship Marketing. Relationship marketing has as its goal the acquisition, retention, and development of long-term partnerships and connections with certain client categories in order to provide more value for both the customer and the bank. According to Dyche (2001, 154), CRM strategy includes the following activities: • Analyzing and gathering information on the suitability of current strategies, the internal environment, individual business processes, employee knowledge, and the indirect business environment. Development of a customer relationship management strategy, which involves the establishment of strategic goals as well as the suitable description of CRM strategies. The execution of a customer relationship management strategy, which involves planning, implementing all business communication tactics, and conducting control activities that are essential for the fulfilment of set goals, such as developing and enhancing customer relationships.

The customer relationship management strategy (CRM strategy) is built on four pillars: customer strategy, customer interaction strategy, brand strategy, and value generation strategy (Lindgreen et al. 2006, 17–19). In order to successfully execute the CRM idea, the bank must first develop a customer strategy that outlines how it plans to recruit new customers while also maintaining connections with current customers. Customer strategy entails categorizing consumers based on a variety of criteria (gender, age, occupation, marital status, needs, shopping habits, etc.). A customer relationship strategy, developed in response to an examination of customer attributes and behavior, specifies the manner (channels of communication) and frequency with which consumers should be interacted with by the bank. The way a company interacts with its consumers is determined by its brand strategy. The bank should define brand strategy as the combination of what it wants to be and how it intends to operate in order to attain that identity (Lindgreen et al. 2006, 19) Through a value-creation strategy, the bank is prepared to define indicators of the value that the CRM concept creates for customers as well as the bank itself, based on defined methods of maintaining relationships with existing customers and methods of acquiring new customers, as well as defined channels of communication and brand strategy. Having a well-defined value-creation strategy allows you to provide higher value to specific customers while also maximizing profits from each client relationship (Lindgreen et al. 2006, 20).

Organization

Successful CRM requires the development of procedures, the capacity of workers to adapt to new strategies, and the support of senior management, all of which must be supported by an appropriate organizational structure. The successful application of the CRM idea requires the assistance of senior executives. When it comes to surviving and thriving in today's competitive market, the capacity of senior management to adapt the business environment in which workers manage business operations and establish business connections with customers is critical to the success of the bank. Employees with suitable leadership skills are often sought after by banks (Day 2003, 81). Organizational transformation should be supported by top management, which should be actively engaged in order to convey a good view of the CRM idea and encourage organizational change.

Employees and their devotion to the firm are critical factors in the success of customer relationship management principles. In order to support Customer Relationship Management, employees should be equipped with the necessary information and practices. In other words, the capacity of workers to build effective relationships with consumers is dependent on their ability to demonstrate customer-oriented abilities and to anticipate client wants. A successful customer relationship management concept is dependent on the desire of workers to continuously better themselves and embrace change, as well as the willingness of banks to develop a reward structure for employees who are customer-oriented. The CRM idea is dependent on the company and its goal of delegating responsibility and assisting workers in dealing with consumers (Eriksson and Mattson 2002, 537). The benefits of the CRM idea are shown in increased employee productivity, since workers spend less time on manual activities while utilizing automated technologies to do them. Employees' resistance to a new manner of conducting business should be addressed by education and information about the changes that are taking place. Additionally, strong employee participation in the development and implementation of the CRM idea will dramatically enhance workers' attitudes about new procedures. The bank's organizational structure should be redesigned to reflect the new approach and strategy of the firm. The customer relationship management (CRM) idea encourages a new organizational structure based on trends and client demands. To support the bank's new strategy of developing long-term connections with clients, organizational units within the bank must be willing to collaborate and support it. Organizational culture reflects not only the way in which workers see the bank in which they work, but also the manner in which the bank conducts itself both internally and externally. The successful application of the CRM idea requires tight collaboration and communication between marketing managers and workers inside the organization. It is vital to create a business-like environment that is founded on trust, understanding, and acceptance of innovative ideas in order to succeed. Any change in business entails risk and the fear of the unknown; thus, a happy and supportive work environment encourages workers to embrace the changes brought about by the CRM idea.

Communication Channels

It has been observed that banks have made significant investments in information technology. Because clients are interested in utilizing new goods and services at a time when the banking industry is expanding, banks develop new services that enable customers to use products on their own with the assistance of contemporary information technology solutions at that time. Client service is at the heart of the bank's operations, since each customer represents a distinct market sector. The two-way conversation that exists between consumers and banks is the foundation of business success; thus, client engagement in communication is measured. Direct banking channels are being developed by banks to provide clients with a more convenient and speedier banking experience. ATMs, the Internet, and mobile devices are all used for modern banking transactions. The use of current information technology in daily business has an impact on the improvement of service quality, the reduction of operational expenses, the reduction of investment costs, the development of new goods and services, and the enhancement of management competence within the bank. One of the most significant issues facing the banking industry is the continuous growth of contemporary communications media. There are several ways for the bank to communicate with each individual customer. These include branch offices, automated teller machines (ATM), point of sale terminals (POS) (Point of Sale), home banking, WEB TV- banking (text banking), internet banking (web banking), mobile banking (mobile banking), and social media (Facebook, Twitter, LinkedIn, YouTube, etc.). In order to promote their goods and services, banks should take use of new communication channels. Continual enhancement of the interaction between banks and their clients is made possible by the integration of internal processes with communication channels. It is essential that you identify and examine any potential advantages of adopting a new communication channel as soon as possible in your integration process. The bank should choose those channels that are most relevant to certain client categories or individual consumers, according to their needs. Customers between the ages of 18 and 45, for example, prefer to communicate with the bank over the Internet, while customers over the age of 45 prefer to communicate with the bank via a Call Center or a Branch.

When it comes to positioning the channel communication system with consumers, the bank should react to the questions below.

• How many clients are willing to spend a monetary amount in order to get a given quality of service?

• What level of effectiveness can be achieved in providing the services that consumers desire?

The expenses of alternate communication channels for the bank as well as for the consumer are not known.

Depending on the answer, the bank may decide on the most appropriate communication route for the consumer. As of 1999, banks have the option of selecting one of three communication channel methods (Mols 1999, 296):

• The branching technique. It was quite fashionable thirty years ago to use branch strategy as a communication channel plan for business. It was the first point of direct connection between the company and its consumers.

• Internet marketing approach The Internet-based strategy entails communicating with consumers using contemporary technology, which allows them to do financial activities independently and at a substantially lower cost than before.

• Distribution Channel Strategy (also known as channel management). This method is the most often used nowadays since it enables for the combination of Branch strategy and Internet strategy to be used simultaneously. Clients may do the majority of their banking transactions with the bank via current communication technology, with bank personnel accessible for specialized assignments. This method enables lower-cost operations, more convenient customer service, and a growth in sales and profit margins over time.

Customer Relationship Management Technology

CRM technology, which is a component of information technology, not only gives deeper insight into the profitability of the client, but it also identifies the habits and requirements of the customer. With the use of CRM technology, a bank can:

• Gather information about the individual requirements of consumers;

• Provide a tailored approach to each client;

• Identify the most lucrative customers;

• Access the risk profile of each customer.

CRM technologies are software solutions or CRM tools that are used to assist the Customer Relationship Management (CRM) process. Real-time customer relationship management technology allows for the collection of essential information from many sources in order to create a unique image of each client in real time. Employees may make choices fast and convey them to consumers in a short period of time if they use customer relationship management solutions. In order to maintain the success of this process, the bank needs use CRM technology, which includes two technical components:

• Data Warehouse, which serves as a central repository for information.

• Customer Relationship Management (CRM) technology, which helps decision-makers to develop marketing campaigns in order to engage with customers.

CRM technology, on the other hand, is seen as a costly and sophisticated invention. Integration of information systems, the purchase of expensive infrastructure, and the development of sophisticated technical skills are required. The price that a bank pays for CRM technology is determined by the amount of business (often the number of clients) and the current infrastructure in the bank. The benefits of implementing CRM concept must be greater if the bank is technologically mature; staff have a considerable degree of technical understanding; CRM technology provides an advantage over other banks; and the bank is technologically mature

Measures of CRM Success Indicators

For banks, determining the effectiveness of the CRM idea is a difficult task. It is difficult to create a clear link between customer relationship management activities and financial outcomes since the effectiveness of the CRM idea may be portrayed in both quantitative and qualitative metrics.

Successful implementation of the CRM idea requires investments in CRM technology, changes in business processes, and changes in organizational structures in order for CRM strategy to be accepted. Banks must develop performance indicators for the customer relationship management concept as a collection of actions that will assist the bank in achieving the goals specified in the marketing plan. CRM concept is successful if all departments within the bank, including sales, marketing, customer service, and information technology, are organized around the same goals: cooperation with existing customers; acquisition of new customers; maximization of value for each customer; and improvement of customer service without increasing costs. The organization of the functions mentioned will allow for an increase in operational efficiency, which will aid in the development of the country and the achievement of long-term, healthy growth.

Greenberg (2004) asserts that there are three markers of success for new business philosophy (2004, pp. 79–81). These are:

• Client indicators, which are intended to demonstrate which customers are willing to accept new solutions that the bank has implemented (using new channels of communication); whether customers' willingness to provide information to the bank is increasing; and whether customers' activities and satisfaction are increasing.

• In terms of financial indicators, they should demonstrate an increase in customer responses to marketing campaigns, a reduction in the cost of acquiring new customers, an increase in customer retention rates, an increase in revenue per employee working with customers, an increase in the number of transactions per customer, an increase in cross-selling products and services, and an increase in the sales of additional products and services.

A variety of CRM technology indicators are available, including how workers utilize CRM technology, how many clients are in a database, and how long it takes employees to access necessary customer information by utilizing CRM technology.

A set of precise goals may be used to evaluate the success of a customer relationship management strategy. The return on investment (ROI) in the CRM concept is assessed by the amount of money that is made through increasing revenues and decreasing expenditures. It is necessary to link operational operations with the bank's business plan in order to measure performance. Indicators of success should have both an internal and an external emphasis. In the absence of clear and well-defined signs, it is possible to lose sight of the consumer. It is often assumed that monitoring financial indicators is sufficient for determining if a CRM idea should be maintained, modified, or terminated. Long-term connections with consumers, on the other hand, are a qualitative performance indicator of the customer relationship management idea. The most significant challenge with this indication is that banks often do not understand what constitutes a positive client relationship, making it difficult to assess customer loyalty. Return on Relationship (ROR) is one method of determining client loyalty. The Return on Relationship Model (RORM) provides for the measurement and optimization of customer profitability via the right use of CRM technology and the modification of business processes (resource optimization in sales and support, encouragement of customers to use alternative channels, etc.).

The most accurate method, on the other hand, is to assess both qualitative and quantitative markers of the concept's performance. According to the literature (Kim et al. 2003, 6), the Balanced Scorecard methodology is highly recommended. The Balanced Scorecard, when seen from the viewpoint of the CRM concept, employs four indicators:

• Customer value is a metric that assesses the financial impact of a customer (increase revenue, increase profits, reduce costs).

• Client satisfaction, which indicates the degree to which customers are satisfied with the bank's goods and services.

It also analyses the effectiveness of internal operations as well as communication with consumers via a variety of communication channels. • Customer interaction

• Knowing clients' needs, which is a way to assess the quality of information a bank possesses about a customer.

Thus, the Balanced Scorecard considers the financial, operational, and qualitative parts of the CRM idea and enables for its evaluation and evaluation to be done.

However, the formulation of indicators that will be used by the bank will be determined by the goal of the concept's execution. For example, if a bank's goal is to minimize labor expenses in its branches, the effectiveness of the solutions it implements will be measured not by increased sales but by decreased operating costs. As a consequence, measuring the success of the CRM concept requires the use of a mix of distinct indicators that are based on predefined targets.

The success of the CRM idea may be measured on a variety of levels. It is possible to determine if an idea is successful or unsuccessful based on the outcomes of indicators at the strategic, customer, and financial levels.

Table 1. Examples of success indicators of CRM concept at different levels of the bank

Level	Examples of goals
Strategic	Expansion on new markets Increase in market share
Client	Clients have better products and services Transaction processes are more efficient and effective Clients have more products and services on disposal
Financial	Profit increase Margin increase

Reasons for CRM Failure

In practice, CRM concept is often identified with CRM software technology. However, CRM is a concept that involves synthesis of bank's strategy: understanding relationships with customers through complex and dynamic environment, with help of appropriate technology and CRM strategy.

Between 2000 and 2005, different organizations spent 220 billion dollars in implementation CRM concept with creating market value of 50 billion dollars per year and growth of 16% before credit crunch (Maklan et al. 2011, 1). According to research (Prezant 2013, 1):

- About 69% of CRM concept has a low influence on sales activities;
- Banks think that their CRM concepts are not successful;
- During first 18 months of about 70% of CRM initiatives loses its importance;
- About 60% of CRM projects finished unsuccessfully.

Success rate of CRM implementation concept is very low, which is not in accordance with large investments and expectations of management. Also, 60% of managers do not know if CRM concept has a positive impact, while survey found that 20% believe that CRM concept has a positive impact on profitability of customers. Research done by Forsyth (2001) on 700 companies had shown that CRM concepts were unsuccessful due to lack of organizational changes (29%), politics within organization (22%), poor understanding of CRM concept (20%) and poor employee`s skills on CRM (6%). CRM concept can be unprofitable if bank ignores value of customers; underestimates data analysis; interest of top management for CRM concept is low; inflexible decision-making process.

Another problem in process of implementing CRM concept is collection of personalized customer data. Collection of personal data is a very important and sensitive part of communicating with customers. Only with written consent of customer, bank may use personal data in analysis. However, research agency Forrester Research showed that customers increasingly report abuse of their personal data. Under such circumstances, European Commission for Justice in 2012, presented a draft EU legislation on data protection. European Commission seeks feedback from various companies, government groups and organs of proposed law. Bank and other organizations whose operations are based on knowledge of customers, disapprove a proposed regulation, as it will limit their operations and data which they use in decision-making process. Final decision on adoption of law has not yet been made. Also, problem is often identification of CRM concept with technology. Campbell (Campbell 2003, 381) believed that organization spent more effort to generate information about customer then to integrate knowledge of customer in internal processes.

CRM concept is based on technology, but without building CRM strategies and adaptation process and organizational changes, CRM concept would not be successful. Without adequate CRM strategy, process and organization there is a possibility that customer information will not be available to employees in a form they need. The technology doesn't build a relationship, but contributes to achievement of customer relationships in a way that bank wants. The emphasis on technology, without adjustment of organization, processes and strategy may cause more problems than benefits. There is also possibility that employees do not use CRM technology in a way that provides benefits for bank. When database is not updated according to employee`s needs, CRM concept can bring more expenses than income.

Due to CRM Failure, Range of Reasons

In practise, the notion of customer relationship management (CRM) is often associated with CRM software technology. Nevertheless, customer relationship management (CRM) is a concept that entails the integration of a bank's strategy: understanding client connections in a complex and dynamic environment, with the use of proper technology and a CRM strategy. Prior to the financial crisis, various firms spent a total of 220 billion dollars to implement the CRM idea, resulting in a market value of 50 billion dollars each year and an annual growth rate of 16 percent before the credit crunch (Maklan et al. 2011, 1). According to research (Prezant 2013, 1), approximately 69 percent of CRM concepts have a low influence on sales activities;

• Banks believe that their CRM concepts are not successful;

• Approximately 70 percent of CRM initiatives lose their significance during the first 18 months;

• Approximately 60 percent of CRM projects fail.

The success rate of the CRM implementation idea is quite low, which is in contrast to the substantial expenditures made and the high expectations of management.

Another finding of the poll was that 60 percent of managers are unsure if the CRM concept has a good influence on customer profitability, while 20 percent feel that the CRM idea has a positive impact on customer profitability. Forsyth (2001) conducted research on 700 firms and discovered that CRM ideas were ineffective owing to a lack of organizational transformation (29 percent), internal politics (22 percent), a lack of comprehension of the CRM concept (20 percent), and a lack of personnel capabilities in CRM (6%). If a bank overlooks the value of its customers, underestimates the value of data analysis, has little interest in the CRM concept, and has an inflexible decision-making process, the CRM idea may be unprofitable.

Another issue that arises with the implementation of the CRM concept is the acquisition of individualized client data. It is quite crucial and sensitive to collect personal data when engaging with clients, and it is essential. The bank may use personal data for analytical purposes only with the explicit agreement of the client. Customers, according to Forrester Research, are increasingly reporting exploitation of their personal data, according to the company. A proposed EU regulation on data protection was submitted by the European Commission for Justice in 2012 in response to these situations. The European Commission is seeking comment on a draught legislation from a variety of enterprises, government bodies, and other organizations. Banks and other organizations whose operations are dependent on consumer information are opposed to the new laws because they believe it would restrict their operations and the data, they utilize in the decision-making process. The final decision on whether or not to pass the legislation has not yet been reached. Additionally, the difficulty is often the misalignment of the CRM strategy with technology. The firm, according to Campbell (Campbell 2003, 381), expends more time generating information about customers than it does integrating consumer knowledge into internal operations.

Although the CRM idea is built on technology, it would not be effective without the development of CRM strategies, as well as the implementation of an adaptation process and organizational changes. Without an effective customer relationship management strategy, method, and structure, it is possible that workers may not have access to client information in the format that they need. The technology does not create a connection; rather, it helps to the establishment of client relationships in the manner desired by the bank. The focus on technology without corresponding changes in organizational structure, procedures, and strategy may result in more difficulties than advantages. It is also possible that workers may not make use of CRM technology in a manner that is beneficial to the bank in the long run. When a database is not updated in accordance with the demands of employees, the CRM idea might result in more expenditures than revenue.

Conclusion

Banks were among the first firms to embrace the notion of customer relationship management (CRM). Even before the introduction of the CRM idea, banks were attempting to establish a more qualitative connection with their customers. The customer relationship management (CRM) strategy provides the opportunity to develop a holistic concept that places a strong focus on customers. CRM strategy gives benefits that the bank may employ when communicating with its target audience, resulting in higher-performing goods and services that are more suited to satisfy the demands of customers. The customer relationship management (CRM) idea entails changing the attitudes of both the bank and the client via a series of logical processes. In order to develop a framework for the customer relationship management concept, the bank must not only monitor customer requirements and behaviors, but also identify players who are very important to customers in long-term commercial partnerships. If a bank provides additional value to customers via its products and services, this will increase the bank's competitive advantages, making it more difficult for rival banks to replicate this skill (Kothandaraman and Wilson 2001, 384).

The CRM idea enables financial institutions to concentrate on overall development. With the implementation of new information technologies, it is possible to adapt products and services to meet the demands of a changing market. Additionally, since the bank contains sensitive information about clients, the bank is required to strike a balance between the expenses paid as a result of data security and the necessity to utilise the information.

It is necessary for the bank to differentiate between the CRM idea and its technological execution while applying CRM concept. Aside from technology, the CRM idea encompasses the transformation of business processes, the definition of objectives and goals, as well as the transformation of organisational structure and culture. Product, service, and personnel profitability data are provided by technology that supports the CRM concept; market share and growth data are provided by technology that supports the CRM concept (segments and the bank as a whole); and information to compare the performance of market segments is provided by technology. As an added benefit, CRM technology allows for the evaluation and comparison of alternative marketing methods, as well as the discovery of lucrative items and services as well as profitable products and services that are unprofitable. Workers in direct touch with customers (branches and call centres) who utilise CRM technology have access to information about their prospective customers (name, address, what goods and services are used, hobbies and profession, interests), as well as data on their own performance. CRM technology is simply the foundation for new processes and acts as a tool to assist banks in their efforts to become more customer oriented.

The notion of customer relationship management (CRM) should be developed at the highest level of the company, but it must also be coordinated at the lowest level of the business. The development and implementation of a customer relationship management (CRM) concept requires the participation of all bank workers, as well as the use of contemporary information technology to improve contact with clients.

When implementing the CRM concept, a bank should do the following:

• Create awareness that the CRM concept is beneficial to both the bank and the customers;

• Identify the objectives of implementing the CRM concept.

• Make use of customer information; and

• Ensure that all parts of the organization are involved in the implementation of the CRM concept.

Banks that are not interested in their customers and their needs are likely to lose them in the long run. As a result, one of the primary missions of the bank should be to provide excellent customer service. It is vital to put out consistent effort in order to give the client the impression that he or she has a particular position in the bank. An ongoing training programmed for bank personnel is required in order for them to acquire a favorable attitude towards consumers. It is necessary for the bank to adopt a long-term and methodical process management strategy that includes creating relationships with workers in order to ensure effective communication among employees as well as between staff and consumers.

CONFLICTS OF INTEREST

There are no conflicts to declare.

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