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CUSTOMER RELATIONSHIP MANAGEMENT IN BANKING SECTOR

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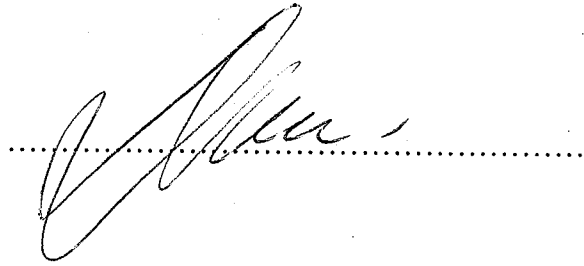
IN BANKING SECTOR

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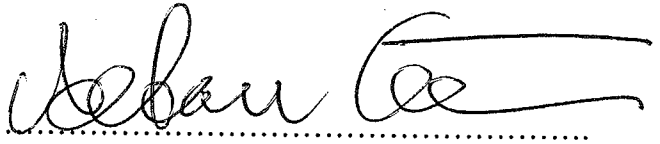
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LIST OF ABBREVIATIONS

ABC	Activity Based Cost
ADV	Advanced
ATM	Automatic Teller Machines
AUS	Australia
BCH	Banco Central Hispano
BDW	Banking Data Warehouse
CAN	Canada
CC	Credit Card
CEO	Chief of Executive Officer
CIF	Client Information File
CRM	Customer Relationship Management
CSR	Customer Services Representative
CTI	Computer-Telephone-Integration
DBC	Debit of Bank Credit
e.g.	Example
EFT	Electronic Fon Transferring
INC	Incorporation
INV	Investor
IT	Information Technology
IVR	Integrated Voice Response
i.e.	That is to say
LTD	Limited
MBA	Mater of Business Administration
NAB	National Australia Bank
OLAP	On Line Application Programming
Ph.D.	Doctor og Philsophy
TV	Television
UK	United Kingdom
USA	United States of America
WAP	Wireless Application Protocol
WWW	World Wide Web
YKB	Yapı Kredi Bank

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ABSTRACT

One of the most major concerns of the last decades in business life is, to shift from a product oriented to a customer oriented. Customer Relationship Management (CRM) has become a top priority for companies who are seeking to gain competitive advantage in today's hard economic conditions.

Customer relationship management is a business strategy that aims to understand, anticipate and manage the needs of an organization's current and potential customers. CRM is a strategic process, organizational and technological change whereby a company seeks to better manage its own enterprise arounds customer behaviour.

Nowadays under this hard economic condition and in a challenging world of competition, banks should understand of what their customers' want, how and when they want it. With understanding, banks can make informed decisions to drive strategy, attract and retain the most profitable customers, expand customers relationships with the bank, and increase customers' lifetime value.

The aim of this thesis is; to analyze the implementation of CRM strategies in Banking sector in the light of existing knowledge and analyzing the sample of implementations of CRM in banking sector. The methods that were used in this thesis are as follows;

- Using the existing knowledge to prepare the scheme of evolution and analyzing of CRM implementation in banking field.
- Ordering the information gathering.
- Analyzing sample of banks which have been implemented CRM strategies.
- Evaluate interviews with banks.

ÖZET

Son on yıl içersinde önemi gün geçtikçe artan konulardan bir tanesi de ürün merkezli olmaktan müşteri merkezli olmaya geçiştir. Bugünün zor ekonomik şartlarında rekabet avantajını elde etmek isteyen şirketler için Müşteri İlişkileri Yönetimi öncelikli ilk sırada yer almaktadır.

Müşteri İlişkileri Yönetimi, şirketlerin şimdiki ve potansiyel müşterilerinin ihtiyaçlarını anlamalarını, önceden bilmesini ve bu ihtiyaçların yönetilmesini sağlayan iş stratejisidir. Müşteri İlişkileri Yönetimi şirketlerin, yaşanan organizasyonel ve teknolojik değişikliklerden yararlanarak yönetimlerini müşteri davranışlarına göre biçimlendirdikleri bir iş sürecidir.

Rekabetin ve zor ekonomik koşulların var olduğu günümüzde bankaların müşterilerini anlamaları, ne zaman, nasıl ve ne istediklerini bilmeleri gerekliliği ortaya çıkmıştır. Bankalar, müşterilerini tanıyarak ve anlayarak doğru stratejiler belirleyebileceklerdir. Böylece karlı müşteriler elde edilecek ve banka ile müşterileri arasındaki ilişki geliştirilecektir.

Bu tez çalışmasının amacı; CRM stratejilerinin bankacılık sektörüne uygulanmasını analiz etmek, var olan bilgiler ışığında CRM'in uygulandığı bazı bankaların örneklerin incelemektir.

Tez çalışmasında kullanılan metotlar;

- Var olan bilgileri CRM'in kronolojik gelişim şemasının oluşturulması ve CRM'in bankacılık sektörüne uygulanmasının incelenmesi.
- Elde edilen bilgilerin gruplandırılması.
- CRM stratejilerinin uygulandığı banka örneklerinin analiz edilmesi.
- Bankalarla yapılan birebir mülakatların değerlendirilmesi.

SECTION 1

METHODOLOGY

The original intent of the research was a literature view for the background and orientation to conduct research in CRM in Banking field.

In conducting original research the intention was to distribute questionnaires to the banking sector. The questionnaire was designed to measure perception, application and investments in training by the Turkish Banking Sector on CRM. However, survey's sent to the banks have not been answered. Appendix A is included in the questionnaire sent to the banks. Banks in Turkey do not welcome such ideas of survey. Moreover, they do not want to share the content of CRM projects, stages and outcomes of applied CRM projects. They regard all these aforementioned points confidential.

For all these reasons, I could arrange meetings with four banks by making use of my personal contact so as to get primary data. These banks are İş Bankası, HSBC, Koçbank and Citibank. These meetings were in the form of informal conversation and direct information pertaining directly to the bank was not shared. They indirectly shared their own knowledge and information on the bank.

Comparative results of CRM approaches have been acquired through information gathered from the meetings. In this way primary data could be reached besides secondary data.

The methods that were used in this thesis are follows;

- In the light of existing knowledge preparing the scheme of evolution and analyzing of CRM implementation in banking sector.
- Order the information gathered.
- Analyzing sample of banks which have been implemented CRM strategies.
- Evaluate the interviews with banks.

SECTION 2

CUSTOMER RELATIONSHIP MANAGEMENT

2.1 What is Customer Relationship Management?

Customer Relationship Management has become a top priority for companies seeking to gain competitive advantage in today's hard economic conditions.

Customer relationship management was practiced by businesses long before customer relationship management technology came along. Consider a typical business that flourished a century ago – the mom – and – pop grocery store on the corner. The owner practiced customer relationship management everyday he / she knew all his / her customers, what days they come in, the size of their families and they knew her /his customers' family members and their favourite foods, what they needed even before they walked in the door. *

Customer relationship management is a business strategy that aims to understand, anticipate and manage the needs of an organization's current and potential customers. It's a journey of strategic process, organizational and technological change whereby a company seeks to better manage its own enterprise around customer behaviours.

Dr. Robert Shaw, Shaw Consulting and author of "Measuring and Valuing Customer Relationship Management" defines CRM like this; "Customer relationship management is an interactive process for achieving the optimum balance between corporate investments and the satisfaction of customer needs to generate the maximum profit. CRM involves;

- Measuring both inputs across all function marketing, sales and service costs and outputs in terms of customer revenue, profit and value.
- Acquiring and continuously updating knowledge about customer needs, motivation and behaviour over the lifetime of relationship.

* Gel, O., C., CRM Yolculuğu, Sistem Yayıncılık, Haziran 2002, İstanbul

- Applying customer knowledge to continuously improve and performance through a process of learning from successes and failures.
- Integrating the activities of marketing, sales and service to achieve a common goal.
- The implementation of appropriate systems to support customer knowledge acquisition, sharing and the measurement of CRM effectiveness.
- Constantly flexing the balance between marketing, sales and service inputs against changing customer needs to maximize profits.”

Customer relationship management is a strategic business and process issue not only a technological solution. But technology has an important role to play in CRM.

Powerful new technological approaches involving the use of data bases, data warehouses, data mining and one-to-one marketing are now assisting organisations to increase customer value and their own profitability.

Technology can greatly assist in managing so that CRM strategies can be adopted. In addition, the use of Information Technology can enable the necessary data to be collected to determine the economics of customer acquisition, retention and life-time value.

Researches show that a 5% points increase in customer retention yields a profit, in net present value terms, of between 20% and 25%. Improving customer retention; three steps are needed;

1. Measurement of customer retention,
2. Identification of root causes of defection and related key issues,
3. The development of corrective action to improve retention.

Measurements of existing customer retention rates is the critical step in the task of improving loyalty. This involves measuring retention rates and profitability analysis by segment. Developing a detailed methodology, which enables informed choices to make about the relative marketing emphasis to be placed on strategies for different customer segments.

Detailed Methodology allows companies to determine the impact on profitability of various factors related to customer retention and acquisition. These include changes in; the cost of acquisition, the number of new customers acquired, the profitability of retained customers and the retention rate. Also technology has a big role for considering how companies will get the greatest benefit from their acquisition activities.

In the business-to-business organisation, an example of this would be sales force automation creating an information empowered sales force which increases the sophistication of customer management. This can improve sales force productivity with the customer.

In business to consumer organisation, a critical issue will be increasing the quality of customer contact through tools such as call centers and electronic commerce.

Organisations will need to determine the appropriate customer and then develop the appropriate information technology platform to response their requirements, now and in the future. This may involve a creative blending of infrastructures starting with databases and then progressively moving towards data, enterprise data warehouse and integrated CRM solutions via using electronic commerce. It may also involve using approaches such as data mining, event driven marketing and channel optimisation. The ultimate objective of this will be to identify opportunities for increasing profitability through increased retention and targeted cross-selling.

Customer relationship management is a strategy used to learn about customers' needs and behaviours in order to develop stronger relationships with them. Good customer relationships are at the hearth of business.

The adoption of CRM is being fuelled by a recognition that long-term relationships with customers are one of the most important assets of an organisation and that information enabled systems must be competitive advantage and result in improved customer profitability and retention for the company.

Companies are able to reach new customers and building stronger relationship with customers they already have. They need to provide the products and services clients want –

when, where and how they want them. CRM puts the customers' needs at the center of the business, allowing company supply solutions catered to their needs. CRM enhances the efficiency and effectiveness of companies.

As companies have been become customer-oriented the other marketing and sales processes which were not customer-oriented have lost their importance in a business life. The evolution of marketing and sales is starting with mass marketing, target marketing and then the last step is CRM.

2.2 Evolution of Customer Relationship Management

While revolutionary in many respects, CRM is also a natural and predictable extension of how marketing and sales have evolved over the years, and in many ways, are coming to a full circle.

In past, customer were served by the corner store and door-to-door sales forces. The corner stores were small, intimate and provided one-to-one service to their clientele. The door-to-door sales person was the other face of the company and the personal relationship established by the this person. The sales person was the key for successing. This model provided, through personal interactions, an intimacy and knowledge about the customer and developed customer loyalty and trust.

2.2.1 Mass marketing

The age of mass marketing replaced of a direct sales force in many organisations. Centralized large-scale production, wide-geographic distribution, and one-way communication on a grand scale created a tremendous variety of easily available, affordable goods. This put pressure on the relatively inefficient corner store and door-to-door models. Over time, the local corner store gave way to the supermarkets, malls, and megastores of today While society has benefited from the cost efficiencies of these arrangements, something was lost in the bargain. The loss was the sense of connection customers had won the local storekeeper-personalized service.

Mass marketing was enabled through technological improvements in TV, radio, and the printed press, all of which created simple and powerful means to communicate a

company's message to millions of people at once. Marketing's major goal was to push product and create brand recognition. The main measure of success for this business strategy was market share.

2.2.2 Target marketing

In the mid 1980s, with the advances of technology and refinement in direct mail and telemarketing, another approach to communicate directly with the customer evolved. The use of information system technology allowed the selection of specific targeted- customers by mail or phone. Unlike mass marketing, targeted marketing had the advantage of potentially receiving a direct response from a customer. The general strategy was to unearth potential customers by canvassing large numbers. Response rates became the central metric in gauging success, with response rates of two to three percent being considered successful. Market share still remained the primary measure of business success.

There was a lack of specific data as it relates to response from the targeting means resorting to "averages" for response rates, customer purchases, and other data. Nonetheless, target marketing was a significant step in the evolution to today's CRM in that it moved the relationship between producer and consumer one more step towards a personal interaction.

Obviously, mass marketing has not vanished, nor have sales forces or telemarketing efforts. In many companies, all of these techniques are still used in combination but with no cohesive overall plan between them. This leads to confusion as customer receive multiple, uncoordinated messages through separate channels.

2.2.3 CRM

CRM is the next step of evolution, and it moves us back towards developing an intimacy with today's customers, using today's tools, and maintaining mass production and distribution systems. It recognizes that the equation that yields trust and loyalty from a customer has two variables. The first variable is information and analysis: one has to know what the customer wants, needs, and values. The second variable is the need for

interactivity and personal contact and the way in which the customer wants to be contacted. The success of a customer-centric business strategy is measured not only by “share-of-market” but by “share-of-customer”.

These represent approaches that combine relative measures of knowledge about a customer and interactivity with that customer:

- The knowledge scale is a measure of what is known about customer’s behaviour and values. This is the informational and analytical part of equation.
- Interactivity is the measure of dialogue with a target customer; from one way communications at the low and full interactivity at the upper end. This represents the personal contact and inreaction part of the equation.

CRM is developed to save businesses in a right, an effective and efficient way. CRM save business with its new approach to the business life.

2.3 How Customer Relationship Management Save Business?

CRM can break down in five business processes. These are;

2.3.1 Defining customer strategy

A customer strategy is about understanding how a business will manage its customer portfolio, as a product strategy is about managing its product portfolio. A product portfolio is based upon grouping products (for example; policies or accounts) according to terms and conditions under which each was marketed and sold.

A customer portfolio is about grouping customers based on a manageable number of segments, which reflect different categories of customer characteristics that are important to the business. Such segments can be based on many factors including the economic value of the customers; perceived product and service needs, likely behavioural characteristics (for example; patterns of channel usage), demographic similarities (for example; age or household characteristics), A customer strategy is how you intend to manage that portfolio effectively to extract maximum value the customer base.

Setting the direction for the management of the customer portfolio can include understanding why customers do business with the company and what the company offer to them; what the company will do for customers in terms of delivery of product and service; and how the company will set about company's business to do CRM more effectively.

2.3.2 Managing customer information

There is information about each customer that must be stored, communicated, analysed, manipulated and distributed. Typically customer information falls into a number of categories:

- Demographic data is relatively static information about the customer and that customer's relationships with other customer or prospects, staff and intermediaries.
- Behavioural data is dynamic now generated in enormous quantities. It includes contact histories, records of interaction through web sites.
- Calculated data is data about a customer that has been calculated based on demographic or behavioural data which could include credit risks rating and propensity to buy.
- Product information provides an organisation with information relating to the way they typically manage their financial affairs.

Customer information is the fuel for CRM. Without information about customers, management of any aspect of the customer relationship is impossible.

2.3.3 Make decisions about customers

Who will buy what? When? Why? Will company make money selling it to customers? How likely are customers to break the terms of the product? How likely are customers to use it to excess? All these questions and many others have always been asked by any kind of companies. Customer decision not only look at risks through. Effective CRM has the potential to enable companies to understand, at the point of interaction with a customer, whether that customer will buy a particular product; where they will go next in company; how likely customers are to die, how likely customers to make excessive use of company

services thereby reducing company's profit. Customer relationship management makes companies to learn from the actions of customers in the past, actions from customers now.

2.3.4 Managing customer interaction

Customer interaction is the key to whether CRM is made or broken. There are two main areas to customer interaction management: organisation and technology.

Organisational interaction can be seen as involving 'c's': culture, capability, communication. Organisational interaction is about ensuring the correct culture is in place to service customers appropriately. It is about ensuring that staff have the necessary capabilities and competencies they need. It is about ensuring effective communication among staff (across and up and down) and to customers.

Technology interaction also involves 'c's': content, channel and contact. Content management is the presentation of appropriate and accurate information to customer, staff or intermediaries through whatever device they are accessing that information. Channel management is the provision of an integrated and coherent product and service across multiple delivery channels. Contact management is the storage and distribution of comprehensive information about contacts between a company and its customers primarily to enable its representatives to act as if they are always held a relationship with that customer despite never having interacted with them before, and enable them to offer a more relevant service.

2.3.5 Creating customer loyalty

Customer loyalty equals business success. Loyalty is intangible, subjective and is consequently difficult to define. Perhaps because of this, there is a common temptation amongst many business people to use the term customer loyalty with customer retention. For example in banking; customer "loyalty" has historically been tracked by examining customer accounts over a given period of time and recording the degree of continued custom. While this approach is appealing – being simple to understand, convenient and easy to measure – it fails to address the core issues at the heart of loyalty and, in doing so greatly diminishes its value as a prized organisational asset.

Customer loyalty is about far more than simply observed behaviour. ** Customer may return to a particular organisation for a multitude of reasons.

For understanding customer behaviour companies should answer this key question: “Why do customers return?” or “What magical ingredient distinguishes a one-off customer from a repeat customer, and a repeat customer a loyal customer?”. The answer invariably lies in the human touch – emotion, commitment, trust, attachment. Company should define what is important to customers and ensure that customers’ expectations are met or even exceeded.

By the help of CRM strategies companies understand what their customers want, need and value but companies first discover who their customers are.

** IBM, “Achieving Customer Loyalty Through CRM Integration”,
http://3.ibm.com/software/info1/websphere/solutions/crm.jsp?S_TACT=103BGW01&S_CMP=campaign

SECTION 3

IMPLEMENTATION OF CUSTOMER RELATIONSHIP MANAGEMENT IN BANKING SECTOR

3.1 Introduction

Today, it is easy to select a bank. You can choose the local bank, where the teller was your neighbour's sister, the branch manager knew you by your name, and your family had conducted business for years.***

All else equal, customer choose bank because it is convenient and personal. Banks earned customer's loyalty on the basis of personal relationships, trading on history and mutual loyalty, and face-to-face interactions and long-term knowledge of the customer as a person, not just an account number.

Nowadays, for banks and other financial institutions competition makes it difficult or impossible to show competitive differentiation, and harder than ever to show profit. Customer stick around until enticed by the latest short term interest rate or direct mail offer. Bankers have to behave more like merchants, focusing on ways to gain customers, keep them and maximize profitability from each – all while streamlining product costs and customer contact channels. Banks need to reconsider their traditional focus on products lines. It is time to adopt a comprehensive view of the customer as part of continuum, not just a sale, and to manage the life cycle of the relationship, not just a series of transactions.****

Banks are recognizing that they can no longer look at consumer from a specific product or snapshot perspective but must encompass the entire customer relationship to fully understand a client's profitability.

*** SAS White Paper, "Customer Relationship Management in Banking", <http://sas.com>

**** Ibid.

From an operational standpoint, CRM connects business processes across the supply chain from back-office functions through all steps, enabling continuity across a customer relationship.

From a strategic standpoint, CRM mobilizes resources around customer relationships rather than product groups and fasters activities that maximize the value of lifetime relationships.

From an analytical standpoint, CRM is a host of analytical data tools that enable banks to fully understand customer segments, assess and maximize lifetime value of each customer, predict customer behaviours and create effective marketing campaigns.

In year 2001 Meridien Research Company searched, "The situation of CRM in Financial Institutions". According to this report, retail financial service institutions are expected to spend some on CRM. Those investments will pay off for banks by;

- Restoring the personal-service connotation that previously removed
- Fostering greater long-term loyalty through relationship building
- Maximizing lifetime value of each customer through cross-selling
- Enabling immediate action to retain the most valuable customers
- Identifying high-risk customers and adjusting service accordingly
- Increasing the rate of return on marketing initiatives.

George Awad, Senior VP of CRM for GE Capital says, "Without a doubt, to be successful in the future, the game is CRM." "If you are successful at the CRM game you are able to acquire more customers and convert them on other products. Success in CRM is the only game in town moving forward."

Over the last few years, most banks took a laissez-faire approach to online banking initiatives. Now, banks acknowledge the need to invest, and they realized that CRM is key to fully integrating this channel and to increasing return on investment. CRM integrated databases, information and separate record keeping with each other. Katlee Khiriallah the senior analyst for retail banking with TowerGroup says, "CRM is important across the banking spectrum, well beyond just the online factor. CRM is the need to understand

customers fully, to maximize the value of customers, and to really strengthen the relationship with customers and that means all channels.”

3.2 Implementation of Customer Relationship Management in Banking Sector

Banks have a power with understanding of what their customers want and how and when they want it can make informed decisions to drive strategy attract and retain the most profitable customers, expand their relationships with the bank, and increase their lifetime value. CRM provides the process through which this understanding can be attained.

3.2.1 Establishing data mining systems

Understanding each customer and his or her preferences is one of the fundamental challenges facing banks today. Each unique account holder decides how many transactions to initiate, selects a preferred channel for each transaction, sets levels for current account balances, and makes investment decisions. Banks capture, store and analyze, at a very detailed level, large amounts of data related to the customer. It is this analysis of an individual's activities and then the comparison of individuals that will give an insight into a customer's behavior.

Banks can then compare more profitable customers against account-holders with similar attributes who are not providing a suitable return, and more quickly assess potential marketing opportunities. If the majority of a particular customer demographic group uses specific products, those who are in the same group but do not own the product may have the same need.

When banks better understand their individual customers, the organization can more accurately identify what a products and services people are likely to buy and use. Understanding the changes in customers' lives – a new job, new car, new baby - can more accurately predict what they may be interested in, not just for today but in the future. A bank that can show customers it understands their financial needs, at the various stages of their lives, is much more likely to be viewed as a valuable service provider to which the customer may show loyalty.

As banking is in the service industry, the task of maintaining a strong and effective Customer Relationship Management is a critical issue. To do this, banks need to invest their resources to better understand their existing and prospective customers. Using suitable data mining tools, banks can subsequently better tailor their products and services for those customers. There are numerous areas in which data mining can be used in the banking industry. Data mining can be effectively used in customer segmentation and profitability, credit scoring and approval, predicting payment default, marketing, detecting fraudulent transactions, cash management and forecasting operations, optimizing stock portfolios, and ranking investments. In addition, banks may use data mining to identify their most profitable credit-card customers or their highest-risk loan applicants. ****

3.2.2 Customer segmentation

Customer segmentation is a simple, yet powerful technique that aims to divide a group of all customers into smaller subgroups that share a number of properties in customers' relationship with banks.

A simple segmentation can be made "by hand", with the analyst exploring the data and applying customers understanding of the bank. As the analysts explore data, banks are able to start to construct a number of customer segments.

Analytics enable to "mine" the data warehouse to transform masses of data into meaningful market segments on a formal or ad hoc basis. Armed with information, banks can create highly tailored marketing campaigns and identify high-value individuals who could benefit from one-to-one advice.

Banks can segment their customer with asking and analyzing these types of questions. What are the demographics of customers most likely to open this type of account? Are customers Internet-savvy? What characteristics reveal good candidates for portfolio reassessment? Segmentation analysis helps banks to figure out how to focus their customers, how to organize campaigns, targeted groups, services, and products.

**** ITSMA, "Six Steps to Building a Competitive Intelligence Database", <http://itsma.com/research-rt.html>

Also banks have an easier job of dividing their customer base or potential market into segments (age, income, account balances, and occupation). Segmentation activities can range from formal classification schemes to the ad hoc selection of customer groups of specific, one-time-only analyses and applications.

Used of customer segmentation by banks include;

- List generation for direct-mail campaigns or outbound telephone sales
- Identification of potential new customers
- Segment-targeted branch and call center cross-sell
- Segment-targeted ATM messages
- Segment-targeted computer banking optimization
- Segment-targeted products and service offerings
- Identification of underserved or under-penetrated segments
- Establishment of sales and marketing goals by customer segment

With CRM implication banks can segment customers into target market groups. Segmentation is really helping banks to prioritize.

Segmentation makes bank to better understand and anticipate customer behavior and thereby build relationship value.

3.2.3 Analyze and predict life-time value of customer

Data mining in CRM turns data into information, information into knowledge into greater business value. With forward-looking analytics, banks can better understand the true value of customer, not just present account values, but future accounts caules and referral potential.

Current customer profitability is the identification based on all current relationships with the bank. Wallet share is how much this reprints of the customer's total business with all banks. Lifetime value is an estimate based on the customer's current profile information, expected length of relationship, delivery costs, and projected life stage changes.

The benefit of calculating lifetime value lies in identifying the different buying behaviour across a range of bank services a customer employs during his or her lifetime and applying that knowledge throughout the relationship.

CRM strategies are justified on the basis that it costs five times more to recruit a new profitable customer than it does an existing one.

The cost component of customer profitability can be determined using any of three techniques: activity-based costing (ABC), cost allocations, or predictive modeling. The revenue component is a combination of all interest and fees paid by the customer and readily available from most back-office systems.

- Use of activity-based costing
- Cost allocation
- Pinpointing customer lifetime value

Use of activity-based costing

The ABC method is analogous to a time and motion study measuring resources and allocating costs from the touchpoint (teller, ATM, call center) all the way through to the general ledger. This method produces the most exact determination of customer profitability. It is a significant effort and can be a multiyear project in large banks. In addition to customer profitability, channel capacity analysis also becomes apparent. For example: You know the exact number and types of transactions processed for a given period for branch X. From the ABC study, you can extend this to total cost of operations of branch X for that period. You can then compare this derived cost with what the bank actually spent on branch X from the general ledger. If the derived cost is higher, branch X is performing at over capacity. If the derived cost is lower, branch X has more transaction capacity than is being utilized.

Cost allocation

Many institutions adopt a less rigorous approach to measuring costs. Figure 3.1 shows industry-standard average transaction costs.

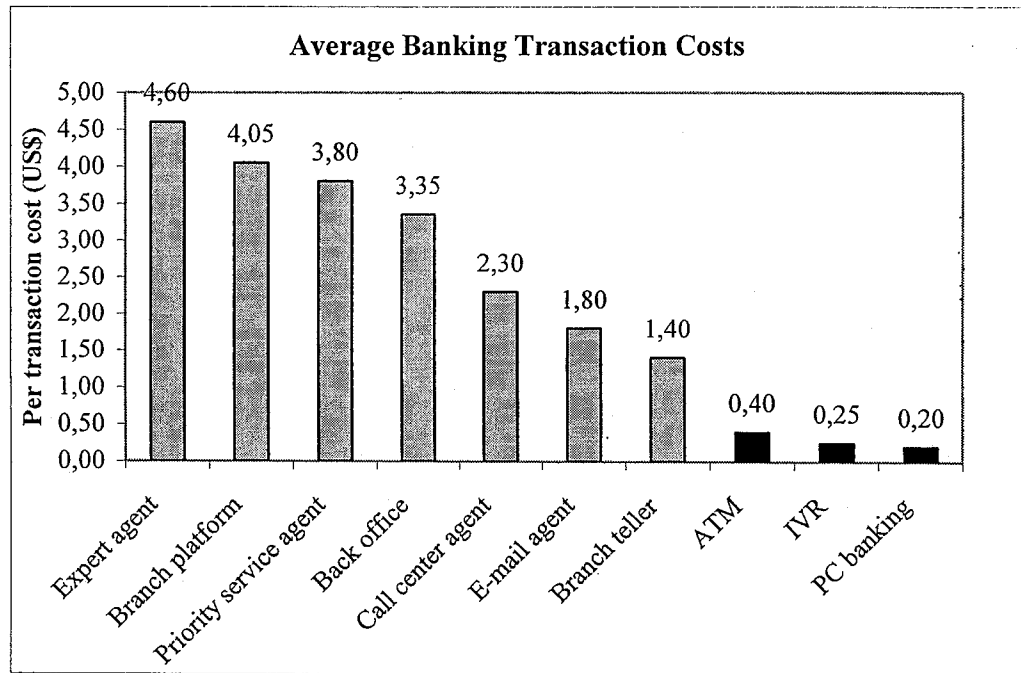


Figure 3.1 Average Banking Transaction Costs, <http://towergroup.com>

These costs can be inserted into a calculation engine and then extended by channel, product, and customer, using the actual volumes executed by institution in a given period. This becomes the cost base for calculating profitability. In an iterative process, these transaction costs can be adjusted to “balance” to the channel costs recorded in the general ledger for the same period. Overall, the costs are correct, but they may not accurately portray the exact cost of servicing the customer. Because they are forced to balance to the general ledger, this analysis does not identify under or over capacity in the channels.

Pinpointing customer lifetime value

Advanced CRM estimates the value of customer relationships over the life of the relationship. Figure 3.2 illustrates the steps involved in the overall process, from product to customer understanding.

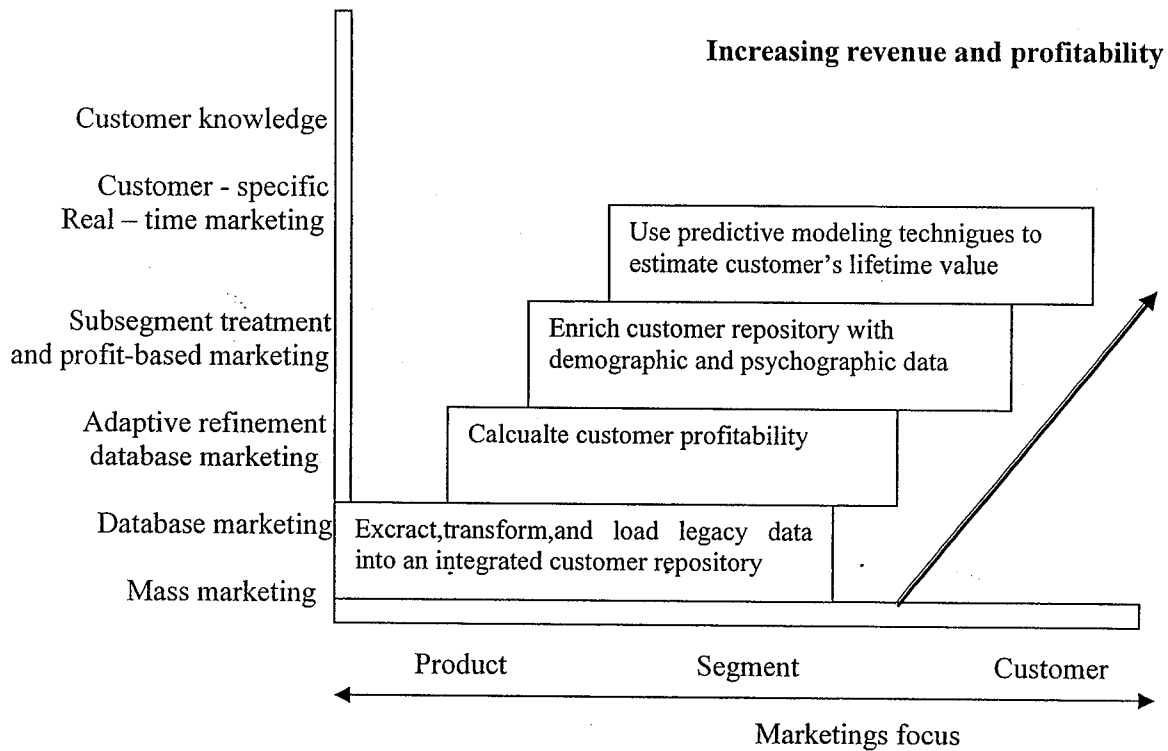


Figure 3.2 Compaq's CRM path: Evolving from a product-based to a customer and market segment-based institution, <http://towergroup.com>

3.2.4 Contact management

Contact Management has traditionally used to describe an approach taken by a sales manager to plan for specifications of sales personal in interacting with their prospects. Today banks are using these techniques and a much wider scale to maximize the effectiveness of their companies. *****

In the past, marketing campaigns have been a stand-alone process, with companies sorting through amounts of customer data on computers to discover the results from different

***** SAS White Paper, "Customer Relationship Management in Banking", <http://sas.com>

programs. Little thought was given as to how all these individual campaigns should fit together to interact with the customer.

In a lot of big banks, every bank's product manager would launch their own campaigns – and every business unit launches their own campaigns. Many banks soon found out that their very best customers were being contacted repeatedly to the point of being offensive. They also discovered that many customers were not being contacted at all.

Today's banking environment, developing and maintaining an ongoing relationship with the customer is more important than the success of any one product or service. It is a higher-level purpose that everything has to fit under.

Keeping this in mind, contact management needs to start with the customer. Banks need to respect their wishes on how often and in what manner they would like to be contacted.

With contact management systems banks can take advantage of every contact that banks have with a customer. For example, in a customer service center, the obvious reason for a “touch point” is for someone to call if they have a problem or concern. However, banks need to examine that touch point as an opportunity to also improve the relationship, or to sell or market additional goods and services.

One major decision that a bank must make is: what functions will be focused on at each of the touch points banks have established in their enterprise rules and priorities. However, not all touch points are created equal and each has different characteristics in terms of cost of transaction, available functionality, and customer reach.

3.2.5 Campaign management

A campaign management solution allows a bank to grasp the significance of all its marketing programs currently in place. Details could include who is being targeted, what offers are they receiving, how often should they be targeted or who is a likely candidate for additional offers. Campaign management ensures that the same set of customers will not be targeted too frequently, and that interested customers will not be ignored. It also allows the bank to establish marketing messages and offers throughout its customer databases.

Campaign management in banking is evolving from single-channel mass campaigns to multichannel-targeted campaigns. Multichannel campaign strategies require active management with contact recording. A CRM global customer repository enhances the ability to know the real-time status of a campaign along with a complete contact history with a given client to determine appropriate action. It also makes it easier to track the effect of multichannel campaigns by customer segment over time. A real-time event-driven triggers can literally make every customer interaction a marketing opportunity. Although each interaction may not result in a sale, the aim is to make every interaction a potentially profitable opportunity or to offer additional value to the customer. Even a non sale interaction, such as bank's services, is an opportunity to gather more information about the customer or educate that customer about financial products and services.

Personalized marketing relies on a listening, learning relationship with the customer. To intimately know customers, banks must continually listen and learn from their interactions across any and all channels. Having this type of perpetual feedback makes automating the marketing process a much easier task. Any activity, change in behavior, or change in environment can then prompt several questions.

- Is this event significant?
- Based on our knowledge of banks' customers, does this event indicate the need for an additional or different product or service?
- Does this event indicate that banks need more information to identify a customer's need?*****

The answers to these questions can be used to formulate a personalized, one-to-one offer and refine and update the customer knowledge base, including models of similar customers.

Banks capable of practicing event-driven, personalized marketing are in a much better position to offer products and services that are truly demanded and develop by customers. They are also positioned to capitalize on the flow of customer knowledge to refine and develop products that customers want and demand. This marketing practice can realize a

***** <http://crmforum.com>

greater return on marketing investment coupled with reduced marketing costs, due to fewer outbound communications, more precisely targeted offers, and higher response rates.

3.3 Customer Touch Points

Many banks are using new customer touch points except branches, as a means of reaching both existing and new customers, and in reducing costs. Majority of banks can incorporate branches, ATMs, telephones, TV banking, Internet, call centers, WAP.

3.3.1 ATM

Banks can build customer relationships through the ATM channel. CRM allows bankers to take advantage of their extensive data collections to craft individual marketing programs aimed directly at the ATM customer.

Banks enhance the value of the ATM by making it a valuable point of customer contact.

For instance, CRM enables a bank to create individualized on-screen marketing messages for the customer. Banks can send a different message to each customer - based on demographics, existing account relationship or financial transaction histories. During the standard waiting period of a financial transaction, a bank might promote home mortgage loans to a young person with a large savings account, while for an existing mortgage customer, it might flash information about home equity loans.

From the bank customer's perspective, CRM transforms the ATM screen into a valuable resource about bank products and services. Customers now view the ATM as a bank branch and a secure point of interaction with their finances and their bank's systems.

Customer can make transactions such as cashing checks, deposits, ATM withdrawals, and service calls via using ATMs.

3.3.2 Call centers

A call center is a central place or network of places where customer and other telephone calls are handled by an agent.*****

Typically, a call center has the ability to handle a considerable volume of calls at the same time, to screen calls and forward them to someone qualified to handle them, and to log calls.

Banks implement call center for one simple reason: turning the customer relations into sales opportunities. Call centers automate the most basic exchanges, like requesting an account balance or making a deposit, so that agents can devote more time to making sales providing customers with more personalized service. Moreover, with lower facility costs, a transaction fulfilled by a live agent over the phone can be as 1/6th of that of the branch agent. Call centers also help to secure customers' loyalty, ensuring that their individual needs are met by an automated system or a live agent over the phone as quickly as possible. Banks are collectively spending more money to enhance their call centers with additional staff and with new technology requirements. According to Datamonitor research report; the number of agents working at call centers for banks and other financial institution in US, will rise from an estimated 183.000 agents in 1998 to 215.000 by 2003. Datamonitor reports that, banks have spent a total of \$1.07 billion on call center of products and services by the end of 2001.*****

In order to understand how a call center operates, we shall look at some of the concepts and the components. These components and concepts are;

a) **Technology: IVR**

IVR is the voice response system which greets the customer as he or she dials the bank's number. The IVR is very important component for the call centers, it handles almost more

***** Call Center, <http://callcenter.com>
***** DataMonitor, "CRM in European Retail Banking 1998-2002"

than fifty percent of the daily inbounds calls. It gives customer quick access to their account information. *****

Its important to make sure bank's IVR system should be easy for the customer to use. It should give caller choice, and control. IVR system shouldn't be complicated, and the caller should not feel lost by directions.

Almostly, basic tasks such as balance inquires, statement requests, gift points inquiries, credit cards inquires can be done by the using of IVR system. Also it is possible to transfer between a customer own account to the another customer account.

Developing IVR system banks should have to remember these points:

- Keep prompts short and to the point
- Permit prompts to be over ridden, where ever possible
- Limit the number of choices to a maximum of five option per menu. Giving callers more than four or five choices makes it difficult for them to remember all available options
- Give callers an easy way to go back to main menu and all submenus
- Always provide a way for callers to reach a live answer point by pressing 0 (zero)
- Don't confuse callers by changing the call flow often.

These items make customer will prefer to use IVR system, because there is no hold time, and its quicker.

b) CTI

As the customer dials to reach the qualified agent, the customer's data is immediately taken from the database and is sent to the agent computer screen. The CTI is the acronym for Computer-Telephone-Integration. It displays the customer information and enables the computer applications to work in coordination with the telephone. *****

***** Call Center, <http://callcenter.com>
***** Ibid

Using the CTI system, the agent reaches customers' data fast and easily. Therefore call handling time is reduced to a great extent. The agent can see the call history information: when was the last time the customer called, with whom did the customer speak, what were the transactions done. Also here goal is, to give agents the necessary customer and product information to turn service calls into sales opportunities.

c) CSR

The CSR is the Customer Services Representative, which is previously called qualified agent. All CSRs are well trained for a specific period of time. This training is based on the bank's procedures, products.

The CSR performs complex or risky transactions which can not be done by using the IVR. Buying/selling investment funds or EFT transactions etc. CSR gives the customer 7 days 24 hours assistance on banking transactions.

As the phone rings and CTI displays customer data, the CSR is required to answer the call within 3 seconds, Any call that is not answered within this time limit is transferred to another CSR, and is recorded as a missed call for the CSR that failed to answer it.

The CSR can sell bank's services to existing customer according to the customer information.

All inbound and outbound calls are recorded and monitored by supervisors, as well as any changes in the customer data, and money transfers.

3.3.3 Internet

Internet banking belongs to the species of banking services variously know as home banking, remote electronic banking, online banking, self-service banking, and other names indicating that customers do their banking at home or at work. Advantages of online banking to the customers can be listed as follows:

- Convenient
- Inexpensive

- Convenient bill paying medium
- 7 days 24 hours availability
- Bank from anywhere in the world (as long as customer can access to a computer and the network)

Customers are billed by the operator for using the wireless data service hence the general conception.

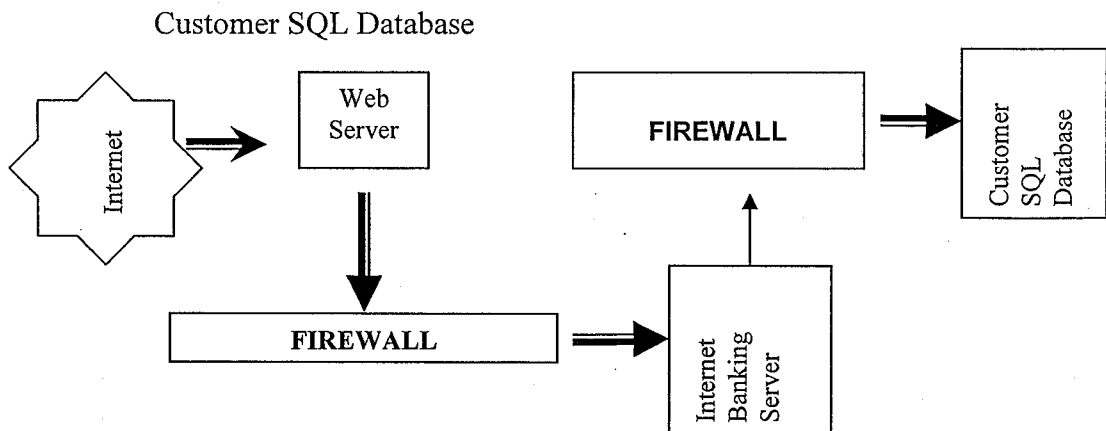


Figure 3.3 Sample of Internet Banking, "E-Banking", Yapı Kredi Teknoloji;

3.3.4 Mobile banking

Nowadays in banking sector the mobile banking applications are;

a) SMS banking

Banks customer are able to do some basic banking inquiry transactions (balance inquiry, funds, exchange rate inquiry). These are performed by the cooperation of bank and the GSM operator

b) WAP

Wireless application protocol (WAP) is an application environment and set of communication protocols for wireless devices designed to enable manufacturer, vendor, and technology-independent access to the Internet and advanced telephony services.

3.3.5 TV banking

Together with phones, TV is emerging digital content delivery and access platforms. Broadcasting the TV content in digital form provides at least six times capacity savings on the allocated frequency bands of the delivery medium whether it is air cable or satellite.

3.4 Imperatives for a Successful Customer Relationship Management Strategy for Banking Sector

Banks adopt CRM strategies in order to forge closer and deeper relationships with customers, with the goal of maximizing the wallet share of a customer to the organization. To this end, CRM provides a mechanism for;

- Being proactive in addressing customer needs and expectations
- Analyzing information from all channels and data source to profile customers, predict churn, project customer profitability, and more.

Any banks who are seeking to adopt a customer relationship model should consider these business requirements. Here are the business imperatives for a successful CRM strategy.

3.4.1 Create a customer-focused organization and infrastructure

Bank's management must align sales and service behaviors around customer relationships rather than around groups or products. To help dissolve departmental silos, executive management needs to keep a view toward overall profitability rather than in discrete segments of the business. *****

On the analytical side, it is critical to have a single, enterprise-wide view of the customer, spanning all touch points and systems. Customer data must be assembled from every contact point – call centers, mail person-to-person, fax, the Web and beyond – to construct an accurate, consistent view of customers across all available channels. That means data and key metrics from diverse departments must be aligned, shared and integrated in

***** Fields, J., "CRM in Financial Services: Like Money in the Bank", October 2001

common arena. Information about customers, which now exists in various databases across the bank, must be combined and compatible before meaningful analysis can take place.

3.4.2 Gain an accurate picture of bank's customer categories

To have target marketing, banks have to have a target. To anticipate customer needs, improve customer retention and identify opportunities to cross-sell and up-sell, banks have to understand the unique characteristics of each market segment in an increasingly fragmented marketplace.

Market segmentation in the banking industry has been a "soft" art based on intuition and experience, looking at characteristics generally believed to predict buying patterns. To pinpoint the best opportunities for marketing, sales and service, banks must adopt a framework.

3.4.3 Driving high lifetime value

In research report commissioned by SAS, bankers expressed the need to gauge lifetime customer profitability, not just present value. Customer just strating out from school might be marginally profitable right now but very profitable later when they are established in their careers. Without understanding lifetime value, banks face the potential to take short-sighted actions that unwittingly drive away customers along with their potential value.

According to research studied by Gartner Inc., about one in five small banks and about half of large banks already work to estimate lifetime value. Most banks know implicitly that some customers are more profitable than others, yet many go on treating all customers in the same way. Many banks have thought that the 80:20 rule applied; that is, 80 percent of their profits come from 20 percent of their customers. In fact, some banks have found that high-profit households may in actually represents in excess of 100 percent of profits, because unprofitable households substract so much. Through customer profitability analysis, others have found that loyal customers are not neccessarily profitable if they are also high users of the company's services.

Clearly, there is a need to understand the value-potential lifetime value- that present customers and potential customers can bring a bank. Failure to take note of customer needs

and failure to understand that all customers can not be treated in the same way can only lead to costly investment mistake.

It is therefore increasingly important that banks should have to focus on customer profitability to drive not just marketing, but sales and service as well. Banks must market, sell and service customer based on profitability instead of revenue generation. Product profitability is less important than customer profitability because the entire customer-bank relationship determines profitability.

There are three types of customer metrics: current profitability, wallet share, and lifetime value. All need to be measured, but understanding lifetime value is the key to understanding the customer long-term business growth.

3.4.4 Understand how to attract and keep customers

Banks are being reshaped by deregulation. Organizations can now offer complete ranges of products in new geographic areas and by the Internet. Customers and prospects have point-and-click access to stunning array of competing offers.

Acquiring a customer can cost from \$200 to \$600. But if you retain that customer, the investment will be repaid ten times more. Given the cost of acquiring customers, banks cannot expect to grow the business simply by attracting more customers. They must retain their business longer and build the customer base by looking more closely at the other end of the customer lifecycle-attribution.

Airlines and banks understood this early on, and created programs that rewarded loyalty with flight credits and premium levels of service. Banks have partially adopted this concept by offering tiered levels of service based on account balances.

In a product-based business life, it is too hard to measure the attrition. Is this a customer who cancels a single product but still buy other products, or is this a customer who finishes the relationship? It is too hard still to prevent and predict attrition, which is influenced by a combination and qualitative and quantitative factors.

A successful CRM enables customer service organizations to create the knowledge banks need to implement the right retention and minimize defection of valuable customers.

3.4.5 Maximize rate of return on campaign management

For increasing rate of return on bank's campaigns, market strategies must be based on understanding of the bank's customers across all contact channels. The CRM model of campaign management calls for:

- Data mining customer information from all contact points to generate a single customer view.
- Coordinating technology systems and processes so marketing programs can be generated more quickly, and feedback from the previous campaigns can be used to fine-tune future activities.
- Creating campaigns that are tightly targeted to the highest-value customers or the customers mostly likely to respond, which means customer-oriented.

These requirements are an important part of CRM value chain. Once a bank understands its customer base, it can segment those customers in to groups to which it targets tailored service and marketing activities. Using analytics, the bank can quantify shifts in behavior, estimate long-term value, and identify cross-sell and up-sell opportunities. Getting information after highly targeted campaigns cycled back into the Customer Relationship Management system to fine-tune its effectiveness.

SECTION 4

SITUATION OF CUSTOMER RELATIONSHIP MANAGEMENT IN BANKING SECTOR

4.1 The Current Situation of Customer Relationship Management in the Banking

Sector in the World

The banking sector occupies a pivotal position in the global economy. The sector has been subject to many external and internal forces in many countries.

The banking sector is subject to both internal and external forces. External factors have been categorised under political, economic, social and technological changes. In the wide business environment, they are likely to have the greatest impact on the sector. Such developments are, by definition, beyond the control of the businesses themselves. However, success or failure will depend on how well management is able to react to these changes.

Developments in technology have dominated the revolution in the banking sector during the last ten years. The expansion in technologies has influenced the banking sector directly. Also, technology brings new products and services supporting consumer demands. Competitive pressures will intensify as banks seek ever-greater productivity and efficiency improvements to sustain profitability.

There has been a marked trend towards deregulation over recent years in many western countries, resulting in political and ideological changes. Also, demographic and social trends have, to a large extent, driven the regulatory and economic shifts that have taken place in recent years.

These unavoidable implications for the kind of products and services that business will provide and how they are delivered are also the key factors driving change in the banking sector for the foreseeable future.

Now the slogan is “The customer is king”. This slogan has never been popular for the banking sector than it is today. Customer rights have increased; technology and competition have increased customers’ choice of products and providers. Customers become more discerning. Because of that banks have to develop new products and services to attract new consumers and to retain existing customers. Banks unable to respond to requests for new services risk losing existing customers to competitors. Using multiple distribution channels can increase effective market coverage by enabling different products to be targeted at different demographic segments. Additionally, customers are likely to place their trust in proven innovators. Therefore it is important to build a reputation for innovation. Because this may make it easier to sell banking services, attract more customers and retain existing customers.

Banks should have to customise their products and services to suit customers’ needs and the likes of each customer. Customisation refers to the notion that each individual customer perceives that the service they receive is personalised or customised to their needs. Such features are becoming more and more important in a world.

As banks seek new sources of revenues and profits outside traditional banking disciplines, they invest in call center applications, web-based customer interaction and service, sales force automation and marketing automation software. The traditional banking is characterised by physical decentralisation with branches. But now banks realised internet delivery is more cheaper than physical channels. The World Wide Web (WWW) has the capability to host banking services, marketing campaigns and advertising. And it serves banking services 24 hours a day 7 days a week. Also integrating call center with the internet lines makes banks to develop multi-channel contact centers. Banks will look to converge voice and data to provide consolidated communication channels and universal queuing, in order to cut costs and to deliver better customer service.

Banks have never been in more sweeping era of change. As mentioned before traditional lending of money is much less important than it was decades ago. Banks now have been forced to go where the real money is: specialised services, tailor-made solutions in a cheaper, efficient and fast way. They have to completely organise around their customers.

Banks realized that, with the use of more customer-centric strategies, they started to increase their investments in “Customer Relationship Management” projects.

4.2 Customer Relationship Management in European Banking

Nowadays more than ever European Banks realized that they have to invest in areas which can make them to have proven return on investment and sustainable competitive advantage. And banks also realized they should invest in customer.

In Europe banks have already moved to a CRM. Now banks are shifting the main focus from operational CRM, which allows banks to establish a consistent interaction environment with customers, towards analytical CRM, which enables an improved understanding of individual customers' needs. In keeping with this, CRM in banking in Europe are not seen as just technological solutions. Not only analytical CRM is the main aim in the banking sector. Banks in Europe are focusing on delivering long term and establishing a single operational customer database and delivery applications. *****

Also we can say there are a number of generic customer trends which are evident across Europe. There is a growing need for long-term requirement provisions across Europe because of the inadequacy of state pensions across Europe. As populations continue to get older, the pension requirement will become even larger.

We can say there are lots of changes in customer needs and expectations. Banks are increasingly using the alternative distribution channels to offer banking services to customers anytime, anywhere and anyplace.

For many banks in Europe CRM is the strategy for success. They improved customer data bases and these databases are enabling banks to explore the opportunities for cross-selling and making the delivery of financial products and services more effective. And by this banks can segment their customers by profitability, so that the most profitable customers

***** DataMonitor, “CRM in European Retail Banking 1998-2002”, 1998. Available on site <http://datamonitor.com>

can be protected while the least profitable can be managed appropriately. Customer segmentation based on customer profitability, customer future value and customer lifestyle and needs is key to developing appropriate customer segment strategies.

Data Monitor's report provides detailed analysis of the business drivers behind CRM strategies, studying the impact of key elements in Europe, such as:

- How deregulation of national and European banking markets has transformed the competitive environment;
- The need to build loyalty by meeting customer service expectations.

Report answered how CRM uptake will vary across Europe. Different commercial environments mean that rates of CRM strategy adoption will vary widely across Europe. A combination of detailed modeling of IT expenditure and analysis of the key IT and business issues allows the most lucrative CRM markets to be pinpointed.

Again according to report across Europe, banks are different situation in developing, adopting and investing Customer Relationship Management.

In figure 4.4 shows the situation of European countries in developing, adopting and investing CRM.

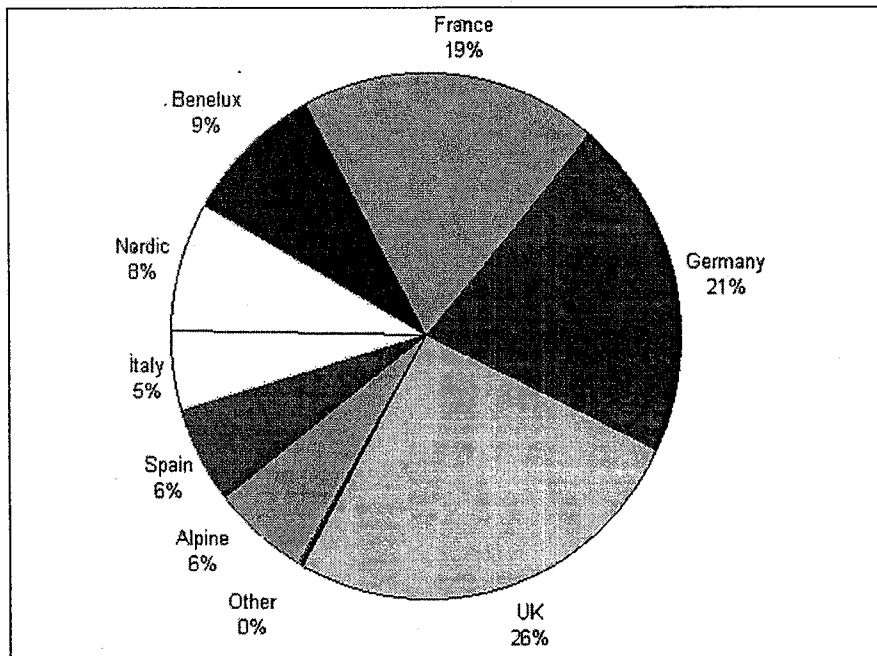


Figure 4.4 Situation of European Countries' Investments in CRM
Source: Datamonitor

4.2.1 The Banco Central Hispano (BCH), an Implementation of CRM in European Banking

Customer Relationship Management at Banco Central Hispano (BCH)

This case study provides an overview of a major Spanish Bank - Banco Central Hispano's implementation of a Customer Relationship Management System. Banco Central Hispano, a major Spanish bank, with more than 6 million customers, has recently completed the first phase of the implementation of a Customer Relationship Management System.

To support this move to CRM in a multi-channel environment, the Bank is cautiously investing in technology and developing new systems to support both centralized departments and the branch network. Table 4.1 outlines two major central developments, the Marketing Database and Geographic Marketing, which are already supporting the

branch network. The bank has the capability to integrate these centralized systems with the branch network and other channels, when and if it considers this appropriate.

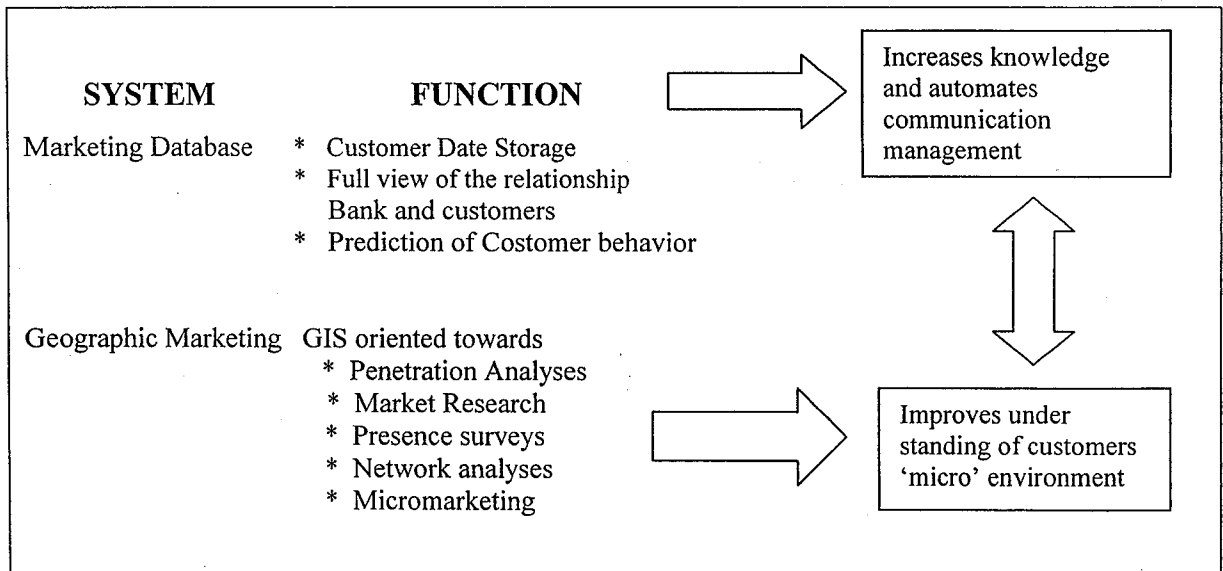


Table 4.1 BCH's GIS and marketing database systems; Forsyth, R., Sophron Partners Ltd., "Implementing Customer Relationship Management Systems In Retail Services: Banca Central Hispano", 1997, Version:1.0, <http://towergroup.com>

The implementation of CRM leads to new IT systems requirements. To help develop these requirements, the bank used a framework based on two dimensions:

- Centralized versus Branch Network Requirements
- Before, During, and After the sale.

Whilst reviewing centralized and branch network requirements it became clear that, due to the then current status of IT systems in the two environments, centralized developments had higher priority initially. To support CRM, the branch environment has new systems requirements including:

Before the Sale:

- Ability to select customer for contact and undertake mailings
- Access to the details of individual customer's data
- Ability to assess customers' price sensitivity
- Ability to track contacts with customers (bank-wide, central, and local)

- Information on the competitive position
- Information on potential clients

During the Sale:

Validation of customer data held against the Customer Database. Printing of application forms, contracts etc., and general reduction in the “bureaucracy” required to complete a sale

After the Sale:

Segmentation of customers by profitability, turnover, etc managing the customer relation through analyses of customer product usage, cross-sales margins, balances on accounts etc.

New Centralized Marketing System Requirements:

The bank is moving from a product-focused, mass marketing past to a customer-focused, micro-marketing approach. This leads to new requirements throughout the sales process, for example:

Before the Sale:

- Improved capabilities to identify the target audience for specific Marketing offers
- Ability to analyze and understand customer behavior
- Analysis of market and customer trends

During the Sale:

- History of customer communications available
- Models of cross-sales opportunities
- Personalized sales offers
- Recording the outcome of customer contacts

After the Sale: Analysis of customer retention. Analysis of the effectiveness of campaigns, and sales contacts

Resulting Benefits: If these requirements can be met, benefits may accrue in a number of areas including:

- A significant improvement in the profitability of customer relationships. This is due to improvements in the efficiency and reduction of costs of campaigns, and more importantly, to improvements in Customer value, resulting from an improved understanding of customer behavior.
- Competitive advantage should be gained due to barriers to entry in such areas as:
 - a) The necessary investment in technical resources and human skills
 - b) The creation of an extensive customer database including transactional data
 - c) The difficulty of implementing such systems
 - d) The ability to deliver the increasing levels of service demanded by customers both now and in the future.

Information requirements to support CRM at BCH; although BCH's excellent existing technology environment completely met the bank's needs for information, new information requirements are as a result of the new CRM business approach.

These new requirements had to deal with three main issues:

- Adding flexibility to information requests, both in the scope and in the interaction of the queries
- Shortening the response time to fit into new relevant time scales
- Widening the access to data, in order to include marketing teams in different businesses

These issues have led to the implementation of a first phase Data Warehouse to support the sales and marketing requirements that are planned to expand in scope and to provide access to additional users. Table 4.2 provides details of the technical environment used to support the Data Warehouse and the Sales and Marketing systems.

BCH: CRM System Technical Environment	
Hardware	Software
IBM SP2 Parallel System with 8 nodes, 2 wide and 6 thin Configuration by note: <ul style="list-style-type: none"> • Ethernet, RS 232 and switch connections Gigabytes Disk <ul style="list-style-type: none"> • 256 MB RAM 	Database Manager <ul style="list-style-type: none"> • DB2 Parallel Edition
External Configuration: <ul style="list-style-type: none"> • SCSI with 180 Gigabytes • ESCON with MVS • Token Ring • 20 Workstation 	OLAP Query Tool: <ul style="list-style-type: none"> • DSS Agent • Testing others on a trial basis
	Data Mining Tool: Intelligent Miner Other providers on an adhoc basis
Workstations: <ul style="list-style-type: none"> • 15 Windows 3.11 and DSS Agent • 5 Windows NT and DSS agent and Intelligent miner • 1 Windows NT LAN Server 	Direct Marketing: Internal Development

Table 4.2 BCH CRM technical environment; Forsyth, R., Sophron Partners Ltd., "Implementing Customer Relationship Management Systems In Retail Services: Banca Central Hispano", 1997, Version: 1.0, <http://towergroup.com>

Project approach

a) Defining the project focus

BCH believes that selecting the appropriate project focus is a key success factor in the implementation of CRM projects. The specific business focus of the project has to fit in with the bank's objectives and priorities, as well as be practical from a CRM perspective. It helps to have experienced CRM practitioners assist in the definition of the initial project's focus.

BCH's view is in line with advisers such as the Advisory Board. For example Table 4.3 below shows some of their key conclusions.

CRM LESSONS	
Three steps to Success	Key Lessons Learn
Start with a specific Business Problem	Data Mining is not enough on its own.
Build understanding through analyses.	Walk before you can run. Start with simple analyses, implement simple campaigns.
Implement action (often campaigns) based on the increased understanding.	Reaping maximum benefit requires increasing risk tolerance. Learn through test campaigns before rolling out across the whole enterprise.
	CRM thrives best in an entrepreneurial spirit. Institutions must transform "politburo" beaurocracy into venture capitalists.

Table 4.3 CRM lessons; Forsyth, R., Sophron Partners Ltd., "Implementing Customer Relationship Management Systems In Retail Services: Banca Central Hispano", 1997, Version:1.0, <http://towergroup.com>

In evaluating how to phase the development and implementation of the bank's CRM capability, BCH considered two key dimensions:

- The business objectives for which the first phase would be used, and
- The technological environment consisting of the support systems and database

The implementation of CRM techniques and Data Warehouses is primarily the implementation of enabling technology. It is difficult for users to define their requirements for such technology without experience in the use of such systems. At the same time, BCH were keen to avoid the dangers of implementing a tactical solution with no long-term strategic benefits.

To provide a strong business focus, it was decided to have a small number of business objectives. This allowed user efforts to be concentrated on achieving benefits in the selected areas in short timescales.

The systems and database to support these objectives were broader in scope, designed to meet not only initial objectives, but later phases' needs as well, and also provide a sound basis for a corporate, relational, data warehouse.

b) Business objectives

The business objectives were defined in a series of workshops covering business objectives and associated marketing strategy.

The major choice of business focus was between:

- Improving the effectiveness of Direct Marketing
- Implementing multi-channel trigger-driven Marketing (CRM Marketing)
- Implementing a Strategic Analysis capability to support strategic decision-making

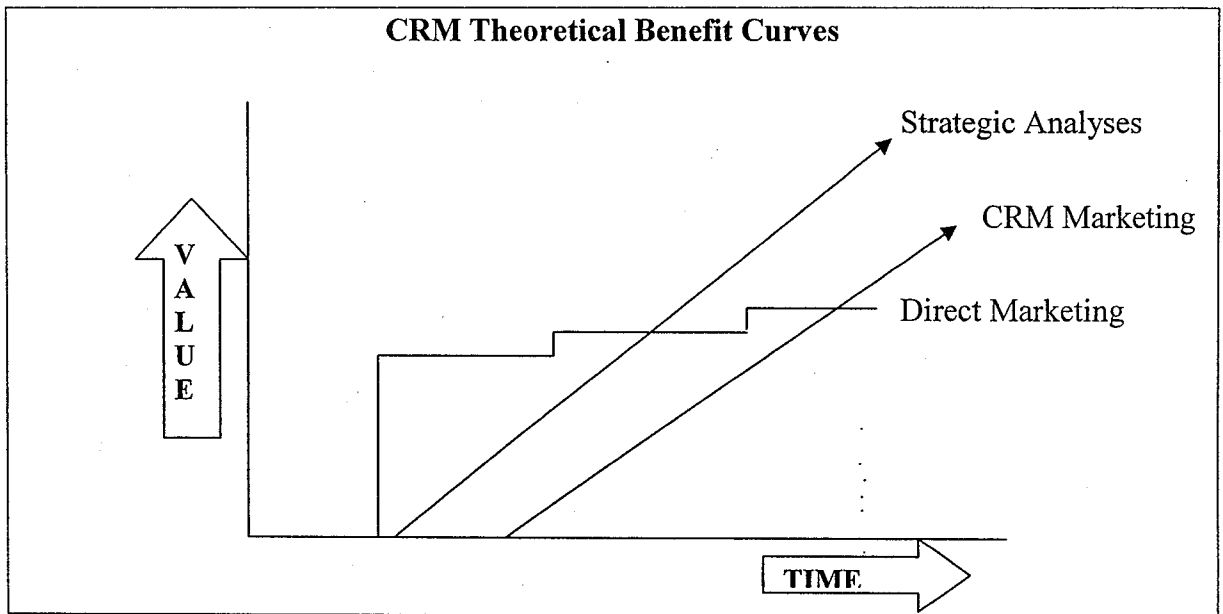


Figure 4.5 Sources of Benefit from CRM; Forsyth, R., Sophron Partners Ltd., "Implementing Customer Relationship Management Systems In Retail Services: Banca Central Hispano", 1997, Version:1.0, <http://towergroup.com>

The perceived benefit curves associated with each of these areas of benefit are shown in Figure 4.5. Improving Direct Marketing provides a step function in its effectiveness with easily demonstrable benefits in the short-term, but with no qualitative change in customers' perceptions, and with diminishing improvements over time. The use of CRM Marketing requires substantial investment of time and effort before benefits are achieved, and is likely to be perceived as service improvement by customers. Using the database to support strategic decision-making may provide the largest benefits in the long-term, but the time scales to achieve benefit are likely to be longer, and it is difficult to demonstrate a causal linkage between the benefits generated and the use of the system.

BCH decided that the primary focus of the first phase of implementation should be the improving the effectiveness of Direct Marketing for a number of reasons:

- Minimum initial investment
- A highly-focused approach providing demonstrable benefits in short timescales
- Builds on existing expertise
- Builds the enthusiasm and skills for using CRM techniques in a later phase and is a natural stepping-stone to CRM
- CRM Marketing requires an existing "Customer-focused culture" within the bank

- CRM Marketing requires much investment, enthusiasm and energy to be implemented successfully
- The benefits from Strategic Analysis, though probably more significant than any other area, are long-term, not easily quantifiable, and difficult to associate directly with the system

c) Project team

BCH considered the selection of the of the implementation team at least as important as the selection of the technological environment, being particularly concerned to have access to experience of previous CRM implementations. The project requires a cross-functional approach with strong support from IT and Marketing, and potentially other areas as well, particularly representatives from the channels involved in the project.

BCH evaluated a number of suppliers. The selected team consisted of three major elements:

- BCH team members from IT and Marketing to provide internal expertise and develop CRM-specific skills
- Systems Integrator with overall responsibility for delivering the project, and providing technical consultancy skills in Database Design and Data Mining.
- CRM-consultancy with extensive experience of CRM in the Retail Financial Services sector, to provide specific CRM-expertise to BCH.

Implementation

a) Project plan

Technical implementation plan two features of the project are particularly worthy of note:

- The delivery of the Marketing Database took longer than planned. This seems to be a common experience with Retail Financial Services organizations with these sorts of projects. Two aspects of the task are significant. The building of interfaces between the operational environment and the Marketing Database is frequently more complex and difficult than is anticipated, and is very frequently aggravated by

difficulties in understanding the values that attributes may take and the meaning of those values. Banks have been known to minimize the impact of these difficulties by phasing the delivery of the Marketing Database in line with the Business Objectives of each phase.

- The initial propensity and segmentation models were built in parallel with the development of the system. This was achieved by using external resources to build the initial models from data that would be eventually available in the Marketing Database. Further modeling activity was undertaken using Intelligent Data Miner as soon as it and the data became available in the same environment. This, together with a programme of marketing activity to generate campaigns, again in parallel with the development the system, allowed BCH to start achieving benefits from the system in the first month of implementation. It also ensured that much of the necessary skills transfer had taken place prior to system implementation.

b) Database design & quality assurance of the data

One of the most significant project tasks was the design and quality assurance of the Marketing Database. This task differs from conventional commercial IT projects in a number of ways:

- In a CRM environment, the database is used primarily as a resource from which commercial benefit is derived by leveraging patterns of customer behavior. These patterns are identified through analysis of behavioral data. Until this analysis has been done it is difficult to know what data is significant. It is therefore difficult to define what data should be held in the database. BCH addressed this issue by using consultants with experience of CRM and Intelligent Data Miner to help define the scope of the database.
- BCH had also defined that the implemented database should be the first step towards the implementation of a Corporate Data Warehouse. This approach meant that the database design and scope was wider and more general than was strictly necessary to meet the bank's objectives.
- Unlike most conventional commercial IT projects, nearly all the data in the database is read-only, being derived from the operational or legacy systems. The

data has the values and quality provided by the operational systems, and this needs to be validated before use. This checking has two main aspects: establishing the frequency of population of data attributes, and establishing the quality of the data (what are the different values an attribute can have, the frequency distribution of those values, etc). In the BCH project this analysis identified incongruities in the data in a maximum of 2% of the data, and also made recommendations for significant improvements in the quality of the data.

c) Functionality

The functionality required to support Sales and Marketing requirements were defined in a series of workshops, using consultants with specific experience of CRM implementations in organizations as workshop facilitators. Appendix B outlines the major processes of the system and how each of these processes was delivered.

A number of points about the functional development are interesting:

- Existing software applications, in particular, Data Mining tools and Campaign Management tools can provide much of the functionality. In addition, channel delivery software packages such as call centre systems and branch-based systems can be used to provide the communication delivery mechanism. Using such packages substantially reduces risk and delivery timescales and is the approach usually selected by banking.
- The resulting implementation project is more of a systems integration project than a development project.
- The critical path item on the project is usually the generation of the database from operational systems data, rather than the delivery of the functionality to use the data.

Business use of the system

In taking a first step towards automatic CRM, BCH had decided to focus on improving the effectiveness of Direct Marketing.

Although this defines how Direct Marketing activity can change, on which application areas and which channels should the campaigns focus initially? In BCH's case the focus was on centrally run campaigns aimed at improving the value of Customer Relationships through cross selling and up selling. From this initial focus, BCH proposes to move out into Customer Acquisition and Retention, and broaden the communication channel mix to incorporate branch communications.

What techniques are available in the new environment, which will improve the effectiveness and efficiency of Direct Marketing?

Improved targeting of communications

The use of behavioral data (derived from transactions) and well-proven statistical techniques to analyze that data, allow us to "mine" the database for significant patterns of customer behavior. These analyses can be used to "segment" customers into similar groups, measure "customers' propensity" to behave in a particular way, and identify "events" which are triggers of specific behavior patterns. BCH's experience to date with the use of various techniques is outlined in Appendices A and C.

Measure response

The implementation of more sophisticated systems allows customers' responses to communications to be captured at an individual customer level. This provides the basis for evaluating the effectiveness of campaigns and so lets the old saw "I know I waste half my marketing budget, but I don't know which half" to be answered, at least for campaigns with a customer response mechanism.

Test campaigns and targeting

Because the effectiveness of campaigns can be measured through response analysis, Marketing can test different variations of campaign offers, creative, selection rules etc. in order to find out what works. This puts in place a “virtuous circle” of improvement in the effectiveness of such campaigns.

Maintain customer contact and response history

BCH keeps a history of the communications made to customers, and their responses to those communications. This allows anyone contacting the customer to understand the context of the relationship with that customer, and also supports analyses of the long-term value of customers, providing qualitative analyses of the sources of customers.

First results

Three months post-implementation BCH had run six campaigns and undertaken a number of customer-based analyses. Some of the early results are explored in detail in Appendix A (First Results). It will be appreciated that many of the results are commercially significant and so available details are limited. In some cases the data has been disguised.

The campaign results are very encouraging though further results are needed to be certain of the long-term impact. The targeting of customer communications through Data Mining techniques has proved significantly superior to both BCH Marketing’s internal intuitive targeting, and to Marketing’s understanding of customers’ own view of their needs (as established by means of Customer Surveys and Market Research). A propensity model has been used to drive branch-based sales activities with response rates of approximately 20%, a significant improvement on previous attempts, and causing some excitement with branch-based staff. The model has also proved an effective measure of relative propensity across the customer base. Segmentation analyses of customers of specific products have identified segments of high value previously unidentified by the bank, allowing the bank to devise products and campaigns specifically for such segments.

The availability of a relatively full-scale Marketing Database, together with powerful analytical tools has enabled strategic analyses to be provided to support decision making in

appropriate timescales. Previously, the lack of data integration and limitations of resource and tools have made timely analyses difficult.

Most encouraging of all is the enthusiasm of BCH's Marketing user community for the capabilities provided them and enabling them to:

- Analyze and understand customer behavior, based on hard behavioral information,
- Apply that understanding to all customers as segmentation models, propensity models and events,
- Undertake targeted customer communications programmes with significant improvements on historic performance.
- Learn from those activities through analysis of the effectiveness of the communications programmes leading to further improvements in effectiveness.

Future steps

As BCH, three months into implementation, are still assimilating the first phase of the project, a clear definition of the next stage is still under development. Clearly a first priority is to use the existing system capabilities for all products and customer application areas Customer Acquisition, Customer Value Maximization, Cross-sales and Up-sales, and Customer Retention.

Current thinking on the next phase includes:

- An increase in the scope of the database to incorporate more operational data.
- The systematic exploitation of Event (or Trigger)-driven Campaign Techniques.
- Continuing to advance the incorporation of the Branch Network as a communication delivery channel.
- Incorporation of further Query Tools and pre-defined reports to enhance the business understanding of the database.
- Allow others areas (e.g. Credit & Risk, and Budgeting & Control) to use the database.

Conclusion

a) Appendix A: First results

BCH have undertaken a number of projects with the system since it became available. Some of these are outlined below:

Personal loan campaign

A "Personal Loan" mailing was undertaken in September 1996 to 450,000 customers. A model had been built of propensity to purchase, and this was being tested against two alternative selection criteria:

- BCH's "intuitive" selection criteria
- Existing Loan and Mortgage customers with 1 ½ years to go

The results of the mailing were as follows:

Campaign Test	Basis of Mailing	Volume	Response Rate
Traditional	Intuition	30,000	0.10%
Mortgage & Loans	Customer Survey	56,000	0.51%
Propensity Model	CHAID Analysis	362,000	0.63%

Table 4. 4 Result of mailing; Forsyth, R., Sophron Partners Ltd., "Implementing Customer Relationship Management Systems In Retail Services: Banca Central Hispano", 1997, Version:1.0, <http://towergroup.com>Pension plan campaign

A "Pension Plan" campaign was undertaken using a propensity model. Those customers with very high scores were passed to branch staff to be contacted with a view to selling them a pension plan, with a 19.7% acceptance by contacted customers. Also of significance is the predictive power of the propensity model.

The following table 4.5 shows how the propensity score relates to purchases of the product.

Score	%of Selected Clients	% of Clients With Product	Response Rate of all selected customers.
60 – 65	31.1%	25.6%	5.9%
65 – 70	31.8%	28.4%	6.4%
>70	37.1%	46.0%	8.9%

Table 4.5 Propensity score that relates to purchases of product; Forsyth, R., Sophron Partners Ltd., “Implementing Customer Relationship Management Systems In Retail Services: Banca Central Hispano”, 1997, Version:1.0, <http://towergroup.com>

Segmentation study

A segmentation study has been undertaken to segment the BCH customer base based on hard behavioral data. The summary results of that segmentation, and their relationship to credit card usage, are shown in the Table 4.6 below:

Segment	% Population	Potential
Non Users	40%	Non-existent
Heavy Consumers	20%	High
Workers with own A/C	3%	Very Low
High Spenders	5%	High
Habitual Users	16%	Very High
Banking Users	16%	High

Table 4.6 Summary result of segmentation; Forsyth, R., Sophron Partners Ltd., “Implementing Customer Relationship Management Systems In Retail Services: BCH”, 1997, Version:1.0, <http://towergroup.com>

It should be clear that these segments are of different levels of interest to BCH. Because BCH knows the attributes of each segment, every customer can be allocated to one of these

segments, and the resulting customer segmentation can be combined with propensity scores when selecting customers for communications programmes.

b) Appendix B: System Functionality

An overview of each of the major elements is given below.

Provide Customer View

This process provides a view of the customer data available in BCH's operational systems, enriched by external data. This process was provided through internal development.

Data Mining is a key activity in BCH's CRMs environment is iterative analyses of the database in order to gain information about the dynamics of the business and the marketplace.

Two primary types of analysis are undertaken:

Strategic analysis

To provide information to support strategic decision-making about the direction of the business. The tool used by BCH for these analyses is DSS Agent.

Segmentation & propensity modeling

To improve targeting of communications designed to meet specific Marketing objectives.

Ad-Hoc Queries

In addition to the formal analyses undertaken by Data Mining the Marketing users have access to ad-hoc query tools for any ad-hoc query needs.

Segment Maintenance

The analytical activity undertaken using Intelligent Miner may well identify customer segments, which BCH wish to use. This process enables customers to be identified as

members of such segments, as well as segmenting customers by profitability or contribution. The function was provided by internal development.

Generate Communications

BCH's Direct Marketing module allows communications to be generated to customers based on their membership of specific segments and their propensity model score(s) as well as other criteria. It also generates a history of communications made, and the responses so those communications so that the effectiveness of the campaigns can be evaluated. This function was also provided by internal development.

Communication Delivery by Channel

Although the previous process generates the communications to customers, those communications need to be physically delivered to customers, using such channels as mail, telephone, branch communication, ATM message, etc.

Evaluate Effectiveness

This process provides the feedback mechanism by which the effectiveness of Sales and Marketing can be evaluated, based primarily on the communications made to customers and their responses to those communications.

Customer Database

The Customer Database does not only contain customer data. The following data categories may well be required by many organizations:

- Customer Data (name, address, geo-demographics, etc)
- Customer Relationship Data (accounts & transactional data in banking)
- Product Data (potentially including data on competitive products)
- Distribution Channel Data
- Communications History
- Macro-Economic Data

4.3 Customer Relationship Management in American Banking

In the America, Customer Relationship Management driven customer service is significantly more effective at retaining customers and building business than traditional customer service. And consumers of banking that develop relationship with their customers say they are:

- More likely to remain customers;
- More likely to buy new products or services;
- More likely to do all their business there;
- More satisfied,
- More likely to recommend it to other people.

US banking service consumers have been shifting their money away from traditional banks to non traditional banks.

Customer Relationship Management strategies do make a significant difference in consumer perceptions and behaviour. Specifically, Peppers and Rogers Group said that about US Banking services; “Retail Banking that treat their customers as individuals – by understanding and even anticipating individual needs and tailoring products and services to meet those needs – are significantly more likely to retain their best customers and increase their overall with these customers.”

Again according to Peppers and Rogers Group’s study on “CRM in US Banking Services”, they reached some key findings:

- Customer Relationship Management has an important effect on customer retention in banking services and on the likelihood of recommending the bank to someone else.
- When banks provide both superior customer service and Customer Relationship Management, consumers report they are even more likely to give that banks all of their business. According to search report of “CRM in USA Banks”; more than half (55%) of consumers who rated their primary bank high on both service quality and relationship management said they were “very likely” to consolidate their business

with one provider; compared 44% of those consumers who ranked only one form treatment high.

- Banks in general are doing only a fair job treating customers as individuals – suggesting an enormous opportunity for those other banks willing to invest in CRM. Banks overall received only an average rating 6.0 on a ten-point scale for providing CRM, compared to 7.7 for Service Quality and 7.8 for Value.

In research found that fewer than three in ten consumers 28% and 26% of more affluent consumers agree that “the offers for products and services that I get from banks show they are paying attention to who I am and I need.”

We can say in American’s banks believe that CRM is not just a technological solution. They are integrating CRM every department of businesses. They increased their service quality value.

4.3.1 The Royal Bank of Canada, an Implementation of CRM in American Banking

Royal Bank is the largest bank in Canada, with assest of CAN\$294 billion. The bank serves nearly ten million individual and business customers worldwide. Within Canada the bank has the leading market share in deposit accounts and both personal and business loans. The breadth of the bank’s span is apparent in its 1,300 branch offices, 4,500 automated teller machines (ATMs), and approximately 87,250 proprietary point-of-sale terminals.

Royal bank has organized itself into five customer platforms: Personnal and Commercial Banking; Wealth Management; Corporate and Investment Bank; Insurance; and Specialized Transaction Services. Individual customers can turn to Royal Bank for deposit accounts and loans, full service and discount brokerage, mutual funds, asset management, insurance services, mortgages, card services, and small business banking.

Royal Bank of Canada is committed to a Customer Relationship Management (CRM) business strategy that seeks to maximize the value of its customer base through the strategic use of information. The bank has sought to mine customer information

aggressively in an effort to create tailored product and service recommendations while assuring a high-quality customer experience.

The bank is one of the first financial services that committed itself to a CRM strategy that would give equal emphasis to service and sales. For Royal Banks this means providing customer contact personnel with the information that allows for appropriate decision making. Then bank can see that the service decisions are going to be standardized.

Royal Bank's success with CRM can be traced to a number of factors. First, the bank was an early adopter of a Client Information File, CIF over 20 years ago. Second, the bank has aggressively used its customer data to better understand its customers and create meaningful and actionable segments and customer strategies. Third, the bank's CEO and executive team vocally and visibly support the bank's CRM strategies. Finally, Royal Bank is willing to experiment with CRM and learn from its mistakes. In Royal Bank of Canada the technologies that can be described as CRM-related fall into two categories: gathering and mining customer data, and the execution of strategies at the customer interface.

As the bank experimented and worked to deploy CRM strategies within its banking network, the concept of CRM divided into two areas. Customer Relationship Management was viewed as integral to the marketing of products and services within the bank, but it was also seen as a discipline for managing customer interactions. The quality of customer interactions was believed to be integral to the customers' expectations and loyalty with bank. Customer Relationship Management was soon viewed as a discipline that not only could help Royal Bank offer the most appropriate products and services to customers but also could ensure that the bank customers' interactions are customized based on the individuals current and potential value as a client.

a) Technologies driving CRM

The technologies that can be described as CRM-related fall into two categories: gathering and mining customer data, and the execution of strategies at the customer interface. Table 4.7 provides an overview of the key technologies within these two key spheres.

Customer Interaction and Customer Knowledge Technologies at Royal Bank

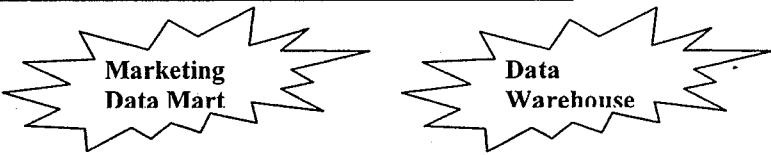
Customer Interaction	Direct Marketing	Branch	Call Center	Remote Banking	ATM
	Segmented Mailing	Proactive Sales/Service	Proactive Sales/Service		
Customer Knowledge	Campaign Management	Customer Profile Repository	Contact Management	Customer Information System	Product Servicing DDA, TDA, Loan
	CRM Customer Decisioning		Third-Party Data		
	Decision Support				
	Profitability Measurement				

Table 4.7 Customer interaction and customer knowledge technologies at Royal Bank, Khtiallah, K., “CRM Case Study: The Analytics That Power CRM at Royal Bank of Canada”, The Tower Group, January 2001, <http://towergroup.com>

b) Addressing Cultural Issues

It is important to understand that the Canadian banking environment is unique and reflects the nuances of the larger social fabric. Canadians revere equality among citizens. Social norms dictate a classlessness that espouses the value of all. In banking, this translates into sense that all customers are important to the bank and that products and services should be designed and priced accordingly. If a customer relationship is viewed as unprofitable, popular belief is that the fault lies with the bank rather than the customer.

c) Sales Culture

Royal Bank has been a long-term proponent of proactively selling its products and services to its customers. Following the methodologies espoused in Managing Local Markets, the bank has developed a sales infrastructure that includes weekly sales goals, regular sales meetings, and a system of sales incentive compensation.

d) Service Culture

Royal Bank's service orientation is provide critical customer information to the points of customer contact. In essence, the bank is attempting to use technology as distributed platform for institutional memory. The key elements that allow customers to receive excellent service in their home branches are captured and distributed across the touch points. Customer contact people still deliver "service," but they do so with an enhanced knowledge of who the customer is as well as their preferences.

e) Training

A critical aspect of Royal bank's CRM initiatives lies in its commitment to training staff. Unlike some other aspects of the banking business, implementing a CRM strategy requires constant reinforcement. A CRM business strategy requires more than the development of a mission change the way they do their jobs. Within Royal Bank, the training of employees to deliver a true customer-focused business strategy is acknowledged to be the most critical aspect of the CRM implementation.

f) Aligning Business Process for CRM Centralizing Operations


In the late 1990s, Royal Bank recognized the presence of in-branch activities that were operational in nature that acted as barrier to the execution of a CRM business strategy. Since these activities were often repetitive and time consuming, the bank embarked upon a project to move routine paperwork out of the branches into centralized sites. The effort to centralize operations out of the branches took four years and was completed in early 2000. The direct impact of that the amount of time available for sales and services activity. Royal Bank estimates that the amount of time branch employees can spend on sales and service activities went from an average of 40% to 70% of their time.

Organizing Around Customer

Within the core retail bank, nine customer segments have been identified. Of the nine, five have been carved out with a purely consumer focus, as is shown in Table 4.8.

The four segments at Royal Bank are; small business, business, farming, lifestyle agriculture and agribusiness, and commercial clients.

Royal Bank's Five Major Consumer Customer Segment



Personal Segments				
Youth	Nexus XX	Builders/Borrowers	Wealth Accumulators	Wealth Preservers
Subsegment 1	Subsegment 1	Subsegment 1	Subsegment 1	Subsegment 1
Subsegment 2				Subsegment 2
Subsegment 3				

Table 4.8. Royal Bank's Five Major Consumer Customer Segments; Khtiallah, K., "CRM Case Study: The Analytics That Power CRM at Royal Bank of Canada", The Tower Group, January 2001, <http://towergroup.com>

While there are nine clearly delineated customer segments (5 personal, 4 business), Royal bank currently identifies hundreds of subsegments through the combination of other indicators. Thus, the customer segment labeled as Wealth Accumulators can be subsegmented to refine strategies and tactics further. Wealth Accumulators may have a common desire to create wealth, but the means of doing so (i.e., attitudes toward investment and tolerance of risk) varies across the segment. Royal Bank has found that creating subsegments allows more precision in the sales/marketing arena and in the effort to customize interactions with customers.

This segmentation has served as the foundation for reorganizing the Personal and Commercial platform, which occurred in November 1999. In this new organizational plan the bank strives for a multidisciplinary approach to marketing and sales. Cross-functional

teams work together to understand the segments and subsegments, and how best to approach customers with sales/marketing opportunities. Synergies are built through the fact that both customer segment managers and product managers have joint responsibilities for profit and loss.

CRM Analytics at Royal Bank of Canada

a) Staffing of Strategic Marketing Research and Analytics

The Strategic Marketing Research and Analytics at Royal Bank got started in 1995 with senior manager on staff. Since that time the staff has increased to nearly 25. At present the staff is a diverse group with varying fields of expertise and educational background (statistics, economics, MBAs, Phds) contributing a wide range of skills and experience. The unifying factor among staff members is proven business experience.

Given the experience and diversity in the staff, the bank has chosen to apply leading-edge technologies available in financial services. The bank recognizes that an important motivation for the staff is getting the chance to use sophisticated tools in pursuit of what are often intractable critical motivators for these highly staff members.

Furthermore, at Royal bank, there is strong integration of market research and analytics, which is an uncommon model. Market research, analytics and CRM client decisioning are on the same team. In many organizations, these groups compete for resources and rarely work together, missing the opportunity of leveraging each other's insights regarding customers.

b) Early Analytical Efforts

Although the Strategic Marketing Research and Analytics group began their mission in 1995, the bank has long had an interest in analyzing customer data. As an example, the bank has measured customer profitability across the retail customer base since 1992. In its current environment, Royal Bank use Value Analyzer Profitability System to create a comprehensive view of customer contribution. Profitability measurement and refinement of such provides a clear illustration of the bank's longstanding commitment to refining its capability to capture and mean its customer data to improve its relationship with customers. Profitability measurement is complemented by a number of other strategic

client models, such as credit risks; potential; lifetime value; commitment; consolidation, channel performances, etc.

An interesting aspect of Royal Bank's approach to the use of advanced analytics is the bank's desire for success. As the bank addressed a variety of business problems, it understood that the analytics involved would be considered "suspect" unless superior results could be demonstrated. As an example, as the Strategic Marketing Research and Analytics group began providing sales leads to branches in a pilot program, it knew that strong sales results would foster confidence within the pilot branches and would help the roll out of a centralized sales leads programme. In the early days, lists provided to the sales staff comprised only those they could meet their sales targets from a smaller universe of names. The increased quality of the sales lead more than compensated for the decrease in volume of leads.

Customer attrition provides an example of business problem that Royal Bank recognizes as difficult to address, especially partial attrition. Although the bank has access to volumes of customer history, the required time series and individual client's patterns make this task difficult. Since customers tend to close accounts over time, the bank finds it difficult to identify the early warning signals when a customer relationship is just starting to deteriorate. By comparison, it could predict the likelihood of a customer terminating his or her entire relationship with Royal Bank very effectively. As a result, product attrition rather than customer partial attrition became an early focus of the Strategic Marketing Research and Analytics group.

c) Current Business Challenges

While the early efforts of the analytical group were often focused, the pure view of the group has widened significantly to include the optimization of the customer experience. Besides developing product campaigns that are accurately targeted to customers.

The Strategic Marketing Research and Analytics group has now expanded to include two key customer-oriented strategies:

- **Marketing and sales**

Predicting the products and services that individual customers are likely to purchase in the near future. Rather than starting with a product or service, the group analyzes the needs of high-value potential customer segments and determines the products and services with high propensities for purchase in the customer segment or subsegment. The specific product and service recommendations are appended to a customer profile database that is displayed on the desktop of contact personnel across the organization. With the application of advanced analytics to the marketing and sales process, Royal Bank routinely achieves rates of 15-20%, and rates of 30-40% are not uncommon for high-performing cells.

- **Customer Experience**

Emphasizes ensuring the customer interaction is appropriate and consistent for the customer regardless of the channel being used. Within Royal Bank the imperative to manage the customer experience is the realization that every interaction can enhance or damage a relationship. Since the vast majority of interactions with customers involve a request for service and are not clear sales opportunities, the bank has put a heavy emphasis on standardizing the decision making related to customer service. As an example, proactively setting a courtesy overdraft limit for every customer and ensuring these decisions are managed centrally allows Royal Bank to standardize interactions.

d) Building Individualized Customer Relationships

It is important to recognize that relationships with customers vary significantly. Every Royal Bank customer has a relationship with the bank, but the nature and definition of the relationship vary according to the needs and requirements of the customer. As an example, some customers have no interest in being recognized by bank personnel when they contact the institution – for these customers low price or speed of service are the dominant properties of the relationship. For other customers, highly personalized interactions are the most important aspect of their relationship with the bank.

The critical challenge for Royal Bank is to recognize that it must act in accordance with the wishes of its customer while still trying to achieve its own strategic objectives. If customers do not emphatically make known their expectations of the organization, the bank attempts to predict what the customers' expectations are based upon prior observed behavior. This complex effort is essential to managing the customer experience effectively. However, strong customer relationships are not optimized between the client's needs and the bank's objectives. To facilitate that optimization, Strategic Marketing Research and Analytics at Royal Bank has grouped customers into four categories according to its strategic objectives:

- Retain existing profitable customers
- Grow and strengthen customer relationships
- Manage and control customer credit risk
- Optimize costs

Customers are scored according to their profitability, credit risk profile, and projected lifetime value. Then they are placed in one of fourteen categories depending on their scores across the bank's strategic objectives. Essentially, the scores assigned to customers drive the CRM strategy creation within the bank, whereas the segment code serves as a proxy for the client needs.

Conclusion

Serving the consumer market in Canada for financial services is an enormous undertaking. The geographic span of the country is huge, and the needs of consumers are varied and complex. These realities have forced Royal Bank to rely upon technology to meet the requirements of the consumer financial services market. And as the bank has sought to refine its business strategies to include a relationship management component, the need for technology has become even more critical. Yet the bank recognizes that technology alone will not provide it with a comprehensive CRM business strategy.

Within Royal Bank, the goal of CRM is to ensure that interactions with customers are consistent and appropriate across all the delivery channels. The bank has developed this goal out of the realization that its separate platforms serving diverse markets could easily

develop conflicting customer messages if coordination efforts were not initiated. Consistency and appropriateness in customer messages can only be achieved if critical customer information is widely distributed among all points of customer contact. At present, Royal Bank is storing customer sales and service strategies in a centralized profile repository. Branches and call centers and other customer touch points are supported by these actions contained in the repository and are the two primary channels involved in the bank's CRM implementation.

4.4 Customer Relationship Management in Turkish Banking

According to the interviews done about CRM in Turkish Banking with HSBC, Isbank, Kocbank and Citibank; the following results are obtained.

- 1) The integration of CRM in the banking sector varies from bank to bank due to being national or multinational. For example, in National Banks CRM is not successfully integrated in the system. The Product Development and Marketing departments mostly use it.

Where are in Multinational Banks such as Citibank there is a department called CRM. We can infer that Multinational Banks applied their original systems and organizational structure in Turkey.

- 2) Mainly the reason for investing in CRM in banks is to increase their profits and reduce their costs.
- 3) The priority of investments made in banks while implementing CRM in National and Multinational Banks is different.

In Multinational banks the majority of the investment is made in organizational culture and IT where as in National Banks in addition to these we can also add that advertising campaigns and inservice training also have a big importance.

In National Banks the reason of IT being very important is correlated to the budget spared for the IT projects. Because of CRM is understood as Information Technology.

- 4) Each bank has different stages of application while implementing CRM.

For instance; Yapı Kredi Bank gives importance to IT and it offers a wide range of banking products and services, so while applying CRM they mainly focused on IT and alternative customer contact channels.

Multinational banks, which do not focus on enlarging their market share mainly, focused on building datawarehouses, data mining and segmentation phases.

- 5) As indicated in article 2 the reasons that determine the investments in CRM also determines where CRM will be used in strategic decisions.

The results of the interviews show that CRM is not used in advertising campaigns but due to the crisis in Turkish Banks intend to benefit CRM strategies in product and service development and information, segmentation, customer profitability analysis, up-sell and cross-sell activity. It can be said that banks see CRM as the solution that creates competitive advantages in the sector.

Nowadays Turkish Banks are changing. Under hard economic conditions and existing crisis banks have to retain their customers, attain new customer, offer different services, increase their service quality and increase customer loyalty to take a competitive advantage. In fact this is an inevitable period that the banks should go through. Because of the increase in the quality of banks, changes in the financial laws and government's intervention prove that banks need to have a new image. Consequently, CRM becomes a more effective solution for the banks when compared to the other sectors.

The interviews made with HSBC, Citibank, İş Bank and Koçbank show that there have been studies about integrate CRM a part of their organizational culture. All in all although there have been a lot of effort, banks still have not got an evaluation which shows the benefits of CRM strategies in their corporation and the main reason is that CRM is a new concept for Turkish Banks and it is just used to increase their short term profits which prevents CRM to be used effectively.

4.4.1 YKB and Garanti Bank, an Implementation of CRM to Turkish Banking

YKB CRM approach

- a) To define the customer individually
- b) To determine the differences upon their needs and values
- c) To determine the differences AMONG their needs and values
- d) To adopt the services to customers.

Function of CRM at YKB

- a) Analysis of the data which are collected in the dataware house and turn them into information.
- b) Upselling and cross-selling
- c) To define the segment profiles and plan the act campaigns, activities accordingly.

Segment management at YKB

- a) To organize and decide profitable activities which are profitability
- b) To determine the goals
- c) To form the strategies
- d) To browse the related processes.

Customer retention at YKB

YKB motivates and convinces customer, whom otherwise would want to cancel a product or service, to continue using it. Well-trained agents of cross selling and/or up selling, accomplish this.

Campaign management at YKB

- a) To coordinate all the campaigns from one center.
- b) To prevent the interaction of customer groups.
- c) To prevent the conflict of timing, resource and messages for the customer.
- d) Integration of channels which are performing the campaigns.

Campaign Management is responsible for:

- a) Analyzing market
- b) Analysis of present customer information
- c) Forming strategies
- d) Planning special campaigns for target groups
- e) Offering campaign requests that can be seen from every channel
- f) To contact with the customer through the channel that customer prefer

- g) Recording the responses of customers for campaigns
- h) Analyzing of campaign results.

Yapı Kredi Bank's alternative delivery channels:

a) Tele 24 (Automated Teller Machines (ATMs))

Yapı Kredi Bank, with more than 1200 ATMs, represents approximately 13% of the total number of ATMs in Turkey.

b) Telecom (Personal Computer Banking)

Online banking for large corporations and offline production facility give additional flexibility for users.

c) Teleweb (Internet Banking)

Yapı Kredi Bank internet banking services are:

- All types of account inquires
- Money transfers between YKB' own account
- Intrabank and interbank transfers
- Credit card payments
- Inquires foreign exchange buy or sell.

YKB's active online web customers are nearly 15.000 and they are making 16.000 transactions on a monthly basis.

d) Telewap (Banking through Wireless Application Protocol)

People can handle banking services telewap with their mobile phones adaptable to Wireless Application Protocol (WAP) and/or their laptops.

e) Teletel (Call Center)

YKB's call center system is established a world-class center, operating round-the-clock, to meet their customers' needs. Their system is user-friendly to both customers and agents.

YKB's Computer Telephony Integration (CTI) to further enhance their service offerings. CTI enables automatic responses to customers input, either through IVR, Automatic Call Distribution or a number of other CTI capabilities; IVR and CTI give clients and agents a user-friendly banking environment in YKB.

YKB's many operations, bank representatives are able to assist customers with true and accurate data. YKB agents can provide extensive information because the systems automatically retrieves relevant data from many, integrated applications.

4.4.2 CRM at Garanti Bank, an Implementation of CRM in Turkish Banking

Garanti Bank has developed some strategic business strategies in order to enhance bank's performance to support these strategies; bank has implemented of projects regarding branch organizations, process and IT systems in 1992.

The importance for the bank of managing the relationships with their customers has been the drive of the joint projects that have been developed.

They first focused on problem of routinely collecting and cleansing data. This first analytical approach to CRM has characterized the whole CRM development.

Another Project has addressed customers' profitability, the other key parameters for a connect management of customer relationship management spread revenue with transaction revenue; and transaction and maintenance cost; have been computed at customers' level in order to determine the value of individual profit both for various of customers.

understand that the Data Warehouse can not actually be built “once for all” but is a kind of living structure continuously enriched and updated as the relational activity develops.

OLAP, On Line Application Programming, analyses are developed by means of business object in its web version. CRM analysts use this tool to issue complex queries on the Data Warehouse or on the analytical datamart and carry out mono and bivariate statistics on the whole customers' population or on selected groups. Data Mining analyses are not carried out directly on the data warehouse, but on the analytical datamart by means of the software package IBM intelligent miner, using as a computing and data server the same mainframe where the data warehouse resides. Garanti Bank believes these tools and methodologies are a powerful competitive weapon and is investing heavily in the human resources needed to develop these analyses.

The analytical datamart is derived from the data warehouse through the following steps:

1. Raw data processing:

- Data selection
- Data extraction
- Data verification and rectification

2. Data modelling and variable preprocessing:

- Variable selection
- New variable creation
- Variable statistics
- Variable discretization.

The above processing, based on traditional data analysis, is strictly dependent on the investigated process; new variable creation, for instance; is intended to aggregate information contained in the raw data into more expressive variables. A simple example is the number of credit transaction on current account, that contains much of the information contained in the individual transactions, but is easier to analyze and represent. Variable discretization, based on the distribution of the original variables, is intended to generate

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categorical variables that better express the physical reality of the problem under investigation.

The analytical datamart is customer centric and contains the following data:

- demographic (age, sex, cultural level, marital status, etc.)
- ownership of bank's product/services
- product/services usage (balance, transactions, etc.)
- global variables : profit, cost, risk, assets, liabilities
- relationship with the bank: segment, portfolio, etc.

Customer Clustering and Cross-Selling at Garanti Bank

Data mining techniques that with Analytical Datamart development and maintenance, from the core of analytical or conceptual CRM, have been used to address product and service cross selling. This requires determining the propensity that a given customer has to purchase a product not currently owned.

The process has been split in two successive steps:

- Customer clustering into homogeneous groups
- Computing customer purchasing propensity at individual level

A superficial analysis would lead to conclude that the first step is analogous to the segmentation process used in marketing since long time. These process have undergone evolution during the last two decades. Some of these steps have occurred also at Garanti Bank, that initially has developed a customer segmentation based on the customer's type (retail, business) and on the balance of a few key products. The corporate customers are addressed by account managers with strong banking skills and specialization in many tailor made products. Small business and upscale retail customers are addressed by portfolio managers with focus on relationship and tailored product offering. Finally, mass retail market is addressed by simple product standard bundles and a high support by CRM. Later on Garanti Bank has developed a more complex segmentation based both on demographic data (age, cultural level and occupation) economic data (income) and some product and service usage data (credit card ownership, ATM transactions and balances on

investment product and loans). By using the above information is currently considered the “Official Customer Relationship Segmentations” of the bank and is used as a base of the relationship activity a priori by marketing users on the basis of their hypotheses, that thus lead to a subdivision of the whole population into segments or groups.

The clustering developed in the framework of the process of computing propensity to buy a given product belongs to a completely different approach. In fact, a numeric algorithm operates on the whole customer population by using simultaneously all the information listed. The list includes these;

- demographic (age, sex, cultural level, marital status, etc.)
- ownership of bank's product/services
- product/services usage (balance, transactions, etc.)
- global variables : profit, cost, risk, assets, liabilities
- relationship with the bank: segment, portfolio, etc.

and contained in the variables of the analytical datamart. This algorithm partitions the whole customer population into a number of groups or clusters, that are characterized by a homogeneous behaviour within the clusters and different as much as possible among the clusters. The basis idea is to compare all the possible customer pairs using all available information and maximize the following similarity criterion: (sum of similarities between pairs of records within same clusters)-(sum of similarities between pairs of records among different clusters)

By sum of similarities bank means the total number of variables that have the same value for a pair of records, i.e. for a pair of customers. As an example, for two customers that are in the same range of age, have been customers to the bank for the same number of years, own a current account, one loan, two credit cards and one debit card the number of similarities is equal to six.

The developed clustering gives at the same time a detailed indication of each customer's global behaviour and, foremost, rough indication of the product of interest for customer within the cluster, for example a rough indication of buying propensity. However this rough indication is further refined by computing at individual level the degree of

propensity that each customer has to buy a product not currently owned. This computation is achieved by using an algorithm which learns the features of customers using a product and then produces a statistical extrapolation to customers not owning the product. The obtained clustering allows to build a detailed profile of customers within each segment and hence a clear indication of the product that are interest to them. This indication is further improved by computing at an individual level for each customer the value of the propensity of that customer to buy a given product not currently owned. This further step is achieved by using learning algorithms that are trained on existing examples of customer already using product of interest. In the application steps the algorithms achieve a statistical extrapolation on the customers not currently using the product, but should be interested in buying it.

The result of the algorithm is a number, say between 0 and 100, specifying for each customer the probability of purchasing the product. Thus priority lists for promotions can be generated that can be used in marketing promotions by using all bank's channels. The analysis let by the Customer Relationship Management group has resulted in the decision to compute customer's propensity to buy the following four products: loans, credit cards, investment products and overdraft.

In the following table the presence of a cross in cell indicates that for the customers of the cluster in the column the propensity to buy the corresponding products in the row has been computed. The empty cells correspond the products that are of no interest for the given cluster: one example is given by investment products for the cluster.

	TOP-TOP	ADV. INV.	NEW INV.	NEEDIES	CC USERS	DBC USERS
OVERDRAFT	X	X		X		
CREDIT CARD	X	X		X	X	
INVESTMENT	X	X	X			
LOAN	X	X	X	X		X

Table 4.9 The example of customer cluster analysis; Alis, Ö., Karakurt, E. and Melli, "CRM at Garanti Bank".

Campaign management at Garanti Bank

After analyzing strategic and analytical CRM Garanti concentrates here on the equally important operational aspects. Marketing Campaigns is the first method that Garanti Bank has used to test the above described analyses and techniques. The overall campaign process is reported. A number of experimental campaigns have been designed and carried out to test the soundness of the approach before attempting a large scale roll-out. Experimental campaigns have addressed about 900 customers selected within six branch offices in Istanbul. An education process has been started by meeting sales forces in the branch offices, by distribution of an explanation booklet and by publishing on the Intranet a note explaining the whole process. System interfaces have been modified in order to track the customers under promotion, as well as to enable salespeople in the branch office to complete the sales on promoted customers as well as to record the fact that the sale was a consequence of the promotion.

The bank has so far used for promotion two channels: the salespeople in the branches and the call center. Each channel was used in four different campaigns. This system used

customer data stored in the data warehouse and at the same time manages itself a smaller local database, where campaign data are temporarily stored (list of customers, date of promotion, responses, etc.). These data must be copied manually into the data warehouse when the campaign has been completed.

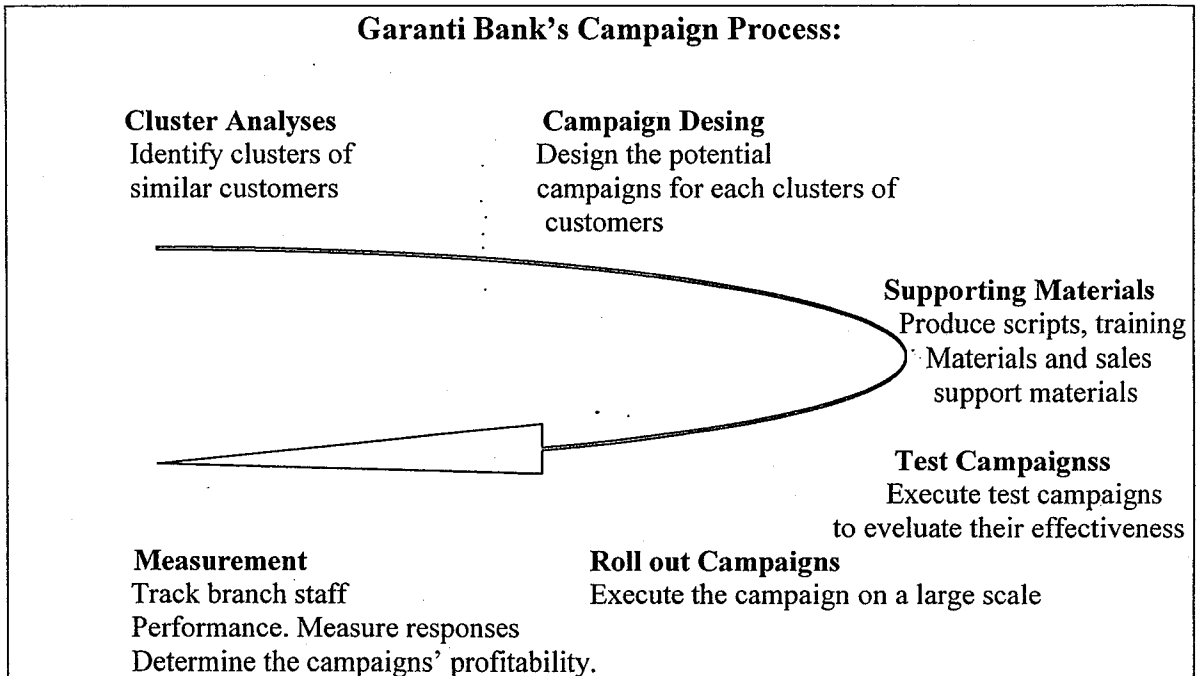


Figure 4.6 The marketing campaign process and the software supporting it; Alis, Ö., Karakurt, E. and Melli, "CRM at Garanti Bank",

Figure 4.6, reports summary of the campaigns deployed and the results there of.

By considering that the maximum response rate obtained by campaigns run by using traditional methods is normally around 1-2 %.

As precise measurements on results obtained by the bank by using traditional methods are not available. An indirect measurement of this improvement comes from the observation that in the time frame where investment funds campaign were run, the branch offices included in the promotion record an increase in product purchase of about 214%, against an average 6% throughout the bank.

SECTION 5

CONCLUSION

Customer Relationship Management describes the methodologies, strategies, and technology that help a business to manage strong and efficient customer relationship. CRM is the balance of people, process and technological solutions, for creating relationship with customers to enhance the ability of businesses to grow customer relationships over time.

Businesses must be able to reach new customers and build stronger relationships with customers they already have. They need to provide the products and services customers want – when, where and how they want them. CRM puts the customers' needs at the center of the business, allowing businesses to use information effectively and supply solutions catered to customers' needs.

The growth in importance of CRM in banking is a result of some industry specific trends and socio-economic factors. The driving forces are;

- Deregulation of the industry removed many barriers to competition, and opening the door to new services offering insurance and investment services, as well as traditional banks' products. Diminishing technical barriers also have allowed banks to expand their market reach beyond traditional boundaries of geography by internet banking, call centers, and wireless services.
- Bank customers already have high level of expectation and, with alternatives, they are increasingly prepared to switch providers should their needs go unsatisfied. Customers routinely demand flexibility in pricing and fee structures, rapid response to requests, more choice by product range, as well as customized and personalized products and services. Customers also expect unlimited access to transaction and information services, anywhere and anytime, by their chosen delivery channels and devices.

- Bank-customers relationships are becoming more complex, exceeding the ability of individual bank staff to manage. Growing levels of information about new products and services and their customization to customer segments prevent individual staff involvement with all of a customer's interactions. Product or channel-centric strategies often create issues resulting in inconsistent treatment and conflicting offers and decisions, and will prove ineffective as customer relationships grow in complexity, involving the increasing use of a variety of product types, services, and channels. Yet unless banks can consider the range of factors potentially impact customer relationships, they will be unable to understand the value proposition represented by individual customers and unable to make optimal decisions on how to realize that value.
- Competition requires understanding the full financial position of customers and prospects to accurately assess credit risk. Changes in position and total exposure must be clearly defined to support decision making and meaningful responses.
- A competitive market increases the risk of customer attrition and banks must be able to identify signs. Signaling that a customer may be leaving the bank so that appropriate action can be taken.

All these are drivers that make banks to adopt more customer-oriented strategies, but to plan proactively and reach key implementation on the CRM.

CRM can deliver a new approach to manage customer and bank relationships. Via CRM, banks can understand of;

- Who their customers are
- How to keep best customers
- How to better increase customers' "wallet share" by knowing what to sell and how to sell.

There are fundamental changes that have taken a place in banking sector. Now for banks to succeed and profit, they should respond customers' needs. And banks have to shift from a product-centric to a customer-centric, and attract and retain the most profitable customers.

CRM helps to leverage investments in sales, marketing, billing, call centers, credit and collection, and to capture interactions between banks and their customers.

As these fundamental changes have taken place in banking environment some banks did not want to lose time for implementing CRM into their businesses. The most important aspect of the banks which have already implemented CRM is that; banks contain balance between people, process and technology. While the acquisition and implementation of technology is critical to a CRM business strategy, banks also clearly understand the need to change reporting structures and business process.

An important business strategy for banks is to focus on providing individuals and small business customers with superior tailored banking solutions. In essence, banks have always chosen a relationship orientation and become a very early adopter of CRM strategies.

Well build CRM in banking establish a true customer centric strategy that includes;

- Multiple Products (deposit, credit, insurance, investments)
- Multiple Touchpoints of distribution (branch, ATM, Internet, Call Center)
- Multiple Customer Groups (Consumer, small business, corporation)

Also CRM makes banks to develop customer relationships via:

- Linking sales, marketing, and service in an integrated environment
- Designing and managing campaigns
- Developing datamining, analysing customer data and segmenting them into groups.

Banks should demand on implementation of CRM as a result of an increasingly complex and service portfolio of products and a greater number of customers. According to research reports, CRM in banking expected to grow at a compound rate of nearly 38 percent per year in Europe, 40 percent in USA, and 17 percent in Asia-Pasific.

Banks should require the concept of Analytical and Operational CRM in order to receive integrated customers' information enhanced through advanced analytics, whose result must be delivered to decision-makers in real time through operational multiple channels.

Banks have to be armed with an understanding of what their customers want and how and where they want it can make informed decisions to drive business strategy, attract and retain the most profitable customers, expand their relationships with the bank, and increase customers' life-time value. CRM makes banks to analyze customer information business decisions and customer optimization through market segmentation; to predict the likelihood of customer churn; or to gain a consolidated view of customer profitability, channel effectiveness, or marketing campaign performance.

For years many bank services have invested in Customer Relationship Management (CRM), using technology to create views of customers and their needs. But some of banks thought having an investment in new technology meant CRM. True CRM that is to say true relationship with customer is not just about implementing CRM technology and traditional customer segmentation. CRM is about creating experience for customers and thereby meeting customers deeper goals, needs and desires.

To produce a superior customer experience in a banking system, banks must align channels, data process and most importantly its culture around the customer and their demands. For most banks, a major cultural change will be required to make the transition to a customer-centric organization, a cultural change that will probably be more challenging and demanding than the requested technologies. If a bank decides to create superior experiences for customers, it must truly put customers at the center of every aspect of the business. The cornerstones of CRM are customer-centric mindset and connectivity, using the process and technology infrastructure to connect customers to the company. But not only being customer centric and connectivity are enough for successful implementation, also organizational alignment, measuring objectives and return on investment (ROI) should be included.

To be in successful today, a bank needs more than the ability to handle service calls, it needs a comprehensive CRM strategy, an integrated solution that involves every department in the bank. This includes not only call centers but also sales, marketing, and support working as a team and sharing information to provide a single view of the customer to anyone in the bank.

The key to successful interaction is to understand the overall relationship the organization has with the customer. This can be accomplished with the help of technology.

It is also important to understand the relationship in banks that customers have with intermediaries, customers and potential customers. For example; a major bank denied an automobile loan request from a young customer because of a lack of acceptable credit history. It turns out that this person was the son of the most profitable private banking customers of the bank's. But this important relationship between customers was not stated anywhere and, as a result, the bank lost money. A CRM would help to hold information about customers and their contact people.

Finally; CRM enables banks to touch their customers in the most effective and profitable manner.

APPENDIX A

TÜRK BANKACILIK SEKTÖRÜNDE CRM DURUM DEĞERLENDİRME ANKETİ

1) Bankanızın adı, cirosu ve çalışan sayısı nedir?.....
.....
.....

2) Stratejik düzeyde işletme performansınızı etkileyen ölçütleri 1'den 5'e kadar sıralayınız.

Karlılık	1	2	3	4	5
Müşteri tatmini	1	2	3	4	5
Maliyet	1	2	3	4	5
Pazar Payı	1	2	3	4	5
Kalite	1	2	3	4	5

Diğer.....
.....

3) Sizce "Müşteri merkezli strateji kurmak" için bir banka aşağıdaki seçeneklere hangi önemde yatırım yapılmalıdır?

a) Organizasyonel kültür	Çok Önemli	ÖnemliOrta	Az Önemli
b) Bilgi Teknolojileri (IT)	Çok Önemli	ÖnemliOrta	Az Önemli
c) Çalışanların Eğitimi	Çok Önemli	ÖnemliOrta	Az Önemli
d) Reklam Kampanyaları	Çok Önemli	ÖnemliOrta	Az Önemli
e) Diğer.....			

4) Müşteri İlişkiler Yönetimi (CRM) ile ilgili yatırımlara bankanız ne zaman başlamıştır?
.....

5) Müşteri İlişkileri Yönetimi kurarken bir banka için aşağıdaki aşamalardan hangileri önceliklidir?

a) Veri Tabanı Oluşturma	Çok Önemli	ÖnemliOrta	Az Önemli
b) Satış Birimleri	Çok Önemli	ÖnemliOrta	Az Önemli
c) Veri Madenciliği	Çok Önemli	ÖnemliOrta	Az Önemli
d) Karlılık Analizi	Çok Önemli	ÖnemliOrta	Az Önemli

e) Pazarlama Yönetimi	Çok Önemli	ÖnemliOrta	Az Önemli
f) e-CRM	Çok Önemli	ÖnemliOrta	Az Önemli
g) Alternatif Kanallar	Çok Önemli	ÖnemliOrta	Az Önemli
h) Kampanya Yönetimi	Çok Önemli	ÖnemliOrta	Az Önemli
i) Segmentasyon	Çok Önemli	ÖnemliOrta	Az Önemli

6) Bankanız bünyesinde Müşteri İlişkileri Yönetimi (CRM) hangi departmanın sorumluluğundadır?.....

7) Müşteriden alınan bilgileri hangi karar süreçlerinde ve hangi sıklıkta kullanıyorsunuz?

a) Ürün ve hizmet planlarken	Sürekli	Seyrek	Çok Seyrek	Hiç
b) Ürün ve hizmet geliştirir ve iyileştirirken	Sürekli	Seyrek	Çok Seyrek	Hiç
c) Reklam kampanyalarında	Sürekli	Seyrek	Çok Seyrek	Hiç
d) Segmentasyon (Ürün ve Müşteri)	Sürekli	Seyrek	Çok Seyrek	Hiç
e) Upsell (daha çok hizmet satma)	Sürekli	Seyrek	Çok Seyrek	Hiç
f) Cross-sell (farklı ürün satma)	Sürekli	Seyrek	Çok Seyrek	Hiç
g) Rakip Analizinde	Sürekli	Seyrek	Çok Seyrek	Hiç
h) Stratejik kararlarda	Sürekli	Seyrek	Çok Seyrek	Hiç
i) Diğer.....				

8) Müşteri İlişkileri Yönetimi uygulamaları bankanız kültüründe değişiklikler yaratmış mıdır? Bu değişiklikler nelerdir?

9) CRM çalışmalarının başarı değerlendirmesi amaçlı çalışmaları yapmakta mısınız?

10) Bu çalışmalarınızın sonuçları nelerdir?

.....

.....

.....

Katılımınız için teşekkür ederim....

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