



The level of CRM implementation in Romanian banks

Adriana Grigorescu¹, Alina Elena Ionascu²

¹National University of Political Studies and Public Administration, Romania

²Ovidius University from Constanta, Romania

ABSTRACT

The role of CRM in banking system was analyzed for various perspectives, as the integrative construct that are bringing together the people, technology and process in order to increase the competitiveness and performance of the banks. The actual study is presenting an analysis of the implementation of CRM in the Romanian banks, knowing that the changing process is not all the time easily accepted. One of the most important factors in a successful implementation of CRM in Romanian banks is the customers. Their culture, technology acceptance, availability to change could significantly influence the result. On the other hand the banks vision, strategies, investment capacity, technology capabilities and the willingness to be among the best on a tense competition are the insight factors that are strongly impact the CRM implementation process. The results of the study show that the process is on running but is far from a consistent implementation.

KEYWORDS – CRM, technology, bank performance, customer satisfaction

1. INTRODUCTION

In specialty literature, CRM has earned a multitude of definitions. The main difference between these definitions is strictly related to technological and relational aspects of CRM. Some authors empathize with the technological aspects, whilst others consider that IT is a perspective of the concept of CRM. From marketing point of view, CRM is defined by Couldwell [1] as “a combination of business processes and technologies which tries to understand the clients of a company from the perspective of “Who are we? What do we do? Who do we really are?”. The technological difference of CRM considers that “the position on the market is going through a technological metamorphosis” [2].

CRM is a strategic marketing solution which aims to permanently optimize the relationship between the client and the buyer, in a competitive market where success isn't all about giving a large number of products, but also a difference in services. CRM is the process which is assisted by technology that is used to collect information which allow companies to treat clients as individuals and not like segments of consumers and in this case, to form better relationship with them. Companies have been warned that a failure can occur if they understand CRM only as a technological solution [3].

The new banking technologies aim the informational aspects which are linked to automatic processing of information and aspects that care for the value that is generated at an organizational level. With this approach, there can be pointed out a series of quantitative indicators — for example, which compare efficiency of activities from a commercial point of view (rentability rate, profit rate, added value, etc) of quality indicators — for example, which appreciate the level of satisfaction of the consumers (client's loyalty, trust compared to bank organizations, client commitment, client's perception of the relational benefits etc). CRM is a very expensive process and is in need of high-end technologies, one like Business Intelligence (BI). Business Intelligence is the ideal solution which consists of the capacity to offer report, data, and statistics, in a very short time [4].

It represents the economical and logistic aid, which has the role of finding the most efficient solutions for the problems the bank in confronting that represents a whole because it contains exact information from sale departments, human resources, executive, cashier, branches etc. Nowadays, a lot of entities such as banks, insurance companies and others that offer services to their clients, realize the importance of CRM and its potential to help grow the number of their clients, keep the old ones and maximize their value in time — customer lifetime value [5] [6]. CRM represents a business strategy that identifies the most profitable clients of the bank and potential clients, dedicates its time and attention on developing the relationship with these clients by individualizing marketing, prices, customized services, proposals in making decisions, all these delivered to the client through the variety of sales channels which the bank uses. Although some additional services such as: insurance policies are useful for client, there is a certain concern regarding the fact that banks tend to focus on additional services than to their main services [7].

2. LITERATURE REVIEW

The implementation of CRM was reflected in the banks' performance, creating a better relation and increasing the services quality and customers satisfaction [8]. The study of Lebdaoui and Chetioui [9] highlighted this, both for classic bank and Islamic bank. At the same time Qtaish, Fazea and Abuhamdeh [10] are analyzing the benefits and the overcoming the down brakes of the CRM implementation considering three pillars: people, technology and processes. Using the link between the technology and CRM, it was proposed electronic customer relationship management (ECRM), analyzed by Al-Dmour et. al [11] from the success factors. The results show that ECRM is strongly related with the customers' confidence and the satisfaction and considerably positively impacted the bank performance [12] [13]. It was evaluated the multidimensional construct of CRM and the role of technology on customer orientation, co-creation and relationship quality [14]. Components as customer focus, organization, technology, and knowledge management as part of the CRM were evaluated as influencing factors for bank performance [15]. CRM dimensions as customer experience, technology-orientation, organizational commitment and process driven were analyzed to better connect with the result of retaining existing customers, acquiring new customers and maximizing their lifetime value [16].

The main objective of implementing CRM is to increase the bank performance by increasing the customer confidence and satisfaction towards the bank products, personnel and processes. One of the key elements in managing it is the customers' acceptance of the technology. Abbad et. al [17] are proposing a technology acceptance model (TAM) and identifies different customers profiles.

The effects of the CRM implementation could be significantly influenced by the customers culture and knowledge [18] [19]. At the same time, two issues that are negatively impacted the bank performance (the low level of public awareness banks' products and of financial literacy) were overcome by using the CRM technology [20]. A new perspective of using CRM is the add value gives by the bank personnel in advising the customers in cost administration and support services [21]. Not only the customer culture and knowledge or technology acceptance are very important for a CRM successful implementation, the customer empowerment plays an important role [22] and the recommendation was to be considered a Social CRM (SCMR).

Banking system knows tense competition all the time that is why competitiveness is very important for the stakeholders and the performance and profitability are the most important elements in evaluating the activity of the bank. CRM as a business intelligence management tool gives to the bank personnel to use the information technology and service capabilities to optimize the customer recruitment, retain and satisfaction [23] [24].

All the changes are having advantages but also barriers to be overcome. Sangeetha and Kumar [25] classified the CRM implementation problems in superior, holistic and mismatch and they suggested solving them step-by-step on day-by-day activity.

The main problems which are encountered in implementing CRM solutions among banks:

1. Difficulty in obtaining o complete profile of the client.
2. The need to abandon dysfunctional communication channels and searching for complete ones.
3. The burden of dysfunctional archives and incomplete database which hold client's data
4. The cost of accomplishing government criteria which concerns the client data security
5. The pressure that rising competition is putting on
6. The costs associated with maintaining and developing the loyalty of clients

Depending on banks marketing strategies, CRM solutions can be classified in offensive or defensive strategies [26]. The factors of success of these types of strategies, which need to involve innovation and operational performances, are presented in table no. 1.

Table no. 1. Success factors in offensive and defensive CRM strategies

Type of CRM banking strategy	Offensive strategy	Defensive strategy
<i>Strategic objectives</i>	Increase in number of clients	Maintaining and developing clients relationships
<i>Strategic orientation</i>	Transactions	Personalized relationships
<i>Strategic focalization</i>	Competitively	Clients
<i>Success measured by</i>	Relative market share in relation with direct competitors	The degree of loyalty Profitability of clients

Source: Peelen E. (2005), *Customer Relationship Management*, Prentice Hall, London, p. 50 [26]

Farquhar and Panther [27] made a study in the banking system from Great Britain which presents a series of factors which contribute to maintain the balance from a CRM strategy offensive banking that focuses on attracting new clients and a defensive CRM banking strategy that focuses on maintaining existent costumers: the degree of costumers satisfaction, brand identity, optimizing costumers value, the communication with costumers through multiple channels, as well as products policies and price. Although CRM can help banking institutions to administrate successfully their costumers, a lot of banks fail in implementing the concept. But, the big ratio of failure in implementing does not have to do with CRM system. Usually, it is the lack of attention of the bank for the database that they already have. A lot of banks underestimate CRM. They have the tendency to treat it like any other technological application without realizing whether it is correctly made, it being a strategic initiative which reaches all departments of the company.

3. RESEARCH METHODOLOGY

The present research paper has an exploratory character and sits at the foundation of the previous quantitative research. It has the role to point out a series of aspects regarding management of relations with the costumers, concept that was developed in previous chapters and was adopted by the most companies and to point internal indicators of the company. The tools used by the banks, which are implemented within the organization have to be chosen regarding the employees, customers, products/services which they develop, but also other factors, but the present research has the role to bring light on how important is integration of CRM system in a bank, what type of instruments are used and preferred, but also other aspects.

The exploratory research explains and analyzes data from interviews with bank employees. The objective of this study is identifying CRM operations within the banks and tendencies to which the future of CRM in Romanian banking system is heading.

The purpose of this research is to collect information regarding the use of CRM in banking institutions for attracting and maintaining customers.

By reaching the purpose of this qualities research, the purpose of the study can be identified better and hypothesis for future quantitative research can be formed.

The identification of the objective of the research is a stage important in reaching the goal mentioned earlier. The objectives of the qualities research are:

O1: Understanding customers vision on CRM

O2: Getting to know CRM operations developed within the bank

O3: Ways of maintaining customer relationships

O4: Identifying CRM tendencies within banks

Discussions held within interviews accomplished the proposed goals.

Regarding the assembly of the target group, in the present research paper it is desired that some professionals in the field would be interviewed, that develop activities with CRM instruments and that could offer information regarding adopting CRM solutions in Romanian banks for attracting and keeping clients.

Professionals from the banking system will be selected from three commercial banks. The selection of the organizations will be made based on some criteria, like:

- the presence of CRM instruments within the organization;
- notoriety on the market for banking services;
- seniority on the market of banking services;
- the presence in online.

The data collection was conducted between March to May 2019 through structured interviews interactive with free discussions.

The results of the interviews were split into seven themes of interest: the vision on CRM, CRM operations in the bank's headquarters, CRM operations in call-center, response time using CRM systems, maintaining customers' relationships, operations using new technologies, the future of CRM in Romanian banking sector.

In the case study, the collected data come from three commercial banks from Romania. Bank employees were selected for the interview: ING, BRD, Transilvania Bank. There were other banks approached for the interview but because the collected data were insufficient, there were not suited for the analysis. These three banks were selected because they offer a large network of branches and because they have a large number of costumers. Also, these banks are very popular in Romania and have had a lot of success in the last few years, being representative for the Romanian banking system. The participants of the interviews are presented in table 2. Data analysis presented in the next sections is realized with the help of the interviews at the three banks:

- A. Transilvania Bank (BT)
- B. Romanian Bank for Development (BRD)
- C. ING Bank

Table no. 2. The participants of the study case

	BT	BRD	ING
CEO branch	2	2	1
Customer relation managers	2	2	2
Call-center agent	1	1	1
IT	1	1	0

As mentioned before, the results of the interviews were divided and analyzed from seven different themes:

- 1. The vision on CRM:** In Romania, banks have different visions regarding CRM, even in the same bank; employees' vision from different departments is not the same.

Some of them consider CRM as being software used in call-center, other as a marketing technique used to satisfy customer needs and maintain the relationship with them. It has been observed that in general, banks use a part of CRM solutions. CRM is viewed like an intern centralized system of the banks which keep information of every customer.

For example, when a customer opens an account, their details are kept in CRM central system, the system generated then an individual profile of the customer in which the system keeps all customers information. Based on the customers' needs, CRM system automatically generates offers for different products or services for that customer. In that way, banks can keep relationships with their customers for a long period of time.

- 2. CRM operations at bank headquarter:** Customers operations at bank headquarters are the same as at other banks. Every branch offers similar facilities to customers, like: opening/closing an account, credit/debit cards, personal loans or mortgage, paying bills, withdraws/deposits of cash, receiving bank statements etc. There is one difference observed: the size of the branch depending on the area which it is located in. All of them have high-end equipment, regarding security and process developing, the employees of the bank communicate through an internal channel of the bank. In one branch there are to be found cashiers, customers relation adviser, customer relation manager, CEO, all of them working together to help existing clients and potential ones. The total number of persons in the branch differs regarding the branch dimension and its position. But even in the smaller branches there is at least one of the members mentioned earlier. In conclusion, regarding the operations in the branches, in Romania each bank is equipped with CRM system which helps its employees to have access at the complete profile of the customer, even when the customer visits another branch from another city. Each employee is prepared for its segment of customers, but all use the same CRM system. With the help of this centralized CRM system, banks can manage much better client information, they can visualize, update from every department in which they are in.
- 3. CRM operations in call-center:** In Romania, almost every bank has a call center where customers make their demands or complaints 24/24. Because of the high competitiveness in the banking sector, high-end customers emerged the need to have a call center in every bank which can provide information in short time. Initially, call-center was created from the need to supplement employees in branches, which were incapable to handle customers' needs. On the other hand, for both physical and legal entities, it is easier to solve problems on the phone than to go to a branch. Nowadays, with the advance of technology, call center operators can solve more complaints and can offer more information about the count, credit, card, mortgage, online banking services etc. they being very well-prepared. Customers can benefit from the majority of the facilities offered by the branches just by making a call to customer relations. To close, the majority of Romanian banks own call centers offering services 24/24. These centers have access to CRM system which made their performance grow. Customer information is collected through different channels and is usually kept in a large database, where customer information are updated daily. Information can be accessed from the call centers as well as by the employees in the branches.
- 4. Response time for complaints from clients using CRM system:** Customers' demands are resolved usually within the banks headquarter in working hours, through call-centers, customers can address their demands and complaints also using the forms that are listed on the banks site or on social media. The majority of Romanian customers are unhappy with the time it takes for the call center operators to answer. They prefer to go to the bank's branch or to write on the banks chat-box. From the interviews held, we draw the conclusion that the majority of customers prefer to go to the bank's branch to solve his problem. Numerous customers use call center daily and these become very busy and, in that case, the time to wait can pass 15 minutes. Lately, young population prefers using new electronic channels: e-banking. Banks try to resolve customers' complaints no matter what channel they use. Employees that were interviewed seem pleased with CRM system.

5. **Maintain customer relations:** For all banks, customers are the most important. Depending on the client, physical or legal person, Romanian banks offer a lot of services and products. Of course, physical and legal persons are treated differently, with products and services taking into consideration the value that they bring to the bank. In Romanian banks, the adviser of customer relations deals with physical persons and the manager of customer relations deals with legal persons. The Romanian banks select their customers based on the information offered by the CRM. Each one gets facilities depending on its history with the bank and the profit brought. In general, top customers are treated differently and benefit from better facilities. Bank divides activity between physical entities and legal ones.
6. **Operations with the help of new technologies:** When we speak about operations made with the help of new technologies, we refer to ATM and e-CRM type facilities: internet banking, mobile banking, SMS. An increase in the number of customers was observed for the new technologies: ATM services and multifunctional ATMs, as well as online banking. In general, in Romania, traditional ATMs are much more used; customers prefer to personally withdraw money or check the bank statement, although the new types of ATM offer services like cash deposit, paying bills, recharge the phone card, changing the PIN, exchange. In conclusion, in Romania exists a large network of ATMs, available in public places where customers can use the services without being charged. Banks are interested in updating and perfecting installed software programs on these ATMs, and these machines are permanently monitored to reassure that they work properly. In terms of using banking eCRM, it can be observed that much more clients use these services, the number of customers rising from one year to another. The majority of Romanian banks offer eCRM services and many customers use these services on a regular basis. The most popular in Romania are: internet banking and mobile banking. Banks are preoccupied for security of the services they offer, and they constantly update to avoid fraud and to keep the customers happy. Phone banking services are not very popular in Romania, and the ones that send messages on the phone are used by some customers extra charge.
7. **The future of CRM in Romanian banking system:** With the help of the 3 interviews from the banks from Romania, we observed that CRM is viewed differently by banks employees, probably because not all banks integrate the system in the same way. IT employees and the ones from the call center know very well CRM systems. From personal observations and interviews, it seems that the new generation is moving to online so online and mobile banking will become very important in customer relations. Certainly, in the next years, banks will invest more in technologies, and this will mean: advanced tools for managing data, improved functionalities of the CRM system, increase in online banking security and better customer's relation services.

CRM seems to be a necessity in Romanian banks, and CRM culture is increasing. With the help of new technologies, for sure CRM will help the banks to better understand the client, his activities and preferences, so they can offer services and products better to suit their needs. It is obvious that the banks will concentrate its strategy in online.

4. CONCLUSION

A qualitative analysis based on the three banks, Transilvania Bank, BRD and ING study case was presented. The results obtained from the interviews were discussed, analyzed and interpreted through seven characteristics: CRM vision, CRM operations at the bank's headquarters, CRM operations in the call center, response time using CRM, maintaining customer relations, operations using new technologies (ATMs and eCRM functionalities: internet banking, mobile banking, message alerts), the future of CRM in Romanian banking system. These themes totalize all the operations through CRM from within the banks. The present research shows the fact that bank tendency is to use CRM systems and to improve them to keep their customers and to increase retention rate, to properly satisfy customers' needs and to increase income. In the future, the focus will be on using new banking technologies like: internet banking, mobile banking and multifunctional ATMs, and with technology update, their digital solutions will replace the traditional ones, but will not eliminate them completely [28].

REFERENCES

1. Couldwell, C. (1998), *A data day battle*, *Computing*, 21 May, pp. 64-66 cited by Onut S., Erdem I., Hosver B. (2008) Customer Relationship Management in Banking Sector and A Model Design for Banking Performance Enhancement. In: Minai A.A., Bar-Yam Y. (eds) *Unifying Themes in Complex Systems IV*. Springer, Berlin, Heidelberg. https://doi.org/10.1007/978-3-540-73849-7_41.
2. Peppers, D. and Rogers, M. (1999), *The one to one manager: real-world lessons in customer relationship management*, Doubleday, New York, NY.
3. Goldenberg, B. (2000), "What is CRM? What is an e-customer? Why you need them now", in Proceedings of DCI Customer Relationship Management Conference, Boston, MA, 27-29 June.
4. Chau, M., Xu, J. (2012) *Business intelligence in blogs: understanding consumer interactions and communities*. *MIS Q.* 36 (4), 1189–1216.
5. Ekinçi, Y., Uray, N., & Ülengin, F. (2014). *A customer lifetime value model for the banking industry: A guide to marketing actions*. *European Journal of Marketing*, 48(3-4), 761-784.
6. Agaliotis, K., & Hadzic, M. (2015). *Can retail banking clients' attrition be managed?* *Industrija*, 3(43), 107-122
7. Lee, C.C., & Liu, T.Y. (2017). *Insurance development, banking, activities, and regional output: Evidence from China*. *Empirical Economics*, 53(3), 1059-1081.
8. Ok, U., & Prakash, A. (2019). *A Comparative Study On CRM Of Traditional Scheduled Bank And New Private Sector Bank In Kerala*. *IJRAR-International Journal of Research and Analytical Reviews (IJRAR)*, 6(2), 615-623.
9. Lebdaoui, H. and Chetioui, Y. (2020), *CRM, service quality and organizational performance in the banking industry: a comparative study of conventional and Islamic banks*, *International Journal of Bank Marketing*, Vol. 38 No. 5, pp. 1081-1106. <https://doi.org/10.1108/IJBM-09-2019-0344>.
10. Qtaish, O., Fazea, Y., & Abuhamdeh, M. (2018). Factors that affecting the Implementation of CRM in Commercial Banks. *Quality-Access to Success*, 19(167).
11. Al-Dmour, H.H., Algharabat, R.S., Khawaja, R. and Al-Dmour, R.H. (2019), *Investigating the impact of ECRM success factors on business performance: Jordanian commercial banks*, *Asia Pacific Journal of Marketing and Logistics*, Vol. 31 No. 1, pp. 105-127. <https://doi.org/10.1108/APJML-10-2017-0270>.
12. Rashwan, H. H. M., Mansi, A. L. M., & Hassan, H. E. (2019). The impact of the E-CRM (expected security and convenience of website design) on E-loyalty field study on commercial banks. *Journal of Business and Retail Management Research*, 14(1).
13. Taghipourian, M. J., Hatami, S., & Chalous, I. (2019). E-CRM on the Relationships Quality and Its Consequences: Evidence from Iranian Private Banks. *Journal of Information Engineering and Applications*, 9(5), 1-14.
14. Dubey, N.K. and Sangle, P. (2019) *Customer perception of CRM implementation in banking context: Scale development and validation*, *Journal of Advances in Management Research*, Vol. 16 No. 1, pp. 38-63. <https://doi.org/10.1108/JAMR-12-2017-0118>
15. Kebede, A. M., & Tegegne, Z. L. (2018). *The effect of customer relationship management on bank performance: In context of commercial banks in Amhara Region, Ethiopia*. *Cogent Business & Management*, 5(1), 1499183.
16. Saxena, N., & Taneja, M. (2018). *A study on CRM effectiveness in public and private sector banks*. *International Journal of Public Sector Performance Management*, 4(1), 45-56.
17. Abbad, M., Alkhatib, G., Qeisi, K. A., & Jaber, F. (2019). *Jordan banks' perceptions of customer relationship management: a TAM-based investigation*. *Journal for Global Business Advancement*, 12(6), 820-838.
18. Jabraoui, S., & Gaber, H. (2020). *Customer Relationship Management System And The Development Of Customer Culture In Moroccan Banks: Case Of Alpha, Beta And Gamma*. *Studies of Applied Economics*, 38(4).
19. Birau, R., Spulbar, C., Yazdi, A. K., & ShahrAeini, S. A. (2021). *Critical success factors for CRM implementation in the Iranian banking sector: A conceptual analysis*. *Revista de Stiinte Politice*, (69).
20. Rafiki, A. (2019). *Customer Relationship Management Practices in Islamic Banks*. In *Customer Relationship Management and IT*. IntechOpen.

21. Singla, J., Bansal, M., & Maan, V. K. (2021). *Role of Behavior of Banking Employees in Improving CRM Practices in Banks-An Empirical Analysis*. *Indian Journal*, volume 8, Issue 2, p.124-134
22. Aldaihani, F. M. F., & Ali, N. A. B. (2018). *Impact of social customer relationship management on customer satisfaction through customer empowerment: A study of Islamic Banks in Kuwait*. *International Research Journal of Finance and Economics*, 170(170), 41-53.
23. Saqib, M., & Zarine, R. (2021). *Evaluating Customer Relationship Management (CRM) as a Business Knowledge and Intelligence Management Tool*. *iRASD Journal of Management*, 3(2), 171-184.
24. Stevanović, S., & Gavrilović, Z. (2018). *Effects of the Application of the CRM Concept to Profitability of the Banks*. *Economic Themes*, 56(3), 283-299.
25. Sangeetha, R., & Kumar, G. D. (2018) *Problems faced by Employees in Implementation of CRM by Retail Banks*, *International Research Journal of Management Science & Technology*, Vol 9 Issue 9, p. 74-84 <http://www.irjmst.com>
26. Peelen, E. (2005), *Customer relationship management*, Prentice Hall, London.
27. Farquhar, J. D., Panther, T. (2008), „Acquiring and retaining customers in UK banks: An exploratory study”, *Journal of Retailing and Consumer Services*, Vol. 15, pp. 9–21.
28. Grigorescu, A., Cerchia, A.E., Jeflea, F.V. (2016) *Modern technologies for data storage, organization and managing in CRM systems*, *Emerging Research and Solutions in ICT* 0(0):1–x, Macedonia, DOI:10.20544/AIIT2016.09