Case study of Malaysian Bank: Customer Relationship Management Implementation Issues

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Abstract

Since the 1990’s, the marketing of both services and tangible products has increasingly focused on the concept of the development of relationships with consumers. Customer relationships ensure that consumers develop better appreciation among themselves on the products and service extended by the organisation and develop a kind of empathy, appreciation, friendliness, and feelings of trust. The advantage of such feelings among customers extend better business development opportunities to the business organisation. This particular study concentrates on the National Bank Malaysia (name changed for confidentiality), in their effort to produce better result through Customer Relationship Management. The study lead us to point out that inorder to get better business output the banking organisation may take more time since they serve high expected customers in the service industry and there is acute competition between banks. The study is presented in the form of a case study.

Key Terms: Customer Relationship Management, Banking Sector, people development

Introduction

National Bank Malaysia Group (the name of the bank name is changed for confidentiality) is the leading financial service provider in Malaysia with strong presence in South East Asia and is operating more than 2,200 branches with over 45,000 employees serving more than 21 million customers over 17 countries worldwide (National Bank Malaysia Six Months Report – December 2011). Along the journey since the formation of National Bank Malaysia, the bank’s objectives have evolved from supporting the economic growth of the country to aggressive and continuous expansion regionally. Over the decades, National Bank Malaysia’s evolved to be a significant financial player by providing a comprehensive range of products and services that met the customers needs internally as well as abroad. National Bank Malaysia paved the way for many firsts in the banking industry i.e. Introduction of online banking and Bancassurance business, thus marking National Bank Malaysia among one of the leading Malaysian brands.

Banks Transformation Journey

In 2010 National Bank Malaysia embarked on a 5 year strategic transformation journey across the National Bank Malaysia Group by reforming its vision, mission and strategic aspirations. National Bank Malaysia’s new vision is “To Be A Regional Financial Service Leader” and its mission “to Humanize Financial Services Across Asia”. In order to achieve this aspiration, National Bank Malaysia realigned its organization structure into three business pillars under the new “House of National Bank Malaysia” namely global wholesale serving the corporate commercial and non-retail banking segments, consumer financial services focusing on retail financial services from small and medium enterprises and consumer portfolio, insurance and Takaful. The new structure would be able to support greater cross-border cooperation and hence results in better innovative cross-selling and

National Bank Malaysia could no longer carry out its business as a product-centric bank but move to a customer-centric bank. Besides delivering innovative products and offering superior value proposition to customers, it had to build a valued relationship with its customers by identifying and understanding the customers’ needs. In order to attain this aspiration, National Bank Malaysia embarked on Customer Relationship Management (CRM) technology solution. CRM technology solution provides National Bank Malaysia a holistic view of their existing and new or potential customer while enabling the bank to predict and influence customer behavior, increase customer acquisition, retention, loyalty and profitability. The marketing strategy has also evolved from face to face marketing to offering personalized service by contacting customers over the phone as more and more customers are no longer visiting branches but doing their transactions via online or automated teller machines.

Department

The department that is entrusted to build and run the CRM technology solution is Corporate Development. The department consists of 3 main units namely Analytics Customer Relationship Management, Strategic Planning and CARE with a workforce of 100 staff. Corporate Development Organizational Structure.

The Strategic Planning staff conduct market research and work with other product owners i.e Mortgage, Housing Loan, Share Trading, Bank assurance and cards to plan strategic initiatives and campaigns to drive and improve market share. Customer Relationship Management staff collects and collates data from the multiple bank’s database to a single database and extract customer’s information as requested by the product owners to run campaigns. This unit also churns out data for branches and regions to carry out branches and regional based marketing initiatives. Further, it carries out event-based marketing (EBM) that rides on call centers, branch networks, and other channels to reach out to customers in planning campaigns at the most opportune time. CARE staff enhances the CRM delivery platform to provide employees a holistic view of the customers and provide technical assistance to branches that call in with queries.

Key Issues faced by the Department

Corporate Development is aware that the effectiveness of the CRM technology solution is dependant on technology, employees and the ability to achieve a single platform to view the customer’s profile. However, it has been noted that since the launch of CRM solution in 2007, there have been internal
issues that have impeded the success. Among the current issues that is affecting the success of CRM technology solution are the skills of the marketing and sales employees, high turnover of CRM staff and the technology.

Technology

Customer’s information in National Bank Malaysia resides in many different database systems and it poses quite a challenge for the department to collate these data to a single platform. The customer information which resides in the various system is filtered to capture the latest information. The number of resources and time taken to clean and consolidate the data defers according to the volume, sources and quality of the data. Failure to identify the quality of the data during the data extraction can lead to missed opportunity and operational inefficiency. Moreover, poor quality data extraction often affects the marketing and sales personnel’s enthusiasm in using them. The current branch front end system which requires toggling between various customer’s information screens also puts off employees from looking for the customer’s profile with the bank.

Employees

The turnover of employees in CRM team has been increasing over the years especially among employees who are knowledgeable in data extraction and specializing in data mining who are often sought for their expertise. Hence the unit has to spend a lot of resources training new employees. Marketing and sales personnel who are used to meeting walk in customers at branches are in confident with conversing with customers over the phone to offer their products or services due to inadequate training provided for handling customers over the phone and acceptance of rejection in comparison with face to face interaction. Too many campaigns running simultaneously can also be a demotivating factor as the personnel lose focus on the campaigns that are their priority.

Objectives of the study

The study tries to explore various solutions base on the issue analysis like:
1. To train employees to capture customer’s profile correctly at first contact.
2. To replace the existing front office system to the new Core Banking system as a single customer database.
3. To offer promotion opportunities for excellent employees and succession plans for new recruits.
4. To provide telemarketing skills and how to accept rejection to marketing and sales personnel.
5. To roll-out campaigns in a more organized and calendars approach.

Methods taken to address the issues

The performance or percentage (%) usage of CRM technology was only increasing marginally in comparison to the sum invested to set up the CRM capabilities. The yearly internal engagement survey results had continued to decline from 2009 onward with clear indication that employees were dissatisfied with the performance of Corporate Development and the gaps identified were insufficient training on the CRM system, usefulness of the CRM, communication to the branches and lack of on site employees from CRM to address queries and multiple campaigns that is on going.

A 3rd party vendor was commissioned to gather feedback from with the various marketing and sales personnel in National Bank Malaysia nationwide on the factors that motivated or demotivated marketing and sales personnel from utilizing the CRM technology solution at their workplace. Among the key findings raised were too many campaigns/initiatives carried out simultaneously, lack of systematic training, lack of training for new employees, lack of leadership guidance, need for
telemarketing skills and rejection handling and error in the data received for campaigns/initiatives. Some key short term and long term which is being conducted out in the pipeline are relevant training for existing CRM employees and sales and marketing personnel, marketing and sales personnel, upgrade of customer information database platform and recognition for IT experts.

**Short Term plans**

**Training**
Existing CRM employees are provided training in Teradata to upskill their knowledge on a periodic basis i.e. 6 monthly basis. They are either trained by the IT experts in the department or the vendor, Teradata who has been the service provider for CRM technology support in National Bank Malaysia. CARE system provides training on new enhancements made to the support platform. They are in the midst of compiling a booklet that would be distributed to branches nationwide on frequent queries raised by branches and how to handle these issues. The information in the booklet would be enhanced on a time to time basis. A special helpdesk has been set up to provide branches with support during the banking hours.

Branch employees need to be provided training on telesales and how to handle rejection. Currently, their training is limited on how to use the CRM technology solution. Support teams in CRM can be deployed to regions on a monthly basis to provide the necessary campaign training and carry out hands on session with the ground. Selected top sales performers can be used to guide the weaker sales performers.

**Promotions and Reward benefits**
IT experts need to be commensurate with better benefits scheme and not be treated as normal employee performance. By providing them better benefits and promotion, they are unlikely to switch to competitor banks.

**Long Term plans**

**Technology**
National Bank Malaysia is in the midst of revamping its current platform for front office employees and replacing it with the Core Banking platform which would be a one stop customer database system from 2013. With this integrated customer information platform, the error in the data extraction can be minimized or eliminated. CRM employees would not then be required to perform data cleaning and collate the data from various sources but instead focus on extracting real time data to run effective campaigns. The customer’s information would be captured via their my card.

**Limitations**
The main challenge faced in addressing some of these gaps is the buy in of the employees themselves who do not want to embrace this new technology. There are instances where the Branch Managers themselves are not willing to change the way they run their operations nor bother to reprimand their employees for not using the data sent to them. Moreover, although the bank invested millions to buy the CRM technology solution, the current employees’s KPI does not include weightage on the successful conversion of data from a CRM solution. Limited number of PCs at branches with access to the CRM database also contribute to the low usage of data. At certain times of the day, the system is slow due to the large volume of employees logging on to the system. Thus, a straight though transaction can take a longer period of time, resulting in frustrated employees. Inaccurate data in the database sometimes create frustration as the branches are unable to offer differentiated products to different segment of customers. Human Resource policy for promotion i.e. waiting for a minimum of 2 to 3 years before each promotion and the vacancy of seats is a set back for high performers who want to be paid for their expertise. Hence, they are willing to move between organization and not be loyal.
Results and Discussion

Before the implementation of the CRM solution, National Bank Malaysia could only conduct 10 to 15 campaigns per year. The 1st year of CRM implementation, the number of campaigns rolled out increased to 662 and 1,600 the following year (Teradata Magazine Online 2011). The bank’s target market activities increased by 141% and the contract rate has increased 30% since 2007. (National Bank Malaysia Annual Report 2011).

The graph clearly indicates that the sales generated from the CRM database marketing was improving year on year. However, it has yet to reach its full potential. The Event based marketing was more popular as the branches requested data on the campaigns which they wanted to run instead of being asked to carry out campaigns.

Conclusion

The effort taken by the National Bank Malaysia to implement the CRM technology solution is slowly reaping benefits with an increase in the performance and the increase in the cross selling and upselling of customers. With sufficient training employees are beginning to trust and adapt to the new way of doing business. The bank’s aspiration to be a regional financial leader by 2015 and humanizing financial services can be achieved if all the parties are aligned with the vision and mission of the bank. The CRM technology tool which is used in Malaysia can be deployed to other countries under National Bank Malaysia’s Regional ASEAN expansion. This will pave way huge market potential for the bank to increase customer’s cross product take up and the product holding of other countries as well.

References for the case preparation

