ABSTRACT

This paper reviews the literature on customer relationship management (CRM) with Knowledge Management (KM) in the banking sector. CRM focuses on handling the relationship between an institution and its current and prospective customer base as a key to success, while KM distinguishes the knowledge obtainable to the institutions as a major success factor. From a commercial procedure manager’s perspective both the CRM and KM methods promise a positive impact on cost structures and revenue streams in return for the allocation of resources. The main ideas of CRM and KM both used to emphasis the organizations’ resources to improve the performance of all activities in order to gain competitive advantages. The results of this paper will be of benefit to both the customers and the banking sectors. From a better understanding of the CRM with KM, the banks will have greater understanding of the true needs and expectations of the customer. It is regarded as a source for competitive advantage because it enables banks to foster more profitable CRM method. Commonly for today’s banks, CRM and KM is essential for consistent and effective decision making and improvement. Today, there is widespread use of CRM with KM for the process of problem-solving. The contribution of this paper lies in showing the importance of implementing successful CRM with KM in different banking sectors will allow them to gain competitive advantages and will play the role of a service provider to their customers. The outcomes of this paper are based on literature analysis of some related works, supplemented by surveys. In this paper I show that the benefit of using CRM and KM in the banking sector can improve the performance by integrating both methods into a customer knowledge management (CKM).

Key Words: Customer Relationship Management, Knowledge, Knowledge Management, Banking Sector, and Customer Knowledge Management.

1. INTRODUCTION

Customers are of primary importance to the banking sector as customers are key to the success of their activities. Much literature shows that the combination of customer relationship management (CRM) with knowledge management (KM) can provide banks with the capability to improve their relationships with their customers.

2. BACKGROUND

First, this section will give brief definitions from the literature of the concepts covered in this paper.

2.1. Knowledge

Knowledge refers to information that enables entities to take action and make decisions. It can also be described as information with direction. Knowledge is intrinsically similar to information and data. However, it is the richest and deepest of the three, so it is therefore of the most value [1].

2.2. KM

Knowledge management is the explicit and systematic management of crucial knowledge, which encompasses several activities such as the creation, collation, organization, diffusion, use and exploitation of that knowledge [2].

2.3. CRM

Some researchers define CRM as the use of technology to discover more about each and every customer, which enables organizations to address their individual requirements. However, others do not regard CRM as an issue of technology but rather of humaneness, that is, the each customer should be treated with empathy and sensitivity. However, CRM is an expensive way to learn about customers compared with the traditional few-minutes chat [3].

2.4. Customer knowledge management
Technological developments and the declining expense of technology no wallow organizations to gather, store and utilize information about their customers more easily and more cost-effectively. The proper use of this customer information is a serious business in the face of the difficulties of increased competition and the need to compete in markets where success is dependent on creativity. Customer information should be seen as offering the opportunity to gain competitive advantage and as a means to support creative strategies that place emphasis on the customer [4].

2.5. Elements of CRM
Customer relationship management consists of three elements: people, processes and technology (see Figure 1), which are combined to understand customers. The role of each of these CRM elements is as follows:

People: Implementing an application such as CRM requires a change in both the structure and culture of an organization. Employees are the building blocks of organizational success and they play an important role in building relationships.

Process: The process component of CRM is the most delicate because inappropriate automation of the CRM business process will only result in a more error-prone process.

Technology: Information technology (IT) is recognized as the key enabler of the redesign of business processes that can improve and enhance overall organizational performance. It can facilitate changes in business practices and innovative methods of value creation [5].

2.6. Relationship between KM and CRM
Knowledge management is an approach that can be used to capture, create, and apply knowledge to make the CRM process successful. Concerning this notion, KM is considered to be a type of expertise that is widely recognized as having a significant impact on business performance. Furthermore, CRM and KM have been recently gaining a lot of attention in the business world. Both CRM and KM focus on allocating resources to support business activities in order to gain competitive advantage; however, in the main, both concepts are currently treated as separate research. Moreover, both KM and CRM are of primary significance for business decision makers and IT professionals alike. The availability of a huge volume of data on customers as a result of new technology tools has created opportunities as well as challenges for businesses in terms of leveraging this data and gaining competitive advantage [6].

2.7. Banking sector
According to [7], banks and other financial institutions offer loans and investments. A bank is a financial institution that delivers banking and other financial services to customers. A bank is generally understood to offer essential banking services such as tolerant credit and loans. A banking system is a system provided by the bank which offers money management services to customers, including the 24/7 reporting of transactions related to their accounts as a result of monetary services commerce.

3. BENEFITS OF IMPLEMENTING CRM WITH KM

The implementation of CRM with KM in the banking sector will provide several benefits that may help banks in their different activities. These benefits are described in the following subsections.

3.1. Creation of customer profiles
According to [8], the tasks that can be achieved by combining CRM with KM in the banking sector include gathering customer information in one place, making it easily accessible, identifying the best customers, defining their requirements, and finally turning forecasts and first-time users into long-term loyal customers. These tasks will allow banks to create their own detailed customer profiles.

3.2. Improvement of customer satisfaction levels
The use of CRM with KM will maximize the profits of banks, enabling them to identify the most profitable customers and deliver the highest level of service. The use of CRM increases customer retention, income, faithfulness, satisfaction and, crucially, gives workers the necessary knowledge and procedures to know their customers, understand their requirements and efficiently build relationships between the bank and its customers [5].

3.3. Increase in the effectiveness of Web-enabled services
According to [9], today's e-Banking customers want instant access to the banks with which they do business and expect each person in the bank they contact to have full knowledge of their account. The fully personalized service has become a standard. Interactive customer relationship management (ICRM) is enabled through customer’s interacting with banking websites.

3.4. Improvements in customer centre efficiency and profitability
According to [6], a customer call centre is integral to serving customers effectively. A good KM strategy benefits call centres by making bank agents more efficient in answering customer questions and customers themselves can benefit from call centre KM via self-service implementations.

3.5. Better leveraging of predictive CRM data through use of KM
According to [10], predictive CRM enables banks to find out more about their customers by executing detailed analysis of the knowledge stored about customers. It speedily allows the changing method of the banks and to make active and strategic decisions about production and procurement, as well as advertising and sales of products and services provided by the banking sector. Predictive analytics is a type of data mining that reveals new insights or new knowledge from existing information.

3.6. Improvement in business intelligence

According to [11], business intelligence (BI) and other forms of KM technology are helping stores to get to know their customers better than ever, while allowing them to offer modified attention. A BI system could also assist the banking sector in building a central knowledge source that would help them to better understand customers and simplify their modified marketing approach.

3.7. Support for problem solving and access to relevant information

The use of CRM and KM can help bank staff to organize the problem-solving process by showing customers the stages they need to go through to reach a solution. These tools can also support the recognition, structure and analysis of problem issues and this will facilitate problem-solving flows because banks will be able to use organized knowledge applicable to problem solving. The use of CRM with KM can thus support decision making and problem solving by providing flexibility and innovation [12].

4. CONCLUSION

Without KM, banks customer base, will not be able to take advantage of competitive advantages. The contribution of this paper lies in demonstrating the importance of successful implementation of CRM with KM in the banking sector in an operational location. In each case critical customer processes. The paper outcome identified the benefits of implementing CRM with KM in banking sectors from different point of activities including: Creation of customer profile by gathering customer information in one place, making it extensively obtainable, classifying the best customers, defining their wants, and finally turning forecasts and first-time buyers into long-term loyal customers and will provide the services which could be improved, enhancing knowledge transfer to the customer, resulting in higher customer satisfaction, higher loyalty and thus, higher revenue. Also, more efficient content creation was facilitated, facilitated; resulting in lower costs. CRM and KM will improve customer satisfaction by increasing customer retention, income, faithfulness, satisfaction and, most highly, delivers workers with the knowledge. Also will enables better leveraging of predictive CRM. Interactive customer relationship management (ICRM) is enabled through customers interrelating with Web sites. The CRM with KM will help in customers centre services is an integral component of customer provision achievement. A good KM strategy benefits call centres by making bank agents more efficient in answering customer questions and customers themselves can benefit from call centre KM via self-service Implementations. Also enables better leveraging of predictive CRM which is the discipline of getting to know the banks customers by executing detailed analysis on knowledge about the customers. CRM will Support business intelligence and problem solving task and access to relevant information to the banks and helps the banks staff to organize the problem solving process by showing the customers which stages he/she should go through in order to reach a solution. This paper finding is consistent and confirmed with research by [13] which demonstrates that the financial institutions that uses KM to capture and share customer knowledge will be able to understand their customers better and be able to intensely improve their income by using their knowledge to service key customers better and thus recall their generation devotion. Financial institutions that place customer knowledge at the heart of the financial institutions and make that knowledge available to all employees are the ones that have excelled and will continue to excel in their industries. KM with CRM will improve strategic decisions result in better customer directing, better service and openness to new and altering needs. This in chance leads to augmented customer satisfaction and faithfulness and therefore increased strategic competitiveness and success for an organization.

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