

CRM IN THE FUNCTION OF IMPROVING CUSTOMER SATISFACTION AND LOYALTY IN THE BANKING MARKET

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Abstract: Customer Relationship Management (CRM) is a key tool for improving customer satisfaction and loyalty in the modern banking sector. This paper analyzes the importance of CRM system implementation in the banking market through the prism of personalization of services, communication improvement and user experience optimisation. A special focus is placed on integrating digital technologies that enable banks to understand clients' needs better and create customized offers. The research results indicate that the implementation of CRM significantly contributes to increasing customer satisfaction, which is directly reflected in their loyalty and long-term value for the bank. This paper provides guidelines for the strategic implementation of CRM as a competitive advantage in the dynamic banking market.

Key words: CRM, customer satisfaction, loyalty, banking market, digital technologies, customer experience, personalization.

1. INTRODUCTION

CRM is an integral part of every bank's business and is defined as a business philosophy aimed at improving relations with clients and building lasting relationships. In the modern business environment, CRM is considered one of the key strategic approaches for creating value for stakeholders, enabling the establishment and development of long-term relationships with clients [1,2,3]. Customer relationship management (CRM) is a concept whose potential has grown significantly thanks to the development of modern technologies. Its importance is reflected in the creation of databases that enable two-way communication between companies and consumers, introducing new activities into business. CRM is defined as a system that supports effective customer relationship management and improves sales of banking products and services. The main goal of the CRM process is to facilitate activities aimed at communicating with customers, while the secondary goal includes the distribution of information that managers use to improve business. CRM systems are usually divided into three segments: analytical, operational and campaign management [4]. The main goal of CRM is to increase the bank's income through a better understanding and use of customer behavior. CRM allows banks to achieve their strategic goals more effectively, providing detailed insight and analysis of customer needs. Banks have databases that include information on the number of clients, contracts concluded, services provided and other relevant data needed to establish and maintain quality relationships with clients. As a management philosophy, CRM aims to build long-term and stable relationships with clients, which further strengthens the bank's competitive advantage [5]. This concept enables the building and maintenance of long-term relationships that put the client at the center of the bank's attention, in contrast to a traditional product- or service-oriented approach. The primary goal of CRM is to achieve maximum customer satisfaction, while at the same time making more profit for the bank. Also, CRM contributes to the reduction of operating costs, which makes it particularly suitable for the banking sector. Strategic CRM plays a key role in defining the business strategies of banks, providing opportunities for the development of long-term relationships with clients, which results in increased profitability. As a relatively new field of management, CRM focuses on creating lasting relationships with customers. From a marketing perspective, CRM shares similarities with the concept of relationship marketing, as both approaches aim to establish long-term relationships with customers. In addition, CRM is closely related to various marketing and business activities, including production, service, sales, market research, finance and economic analysis, making it an integral part of the business system.

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2. SPECIFIC FEATURES OF THE PROCESS OF CREATING SERVICES IN BANKING

During the last decade, the banking sector has experienced significant changes in the way it does business. These changes are the result of political and demographic changes, but also the progress and development of new technologies that are adapted to the needs of clients around the world. Trade and banking, as one of the oldest activities, have constantly developed and adapted to market requirements throughout history. Banking services are characterized by quality, the interaction between the provider and the user of the service, as well as the assessment of quality by clients [6]. They represent the result of the relationship between customers and banks, including information about loans, cards, safes, money transfers and deposits [7]. Although banking services are intangible, certain elements of quality can be observed through tangible aspects. Services in banking can be simple, such as paying out money, or more complex, such as consulting services. Price is a key factor when choosing services. The average client often does not differentiate between the offers of different banks, so the price becomes the decisive criterion. This represents an opportunity for banks to differentiate themselves through marketing, especially through brand management, the primary goal of which is to create a recognizable offer. Differentiation makes it possible to provide a unique service that seems meaningful to clients [8]. A comprehensive banking service consists of an essential and a secondary part. The essential part includes the utility of the financial service, while the secondary includes aspects such as quality, process, brand, distribution channels and tangibility. Although clients often make decisions based on secondary elements, the importance of the essential parts of the service must not be overlooked. The perception of these elements varies among clients in relation to the importance they attach to them. From the user's point of view, the most important elements of the banking service are: basic service, information, consultation, ordering, courtesy of the staff, security, flexibility and adaptation to special requirements. In the literature, these elements are called "service flower". Bearing in mind these elements, as well as the perception of their importance, banks should create offers that meet the goals of both banks and clients, which is achieved through the CRM process. Banking services, together with the associated elements and values that clients consider a priority, are available in various forms: capital and credit, investments, money transfer, risk management, advisory services and information. The importance of secondary service elements, as well as their perception, vary depending on the specific type of service. The introduction of new banking services is often based on a combination of existing solutions, and this process is shorter and more flexible than when launching physical products. However, the exception is services in the field of electronic banking, which require employee education, so the introduction process can take longer. Special attention during the implementation of new services must be paid to their tangibility and potential risks that clients may perceive.

The process of introducing new services should be aligned with the following criteria: Strategic and financial: services that are completely new to the bank and expectations regarding return on investment, Compatibilities: compatibility with existing services, Demands: alignment with the needs of existing and potential clients and Marketing: integration with current marketing strategies.

The development of the IT economy, which relies on computer technology, the Internet and mobile applications, has enabled the emergence of new products, services and markets [9]. Technological progress has brought significant changes in the banking sector, enabling the development of specific customer-oriented services. At the end of the 20th century, the Internet enabled banks to introduce electronic payments, provide information and services remotely, and today it enables clients to apply for loans through online platforms. These innovations have reduced business costs, saved time and increased customer satisfaction. The introduction of electronic banking required a redefinition of the business models of banks, while respecting legal regulations. Marketing played a key role in promoting these services, emphasizing their benefits and reducing perceived risk. Thus, the difference between traditional and modern banking can be seen more clearly - while traditional banking was focused on the needs of banks, modern banking focuses on the needs of clients. The specifics of banking services are reflected in key elements such as products, prices, distribution channels, promotion, employees, service provision process and the environment in which the service is implemented. These elements form part of the well-known concept of "marketing mix". Banking services are characterized by intangibility, impossibility of storage, simultaneous production and

consumption, and challenges in standardization, except for services that rely on information technologies. Strategic design of services involves making pricing decisions, where pricing is based on a combination of cost, competition and demand strategies, which is the most effective approach. A more detailed consideration of the service elements that are a priority for clients is presented in the empirical part of the research. The development of new banking services is based on the analysis of existing services, competition, promotion and offer, as well as on diversification to create innovative products intended for new users. Changes, both in the domestic and regional markets, contributed to the constant development and improvement of banking services. A key role is played by the advancement of technology, which encourages innovation in the banking sector. Due to increasingly intense competition and changes in the market, banks have adopted a new business philosophy aimed at creating services that meet the specific needs of users. The development of banking services can be viewed through two aspects: improving the efficiency of capital accumulation and increasing the savings rate [10]. Traditional banking services are increasingly giving way to modern ones, which are often available without the need to physically go to the bank. Advanced technologies allow certain services to be performed partially or completely remotely. Modern banking provides clients with significantly lower costs compared to traditional models, where services are more expensive and clients adapt their activities to the needs of the bank. On the other hand, modern banking analyzes the market, examines the needs of users and invests in the continuous education of employees. Today, clients clearly define their needs and choose a bank that can provide them with appropriate services, making decisions in cooperation with the bank, creating a partnership based on trust and mutual understanding. Modern banking puts the customer at the center of its business, adapting its processes and offer to meet his needs and expectations. This approach allows banks to remain competitive and relevant in the dynamic environment of the modern market.

3. MAINTAINING GOOD RELATIONS WITH CLIENTS

Linking long-term relationships with clients and modern technologies is a challenge for marketing activities on a global level. The integration of modern technological solutions is becoming a key task for market players [11]. Companies must develop strategies to attract new customers, retain them, improve service quality and improve delivery. If necessary, it is necessary to improve products or services in order to maintain good relations with customers. The development of marketing concepts in the last decade includes well-known approaches such as relationship marketing, data-driven marketing and customer relationship management (CRM). The CRM strategy is based on the idea of profitable and long-term customer satisfaction. One of the often applied principles, the Pareto principle, indicates that 80% of sales come from 20% of customers. This insight suggests that groups that generate the most revenue should be given special attention through a more personalized approach, while less profitable clients could be encouraged to move to a higher value segment. By tracking clients and analyzing data from databases, it is possible to develop different levels of relationships. For example, users who only have a bank account usually use counter services, while users with loans or larger business transactions have closer contact with the bank. Relationship marketing ensures long-term relationships, mutual cooperation and an individualized approach to each client or group. Modern technologies significantly facilitate the maintenance of customer relations through the interactivity of the Internet, allowing direct involvement of customers in the creation of strategies. Technologies not only simplify the maintenance of relationships with existing customers, but also give banks a global reach. Comparing costs, maintaining relationships with existing clients is significantly more economical than attracting new ones, which makes long-term relationships a strategic priority. Marketing tools for maintaining relationships often overlap with those for attracting new customers. This includes customer analysis, communication, product and service customization, pricing, distribution channels, promotions and market segmentation. With existing clients, however, personal selling and relationship customization play a greater role, while new technologies enable the application of strategies that rely on attracting the attention of users (pull strategy) versus direct advertising (push strategy). The location of business facilities remains an important factor for attracting and retaining clients, while trends in banking open up additional marketing opportunities for maintaining and strengthening relationships. Compared to efforts to attract new customers, integrated marketing communications play a key role in strengthening relationships with existing customers,

making them a priority for the long-term success of banking institutions. The modern banking system constantly improves the quality of its products, services, business processes and employees, in order to adapt to changes in the business environment and eliminate activities that do not add value. At the same time, banks strive to meet the needs and expectations of their clients [12], he points out that acquiring new clients is more expensive and that companies bear higher costs than when they keep existing ones. Based on this, the focus should be on strengthening the market position, increasing customer value, reducing costs, increasing sales and generating profits. The new period of banking development is characterized by a better standard of living, easier access to the Internet, increased competition on the market and other changes. Banks have recognized that in addition to management functions, customer relationship management is of key importance. Through the synergy of these activities, banks can compete better, achieve sustainable development and profit [12]. New technologies have enabled banks to better connect with customers and other market participants, resulting in a higher level of interaction and easier management of customer relationships. The development of technologies has enabled a more efficient analysis of customer satisfaction and loyalty during banking services. Customers today expect personalized service through any access, the moment they decide to use the service. The client is the key factor in all changes in banking products and services. After the bank analyzes the needs and wishes of its clients, it creates new products or services according to the given parameters. Marketing in the bank-client relationship has a key role in providing data on the market situation. These data are of great importance for future bank transactions, as well as for understanding market challenges and specific circumstances in dealing with clients. Client relationship management is the process of aligning business strategies, organizational culture, client information and information technologies in order to continuously meet needs. clients and realized business benefit, i.e. profit [6]. This process is crucial for modern bank operations and is closely related to marketing. The goal of client relationship management in banking is to direct activities towards the creation and maintenance of long-term relationships that meet the needs of clients. Once the relationship with the client is established, the bank must continuously maintain, improve and strengthen it. Below is a diagram showing CRM (Customer Relationship Management) through the stages that result in value for consumers and the bank:

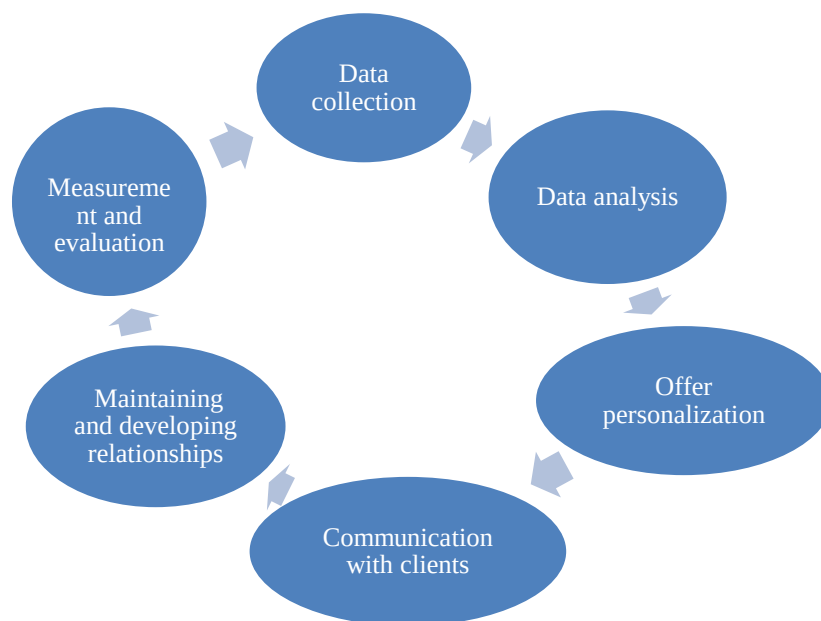


Figure 1 CRM functioning scheme,

source: author

1. Data collection: The first step is the identification and segmentation of clients, as well as the collection of relevant data about their needs and desires.

2. Data analysis: Based on the collected data, the bank analyzes which clients are the most valuable and what they need. This enables a deeper understanding and segmentation of customers.

3. Personalization of the offer: Based on the analysis, the bank creates specialized products and services that meet the needs of each customer segment.

4. Communication with clients: The bank communicates with clients through multiple channels (e-mail, telephone, online platforms) in order to offer them appropriate products and services.

5. Maintaining and developing relationships: The bank continues to build long-term relationships with clients through personalized service and continuous improvement of the customer experience.

6. Measurement and evaluation: Finally, the bank monitors the effectiveness of CRM activities, measures customer satisfaction and evaluates long-term benefits for customers and profitability for the bank.

This process enables continuous value growth for both parties: the bank and clients, through long-term, loyal relationships.

4. IMPROVING CUSTOMER SATISFACTION AS A PRIORITY OF THE CRM PROCESS

Successful operation of service organizations can be considered achieved if a permanent and stable relationship with clients is established. The key strategy of banks in this regard is quality management of relations with clients, which is the basis for modern marketing. Long-term relationships imply the creation of client satisfaction that is strong enough to motivate them to continue cooperation with the chosen bank. Consumer satisfaction is defined as the feeling a client experiences after using a product or service. This satisfaction represents an emotional response that occurs by comparing pre-purchase expectations with the actual experience of the product or service [14]. It can be viewed from a managerial and legal perspective. Managerially, satisfaction means effective management through the delivery of products or services of superior value, while legally it means compliance with legal regulations. In marketing, satisfaction plays a key role as it directly affects future purchases. As already pointed out in the analysis of marketing trends in banking, CRM represents a modern concept that enables the establishment of long-term relationships with clients. To achieve these relationships, mutual satisfaction is necessary. The development of information technologies has significantly improved the operations of companies, including banking transactions. CRM provides an in-depth analysis of clients, facilitating the realization of strategic goals. The direct connection between supply and demand via the Internet further strengthens this process, making CRM and modern technologies key tools for increasing customer satisfaction. The influence of employees is of particular importance in this process, because their internal motivation and satisfaction with achieved results often directly affect the experience of clients [6]. Internal marketing, which connects employees with the concepts of CRM and modern technologies, plays a significant role in providing quality service and increasing client satisfaction. The application of CRM in the service sectors enables the recognition of clients who require more attention, as well as strengthening the relationship between the bank and clients. CRM enables access, maintenance and improvement of customer relations, with a focus on increasing their satisfaction. In banking, in addition to marketing factors, an important element of customer satisfaction is the price of services. If a competing bank offers a lower price with similar terms, customers are likely to prefer that option. Strategies that integrate CRM aim to create long-term value, relying on customer requirements, aligning sales and service functions, choosing appropriate technology and motivated employees. Operational CRM enables motivating of customer data and providing support through call centers. Collaborative CRM facilitates communication with customers through various channels, while analytical CRM provides opportunities for in-depth analysis and further development of customer relationships. Banks are in a more favorable position compared to other sectors, because they often have the opportunity to develop long-term cooperation with clients, especially in cases of granting loans for longer terms. CRM implementation enables banks to effectively manage these relationships, improve customer satisfaction and strengthen their market position.

5. CONCLUSION

CRM (Customer Relationship Management) is a key element of modern business in the banking sector, as it enables building and maintaining long-term and stable relationships with clients. Through the application of the CRM philosophy, banks not only improve communication with their users, but also analyze their needs more effectively, thereby increasing profitability and competitiveness in the market. CRM systems are divided into analytical, operational and campaign management systems, which enable detailed tracking and segmentation of customer data, which is used to personalize product and service offerings. Creating value for customers has become imperative for banks, meaning their ability to recognize and meet specific customer needs is critical to long-term success. Given the growing competition, innovations in banking services, such as electronic banking and mobile applications, represent an opportunity for further development of services that are adapted to the needs of users, and at the same time for the reduction of operating costs. In the process of creating banking services, the specifics are reflected in the adaptation to market changes, as well as in the ability of banks to effectively introduce new products that are compatible with existing services, while at the same time satisfying user demand and marketing strategies. Electronic banking and technology enable global availability and cost reduction, allowing banks to provide more competitive services at lower costs to customers. In addition, the importance of maintaining good customer relations becomes crucial, given that long-term customer retention is often more cost-effective than attracting new ones. CRM strategies enable a personalized approach, which contributes to the creation of a partnership with clients, based on trust and mutual understanding. Banks should use modern technologies to collect and analyze customer data, in order to offer them products and services that are in line with their needs and wishes. This approach not only increases customer satisfaction, but also enables banks to build long-term, profitable relationships. Effective management of relations with clients thus becomes the basis for the sustainability and competitiveness of banks, as well as the key to achieving strategic goals and improving business results.

6. REFERENCES

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