

# CUSTOMER RELATIONSHIP MANAGEMENT: CONCEPT AND IMPORTANCE FOR BANKING SECTOR

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## **Abstract**

Customer Relationship Management concept is tendency of banking sector to establish and maintain long-term relationships with customers in order to provide value for customers and banks. This concept allows bank to identify, segment, communicate and build long-term relationships with customers on individual basis. In today's business environment, banks have aim to identify customers and to adjust offer to meet customer's needs, in order to maximize profits. Using modern technologies, Customer Relationship Management is becoming a method to maintain existing structure and development of high quality customer base. It involves development of marketing strategy through a better understanding of the entire customer base, understanding needs and attitudes of customers, as well as more efficient consideration of profitability and added value that each customer have for the bank. The aim of research, presented in this paper, is to assess to benefits of introducing Customer Relationship Management concept in banking sector, by defining strategies, adjustment of organizational structure, culture and internal processes with help of modern technology. The paper presents methods of measuring success of Customer Relationship Management concept and problems which banks have when implementing a new business philosophy.

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

*Jel Classification:* M31; E44

## **INTRODUCTION**

The development of Customer Relationship Management (hereinafter referred to as "CRM"), as a concept and a specific method of communication is result of trends that occurred during twentieth century. Transaction marketing (4Ps: product, price, place and

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promotion) is insufficient if organizations are competing in complex environment (Denison and McDonald 1995, 54). Today's aim is to break down customers into different groups with different needs in order to better serve them (Day 2003, 77).

The concept of CRM originated in developed economies, primarily in organizations whose priority is to retain existing customer base as an important business segment especially in competitive environment. CRM is a philosophy, process, concept of development and management of customer relationships. With implemented CRM concept banks are able to identify and anticipate customer's needs and desires.

Rapid changes in technology and changes in customer's everyday life have enabled successful implementation of CRM concepts and new forms of communication. CRM concept is based on a marketing strategy which integrates internal processes, functions and external networks in order to create value to customers, in order to achieve profit (Buttle 2009, 15). CRM concept helps banks to effectively coordinate efforts to present a unified message to individual customer. Therefore it is necessary to submit a unique proposal to customer by phone, mail, personal contact or by email; in accordance with method of communication that customer has chosen.

## 1. CRM: CONCEPT AND OBJECTIVES

Customer Relationship Management is a complex process which is based on a good knowledge of habits and needs of customers. It assumes constant collection of information of customer's behavior, as bank's goal is to give offer to customers based on his needs.

Establishing a CRM concept implies continuous changes on customers and bank side. There are four primary reasons why banks adjust their business processes to customers' needs:

- Retention of existing customers,
- Attracting new customers,
- Encourage customers to deepen cooperation with bank,
- Informing customers about portfolio of products, services and communication channels, with aim of increasing profits or prevent losses.

Group of authors (Peppers et al. 1999, 152) believe that well-implemented CRM concept allows:

- Identification of customers via channels of communication, interaction and transactions with aim to create value for each customer with slogan "the right product at the right time."
- Client segmentation. Each customer has specific needs for products and services; bank has to determine which group customer belongs (age, sex, income, transactions, channel utilization, etc.). Grouping customers, who have similar needs or similar behavior; require information about customers, as customer needs are very complex. Monitor changes in customer behavior is major challenge for bank. Therefore, a higher number of interactions and more frequent communication with each customer, increase likelihood that bank will collect better information about customer's needs and behavior.
- Interaction with customers. One of the most important goals of CRM concept is to monitor behavior of customers and their needs over time. Interaction with

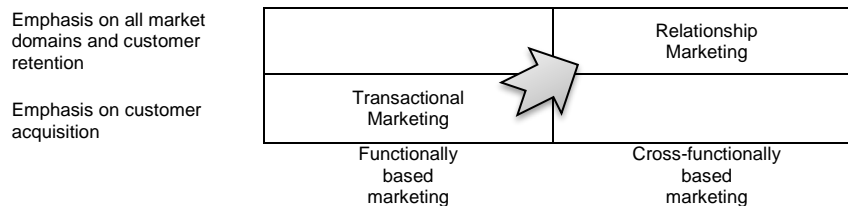
customers is a communication process, initiated by bank to collect customer information, monitor their reactions and to determine value that customers have for the bank. On the other hand, customers receive necessary information about bank's activities which can satisfy their needs. Unlike traditional marketing, where goal is to generate messages for customers, goal of modern marketing is to generate feedback from customers.

- Personalization of relationships with customer. Personalization means that bank treats each customer separately, differently and uniquely, through adjustment of offer to customer, in order to achieve long-term loyalty.

## 2. BENEFITS OF CRM CONCEPT

Today, customer is a source of information which is necessary for implementation of marketing strategy. According to changes in market place and active participation of customers in communicating marketing activities, Relationship Marketing becomes important.

Transaction Marketing whose purpose was to attract customers through non-personalized product portfolio is replaced by Relationship Marketing which implies building long-term relationships with customers through cross functional cooperation within bank (Figure 1).



**Figure 1.** Transition to Relationship Marketing

Source: Payne, Adrian. 2005. *Handbook of CRM: Achieving Excellence in Client Management*. Oxford: Butterworth-Heinemann.

Relationship Marketing assumes unique relationship with customer by adding more value to products and services (Lindgreen and Wynstra 2005, 735).

Modern communication technology becomes a tool that enables modernization of existing processes, raises quality of business and communication between customers and bank. Accurate information is becoming basis of competitive advantage. Proactive usage of information involves participation of banks in creation of information and their usage in order to introduce changes in business.

Studies show that CRM concept (Richards and Jones 2008, 121):

- Improves ability to choose profitable customers;
- Integrates offer to customers through channels;
- Improves efficiency and effectiveness of sales;
- Personalizes marketing messages;
- Customizes products and services for customers;
- Improves pricing policy.

CRM concept opens new opportunities to attract customers through cross-selling of products and services, as sale of additional products and services within existing customer base. Good long-term relations with customers create immunity of customers on competition. Simmons, in his research, confirmed that if a bank focuses its activities on meeting needs of customers, the proportion of customers, who are leaving bank, is reduced up to 25% and in the long period, costs of acquiring new customers are reduced, also (Catalan-Matamoros 2012, 4).

Benefits of CRM concept is reflected through increasing revenues and profitability, reducing costs and organizational changes in banking sector (Table 1).

**Table 1.** Benefit of CRM Concept

| Increase Revenue and Profit  | Decrease of Costs  | Organizational change  |
|--|--|--|
| Increase possibility for retention and acquisition of customers;<br>Increase possibility of cross-selling;<br>Creation loyalty of customers and increase profit;<br>Maximize value for customers;<br>Increase profitability of customers | Increase support to customers without increasing costs of services;<br>Decrease costs of sales;<br>Lower costs of acquisitions of new customers. | Banks can establish better relationship with customers;<br>Banks have comparative advantage. |

Customer Relationship Management is a specific management process which must be aligned at all levels in bank. Advantages of CRM concept is reflected at operational, tactical and strategic level (detailed description in Table 2).

**Table 2.** Benefit of CRM Concept on Different Level of Management

*Benefit on operational level*

Better management of customers data  
 Better management of processes  
 Better services to customers  
 Better position of employees  
 Increase of productivity  
 Increase of possibility to answer to customers in real time

*Benefit for tactical level*

Better segmentation of market  
 Better management of communication channels  
 Better analysis, reporting and prediction of customer behavior

*Benefit for strategic level*

Better satisfaction of customers  
 Better performances in organization

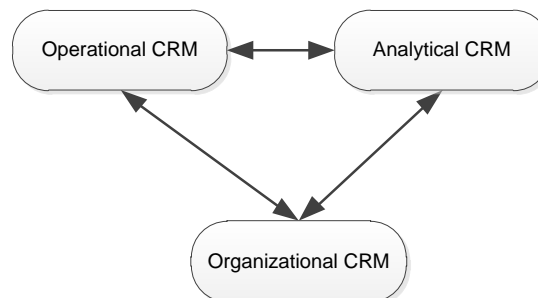
Source: Graeme Shanks et.al. 2009. A Framework for Understanding Client Relationship Management Systems Benefits. *Communications of AIS* 25 (26): 263–287.

Adoption of CRM concept in the banking sector requires jointly effort on three areas: operational, analytical and organizational (Payne 2005, 23):

- Operational CRM provides a unique source of information about customers. It deals with creation of information and supports sales, marketing and customer service.

- Analytical CRM is carried out through collection, processing and systematization of data in order to obtain information relevant to Customer Relationship Management.
- Organizational CRM requires cooperation between marketing functions and infrastructure in order to optimize activities aimed at customers, to create value for the bank and the customer through usage of multiple channels of communication. This CRM is responsible for establishing customer interaction through appropriate channel of communication.

CRM success in bank depends on quality of their integration (Figure 2).



**Figure 2.** Relationship between Analytics, Operational and Organizational CRM

In order to optimize processes in banks and satisfy customer needs, integration between analytical, operational and organizational CRM is essential. Banks in Europe, Asia and North America have developed a modern approach to customer through existence of operational, analytical and organizational CRM. Banks in Balkan region also follows their approach. Despite lots of advantages that CRM concept provides, minority of banks in Serbia has implemented CRM concept, while majority of banks are not yet in process of implementation.

### 3. CRM CONCEPT SUCCESS FACTORS

CRM strategies, organizational structures and cultures, employees and top management, communication channels as well as information technology can positively and negatively affect acceptance and success of CRM concept. There is cause-effect relationship between mentioned factors, since establishment of proper CRM strategy, its acceptance in organization and by employees, selection of right CRM technology and its integration with channels of communication are the key factors of a successful CRM concept.

#### 3.1. CRM Strategy

First step in process of developing CRM concept is clear definition of business, as well as objectives and reasons why bank performs its activities. Bank should analyze characteristics of business environment and development of media and distribution

channels. Also, bank should build adequate technological infrastructure which will support implementation of CRM strategy.

Well-defined business strategy will help bank to establish marketing strategy that connects and coordinates internal competence with external challenges (decision making for Customer Relationship Management, building relationships with customers, analyzing attitudes and behaviors of customers, customer segmentation, etc.).

As the key principle of CRM concept is personalization, bank defines a strategy that will enhance and improve quality of customer relationships. CRM is a business strategy which is based on principles of Relationship Marketing. Relationship Marketing has aim to attract, retain and build long-term partnerships and relationships with selected customer segments in order to create higher value for customers and the bank. CRM strategy involves (Dyche 2001, 154):

- Analysis and collection of information related to adequacy of existing strategies, internal environment, individual business processes, employees knowledge and indirect business environment.
- Development of CRM strategy, which includes definition of strategic objectives and adequate definition of CRM strategies.
- Implementation of CRM strategy that includes planning, implementation of all business communication techniques, and control activities which are necessary for achievement of defined objectives of building and improving relationships with customers.

CRM strategy is based on customer strategy, customer-interaction strategy, brand strategy and value-creation strategy (Lindgreen et al. 2006, 17–19). Before implementing CRM concept, bank should establish a customer strategy that defines a way to attract new customer and to maintain relationships with existing customers. Customer strategy involves grouping customers on various grounds (gender, age, occupation, marital status, needs, shopping habits, etc.). Based on analysis of characteristics and behavior of customers, bank, through a strategy of customer relationships, defined ways (channels of communication) and frequency of interaction with customers. Interaction of with customers depends on brand strategy. Bank should define brand strategy as what it wants to be and how to act to achieve that identity (Lindgreen et al. 2006, 19) Based on defined ways of maintaining relationships with existing and ways of acquiring new customers, as well as defined channels of communication, and brand strategy bank is ready to define indicators values that CRM concept creates for customers and the bank, through a value-creation strategy. Well-defined value-creation strategy offers superior value to individual customers and at the same time maximizes profitability from each relationship (Lindgreen et al. 2006, 20).

### **3.2. Organization**

Successful CRM involves definition of processes, adaptability of employees to new strategy and support of top management, with adequate organizational structure.

Successful implementation of CRM concept needs support of top management. Success of bank in today's competitive environment, depends on ability of top management to adjust business environment where employees manage business processes and implement business relationships with customers. Banks often seek for employees who have appropriate leadership (Day 2003, 81). Top management should be

actively involved in changes in organization in order to spread positive vision of CRM concept and to support organizational change.

An important factor of success in CRM concepts are employees and their commitment to organization. Employees should have appropriate knowledge and techniques which support Customer Relationship Management. In other words, successful relationship with customers depends on customer-oriented skills of employees and their ability to better anticipate customer needs. Successful CRM concept depends on willingness of employees to continuously improve themselves and to accept change; and willingness of banks to build a reward system for employees who are oriented to customers. CRM concept depends on organization and its aim to delegate responsibility and to support employees to handle customers (Eriksson and Mattson 2002, 537). The effects of CRM concept is reflected through higher productivity of employees: employees spend less time on manual tasks using automated tools. Resistance of employees to a new way of doing business should be resolved through education and communication of changes that are occurring. Also, active involvement of employees in creating and implementing CRM concept will significantly improve attitude of employees to new processes.

The organizational structure of the bank should be adjusted to new approach and strategy of the bank. CRM concept promotes a new organizational structure based on trends and customers' needs. Organizational units in bank must be flexible to cooperate and to support new strategy of establishing long-term relationships with customers.

Organizational culture reflects the way how employees feel the bank in which they work, but also the way of how bank is behaving in internal and external environment. Successful implementation of CRM concept requires close cooperation and communication between marketing managers and employees in the bank. It is necessary to build business-like atmosphere, which will be based on trust, understanding and acceptance of new solutions. Any change in business carries risk and fear of unknown, so good and positive atmosphere at work helps employees to accept changes brought with CRM concept.

### **3.3. Communication Channels**

It is noticed that banks have remarkable investments in information technology. At the time when expansion takes place in banking business, as customers are interested in using new products and services, banks create new services that allow independent use of product with help of modern information solutions. The focus of bank's operations is on customers, as each customer represents a separate market segment. Communication between customers and banks is built in form of a two-way dialogue, so business success is measured by participation of customers in communication. Banks are developing direct banking channels, which allow customers easier and faster banking operations. Modern banking is done through ATMs, Internet and mobile devices. The use of modern information technology in everyday business, influences on improvement of quality of services; reduces operating costs; decrease cost of investment; creates new products and services; and improves of managerial competence within the bank. Continuous development of modern telecommunication media is one of biggest challenges for banking sector. The bank can communicate with each individual customer by: Branches, ATMs ("Automated Teller Machine"), POS ("Point of Sale"), Home Banking, WEB TV-

banking, SMS Banking, Internet Banking, Mobile Banking and Social Media (Facebook, Twitter, LinkedIn, YouTube, etc.). Banks should use new communication channels in order to position their products and services. Integration internal process with communication channels contributes to continuous improvement of relationship between banks and customers. The first step in process of integration is identification and assessment of benefits of introducing new communication channel. The bank should select those channels that correspond to particular customer segments or individual customers. For example, customers who are in age group of 18 to 45 years prefer communication via Internet, and customers, who are retired, want to contact bank through a Call Center or Branch.

When positioning channel communication system with customers, bank should respond on following questions:

- What customers want from a communication channel?
- How many customers are willing to pay to get a certain level of service?
- How effective customers desired services can be provided?
- What are costs of alternative communication channels for the bank and for the customer?

Depending on response, bank may establish a communication channel that best suits customer. Today, banks can choose between three communication channel strategies (Mols 1999, 296):

- Branch strategy. Branch strategy as a communication channel strategy was very popular thirty years ago. Branch was first point of direct communication with customers.
- Internet strategy. Strategy based on Internet involves communication with customers through modern technology, through which customers perform banking transactions independently, with significantly reduced costs.
- Distribution Channel strategy. This strategy is the most common practice today, because it allows combination of Branch strategy and Internet strategy. Clients are able to perform most business with bank through modern communication technologies, while for specific jobs, bank staff is available. This strategy allows activities at the lower cost, easier support to customers and increase of sales and profit.

### **3.4. CRM Technology**

CRM technology, as a part of Information technology, provides better insight into profitability of the customer but, also recognizes customers' habits and needs. CRM technology allows bank to:

- Have information about specific needs of customers,
- Realize personalized approach to each customer,
- Identify the most profitable customers,
- Access customer's risk profile.

CRM technologies are software solutions or CRM tools, which support Customer Relationship Management. CRM technology allows gathering necessary information from different sources in order to have a unique picture of each customer in real time. By using CRM tools, employees can quickly make decisions and communicate them to



customers in short term. To keep this process successful, bank should use CRM technology that combines two technological components:

- Data Warehouse, as collection point of data.
- CRM technology, which enables decision-makers to create marketing campaigns in order to communicate with customers.
- CRM technology allows employees to have necessary information before they make contact with customer.

However, CRM technology is considered as expensive and complex innovation. It requires integrated information systems, costly infrastructure and advanced technological skills. The price paid by bank for purchase of CRM technology depends on volume of business (usually number of customers) and existing infrastructure. If bank is technologically mature; employees have a significant level of technological knowledge; CRM technology make advantage compared to other banks, so benefit of adopting CRM concept must be higher.

#### **4. INDICATORS OF CRM SUCCESS**

Measuring success of CRM concept is a challenge for banks. It is difficult to establish a direct connection between CRM activities and financial results, because success of CRM concept can be expressed in quantitative and qualitative indicators.

Successful implementation of CRM concept requires investments in CRM technology, change of processes and organizational structures in order to accept CRM strategy. Banks have to define performance indicators of CRM concept, as set of activities, which will help bank to achieve objectives defined in marketing strategy. CRM concept is successful if sales, marketing, support, and information technology within bank are organized around same goals: cooperation with existing customers; acquisition of new customers; maximizing value of each customers; improving support services to customers without increasing costs. Organization of described functions will enable improvement of operational efficiency, which contributes development and sustainable and healthy growth.

Greenberg believes that there are three indicators of success of new business philosophy (2004, 79–81):

- Client indicators, which aim is to show which customers are willing to accept new solutions that bank conducted (using new channels of communication); is willingness of customers to provide information to bank increases; are customers activities and their satisfaction increased.
- Financial indicators, which should show an increase in customer responses to marketing campaigns, reducing cost of acquiring new customers; increase customer retention rates; increase revenue per employee working with customers; growth in number of transactions per customer; increase cross-selling of products and services; growth sales of additional products and services.
- CRM technology indicators: how employees use CRM technology; the number of customers in database; the time it takes for employees to obtain desired customer information using CRM technology.

Success of CRM concept can be measured by a set of specific objectives. Return on Investment (ROI) in CRM concept is measured by increasing revenues and reducing costs. Indicators of success have both internal and external focus and need to connect

operational activities with business strategy of bank. Lack of clear and well-defined indicators can lead to lose focus on customer. It is often considered that monitoring of financial indicators is sufficient for maintenance, modification or termination of CRM concept. But, long-term relationships with customers are qualitative performance indicator of CRM concept. The main problem of this indicator is that banks often do not know how good relationships with customers look like, so it is difficult to measure customer loyalty. One way of measuring customer loyalty is Return on Relationship. Return on Relationship model allows measuring and maximizing profitability of customers, through proper use of CRM technologies and changing business processes (resource optimization in sales and support, encouragement of customers to use alternative channels, etc.).

However, the most correct is to measure qualitative and quantitative indicators of success of this concept. In literature (Kim et al. 2003, 6), authors recommend the Balanced Scorecard model. With perspective of CRM concept, the Balanced Scorecard uses four indicators:

- Value of customers, which measures financial effects of customers (increase revenue, increase profits, reduce costs).
- Client satisfaction, which shows level of customer satisfaction with bank's products and services.
- Interaction with customers, which measures efficiency of internal processes and communication with customers through various communication channels.
- Knowledge of customers, which measure quality of data which bank, has about customer.

Accordingly, the Balanced Scorecard covers financial, operational and qualitative aspects of CRM concept and allows its measurement.

However, formulation of indicators which bank will use depends on objective of implementation of concept. For example, if bank aims to reduce labor costs in branches, then a measure of implemented solutions will be not increase of sales but reducing operational costs. Therefore, measurement of results of CRM concept assumes using a combination of different indicators based on defined goals.

Success of CRM concept can be expressed at different levels. Depending on the results of indicators at strategic, customer and financial level, it can be said if concept is successful or not (Table 3).

**Table 3.** Examples of success indicators of CRM concept at different levels of the bank

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

*Source:* Adjusted from Payne, Adrian and Pennie Frow. 2005. A Strategic Framework for Client Relationship Management. *Journal of Marketing* 69: 155–166.

## 5. REASONS FOR CRM FAILURE

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

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

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

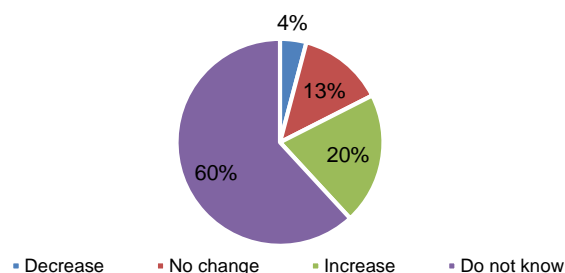
Success rate of CRM implementation concept is very low, which is not in accordance with large investments and expectations of management. A detailed presentation of failure rate per year, conducted by research agencies is shown in Table 4.

**Table 4.** Empirical Studies of Failure Rate of CRM concept

| Year | Studies done by             | Failure rate |
|------|-----------------------------|--------------|
| 2001 | Gartner Group               | 50%          |
| 2002 | Butler Group                | 70%          |
| 2002 | Selling Power, CSO Forum    | 69,3%        |
| 2005 | AMR Research                | 18%          |
| 2006 | AMR Research                | 31%          |
| 2007 | AMR Research                | 29%          |
| 2007 | Economist Intelligence Unit | 56%          |
| 2009 | Forrester Research          | 47%          |

Source: CRMsearch.com. 2015. Successfully Implementing Your CRM Solution. <http://www.crmsearch.com/crm-explained-implementation.php>. (accessed April 25, 2015).

Also, 60% of managers do not know if CRM concept has a positive impact, while survey found that 20% believe that CRM concept has a positive impact on profitability of customers.



**Figure 3.** Impact of CRM-Change in Customer Profitability

Source: McKinsey Global Institute, 2015. How IT Enables Productivity Growth, The US experience across three sectors in the 1990s. [www.mckinsey.com](http://www.mckinsey.com) (accessed April 23, 2015).

Research done by Forsyth (2001) on 700 companies had shown that CRM concepts were unsuccessful due to lack of organizational changes (29%), politics within organization (22%), poor understanding of CRM concept (20%) and poor employee's skills on CRM (6%). CRM concept can be unprofitable if bank ignores value of customers; underestimates data analysis; interest of top management for CRM concept is low; inflexible decision-making process.

Another problem in process of implementing CRM concept is collection of personalized customer data. Collection of personal data is a very important and sensitive part of communicating with customers. Only with written consent of customer, bank may use personal data in analysis. However, research agency Forrester Research showed that customers increasingly report abuse of their personal data. Under such circumstances, European Commission for Justice in 2012, presented a draft EU legislation on data protection. European Commission seeks feedback from various companies, government groups and organs of proposed law. Bank and other organizations whose operations are based on knowledge of customers, disapprove a proposed regulations, as it will limit their operations and data which they use in decision-making process. Final decision on adoption of law has not yet been made.

Also, problem is often identification of CRM concept with technology. Campbell (Campbell 2003, 381) believed that organization spent more effort to generate information about customer than to integrate knowledge of customer in internal processes.

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

## **CONCLUSION**

First organizations which have adopted concept of CRM were banks. Even before adoption of CRM concept, banks were trying to develop qualitative relationship with customer. CRM approach offers possibility of building a comprehensive concept with emphasis on customers. CRM strategy provides advantages which bank uses when communicate to target group, resulting in higher performance products and services which can meet customer needs. CRM concept involves modified attitudes of bank and customer through a series of logical steps. In order to create a framework for CRM concept, bank has to monitor needs and behaviors of customers, but also to identify actors who are of great importance for customers in long-term business relationships. If bank delivers added value to customer through its product and services, it will strengthen bank competitive advantages; so the other bank will have difficulty to copy this capability (Kothandaraman and Wilson 2001, 384).

CRM concept allows banks to focus on overall growth. Products and services can be adjusted to new market needs with adoption of new information technologies. Also, as bank has sensitive information about customers, due to legal regulations, bank must balance between costs incurred due to data protection and need to use information.

When implementing CRM concept, bank has to make distinguish between CRM concept and technical implementation. Beside technology, CRM concept includes changing business processes, defining strategies, goals and changes in organizational structure and culture. Technology which supports CRM concept gives information about profitability from different points (products, services, personnel, market segments); information on market share and growth (segments, bank as a whole); and information to compare performance of market segments. Also, CRM technology allows marketing decision-making analysis of various marketing strategies, identification of products and services which are profitable, as well as products and services that are not. Employees who are in direct contact with customers (Branches and Call Center) using CRM technology have access to information about their potential customers (name, address, what products and services are used, hobbies, occupation, interests) and reports on achievement of their own results. CRM technology is only basis for new process and serves as tool which can help bank to become customer-oriented bank.

CRM concept should be defined at top of organization, but also it has to be coordinated on lower level in organization. Creating and implementing CRM concept implies involvement of all employees in bank with usage of modern information technologies for better communication with customers.

When implementing CRM concept, bank should:

- Spread vision that CRM concept is good for the bank and for the customers;
- Define the objective of implementing CRM concept;
- Use information about customers;
- Ensure that all parts of organization are involved in implementation of CRM concept.

Banks which are not interested in customers and customer`s needs, are likely to lose them in long term. Therefore, care for customers should be one of main goals of the bank. It is necessary to constantly make effort which will provide customer feeling that he/she has a special place in bank. Bank has to constantly provide training of employees in order to develop positive attitude towards customers. Bank has to develop a long-term and systematic process management, with building a relationship with employees in order to establish good communication between employees and between employees and customers.

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