A Perspective on the Next Generation of CRM Solutions

In collaboration with PathSolutions
Banking CRM systems are vital for managing customer relationships

Businesses across the globe are becoming more customer-centric. The banking industry is no exception. The product-centric focus is making way for a more optimised and personalised customer-centric approach. Banks are relentless in their pursuit of offering a top-notch experience to their customers.

A CRM (Customer Relationship Management) software is a tool that helps companies manage their communications, interactions, and relationships with existing customers and prospects. CRM systems can enable companies to understand their customers better, streamline processes, and enhance customer relationships. All of which help businesses to better attract and retain customers and offer a superior customer experience.

The importance of CRM systems for banks is reflected in the global deal activity. Banking CRM solutions market witnessed strong growth, with system sales increasing by over 25% annually from 2016 to 2020, on the back of strong demand from Europe and the US. At the global level and across industries, the market size for CRM was US$ 50 billion in 2020 and is expected to grow 10% annually to reach US$ 80 billion in 2025.
CRM systems – a journey of growth

Historically, CRM systems have helped firms acquire new customers, retain existing relationships, and improve customer satisfaction and loyalty. As businesses understood the significance of CRM, the software and its functionalities started evolving.

Prior to CRM systems
- Customer tracking done in ad-hoc manner
- Usage of spreadsheets or database applications

Early CRM Systems
- Limited functions such as lead mgmt. and campaigns
- Intra-organisational application for sales and after sales support

Current CRM Systems
- Advanced functionalities
- Integration with other enterprise applications
- Alignment with company objectives

Next Generation CRM Systems

Figure 2: Evolution of CRM Systems (Source: IBSi Research)

Today, CRM solutions are integrated with other enterprise-wide applications and offer comprehensive support to marketing, sales, and support functions. The emergence of technologies such as data analytics, Artificial Intelligence (AI), and Machine Learning (ML) unlock new potential for CRM systems that will lead to the evolution of the next generation of CRM systems.
CRM Systems | Benefits and Emerging Challenges

Benefits offered by CRM systems in banking

CRM systems enable banks with the ability to manage and meet customer expectations quickly and in an efficient manner. Broadly, CRM systems help banks achieve the following:

- Improve customer centricity
- Enhance sales and marketing
- Boost efficiency.

Improve customer centricity

CRM systems can help banks identify customer needs and engage with them in a personalised manner. Data collected through various channels can enable banks to assess customer product or service requirements and reach out to them proactively. CRM systems can also empower service personnel with additional data to resolve customer concerns quickly and efficiently, significantly enhancing customer experience.

By keeping customers truly at the heart of the business, banks can delight their customers with great experiences, which translates into greater customer loyalty and, consequently, a superior lifetime value.

Enhance sales and marketing

Modern CRM systems have the capability to generate actionable customer insights which can enhance sales and marketing functions. Superior prospect relationship right from the lead generation stage improves the lead conversion rates. What’s more, banks can also use deep customer insights to enhance their journey and make all the touchpoints impactful.

Enhanced data availability also enables banks to run targeted campaigns and manage cross-sell/upsell opportunities more efficiently. By strengthening the sales and marketing functions, CRM systems positively impact the overall sales and revenues.

Boost efficiency

Banks can enable their employees to add more value to all customer interactions with the right systems in place. CRM systems can help banking teams access customer data readily, allowing them to prioritise customer relationships over repetitive administrative tasks.

Furthermore, CRM systems can integrate with other applications and tap into their data stream to generate actionable insights in real-time, improving customer experience and fortifying loyalty.

A CRM system-enabled, highly efficient workforce coupled with more effective customer interactions leads to greater profitability for banks.
Emerging business and customer needs create new challenges

The banking industry is in flux, and new entrants such as FinTechs and BigTechs are making the landscape much more competitive. The retail industry, FinTechs, and BigTechs have set significantly high standards for customer experience, and customers expect nothing short of it across all touchpoints. In short, acquiring new customers and retaining the existing ones is becoming more challenging for banks.

Banks can retain their competitiveness by meeting customers’ emerging needs proactively. Since the needs of each customer may vary widely, hyper-personalisation can be the answer. However, legacy systems and organisational silos create a challenge for banks to use data effectively.

Accessing the data from silos is not the only challenge related to data. Banks have access to diverse sources of data, including third parties. In the absence of an intelligent system to make sense of all the available data, banks are more likely to lag behind their peers in customer satisfaction metrics.

Increasing application of new technologies (such as advanced analytics, AI, and ML) and the quest to improve customer-centricity drive enhancements in CRM systems. The next generation of modern CRM systems strives to tackle the challenges that impair current CRM systems.
Next Generation of CRM Systems | Evolution and Advantages

The next generation of modern CRM systems can enable banks to offer best-in-class experiences to their customers. These systems integrate with existing applications more efficiently to use data in real-time, have platforms with broader usability, and enable banks to personalise customer interactions. Modern CRM systems have SMART features, as illustrated in Figure 3.

Figure 3: SMART – 5 Pillars of the Next Generation CRM Systems (Source: IBSi Research)

Seamless integration with other systems

Almost all incumbent banks have legacy infrastructure, wherein interfacing might be complex. However, modern CRM systems have the capability to integrate with all banking systems natively or via integration layers. Modern CRM solutions also feature an open design that enables third-party integration via Application Programming Interface (API). Seamless integration with other systems enhances data visibility and usability across the organisation. Modern CRM applications are also available in a Software-as-a-Service (SaaS) model, extending greater cost flexibility to banks.

Industry Example #1 | Streamlining Fragmented Processes for a Seamless Experience

Initial Context: In its digital transformation journey, a leading bank in the Middle East identified that offering its customers 24/7 access to all the services would require an overhaul of back-office systems. The bank was looking for a unified platform that could support end-to-end customer journeys.

Solution & Benefits: The bank implemented Microsoft Dynamics 365-based CRM platform, well connected with other systems using an integration layer. As many as 200 back-end services were integrated digitally. The results were very encouraging. The new CRM system enabled the bank to cut down customer onboarding time by half, reduce lost card assistance time by over 90%, and improve the efficiency of call agents by up to 100%.

Mobile-friendly application

The COVID-19 pandemic changed customer behaviour, and it highlighted the need for mobility adoption. Customers and users are likely to carry forward the preference for mobile even in the post-pandemic world. Modern cloud-based CRM applications extend a robust set of features to users, provide convenience, and add more value to the organisation.
One of Southeast Asia’s leading regional consumer finance banks implemented a CRM solution to enable its 18,000+ sales representatives to perform their daily tasks more efficiently. The solution integrates seamlessly with other systems in the bank and acts as a one-stop mobile solution for the sales representatives. The bank witnessed a 30% increase in loan disbursed per sales representative and an over 60% reduction in loan disbursement time.

Analytics and AI-driven
Advanced analytics and AI have numerous potential applications in CRM. Emerging tools and technologies can help banks understand their customers better, automate repetitive tasks, assist in customer servicing, and offer real-time actionable insights.

Modern solutions strive to include superior analytical and AI functionalities in the CRM systems to support the customers proactively and personalise their experiences.

Reliance on data
The emergence of new data sources means that banks own greater customer data than ever. Data mastery is critical for organisations, with data integration, management, clean-up, and formatting being top priorities.

Modern CRM systems can tap into the data from structured and unstructured sources to feed the analytics engine for generating granular customer insights.

Tailored customer interactions
The last pillar for offering tailored customer interactions is the most important one. Personalising customer journey while enhancing their experience across all touchpoints will automatically translate to greater customer satisfaction and loyalty.

Customers also want the flexibility to interact with the banks through the channel they want, at the time they want, and in the manner they want. A key point to note here is that customers also prefer the availability of self-service options. Modern CRM systems with seamless back-office integration can enable banks to extend such capabilities to their customers.

Industry Example #2 | CRM System Implementation for Enhancing Processes

Initial Context: A Tier 1 bank in India wanted to enhance fragmented processes, information availability, and turnaround times. The bank had 1500+ branches, 15,000+ users, and over 10 million customers.

Solution & Benefits: The bank implemented a modern CRM system in 2020 to help resolve the issues. The new CRM system enabled seamless integration of 150+ touchpoints and 20+ channels to offer a single 360-degree view of the customer. With a workforce penetration of over 70%, the CRM application improved productivity significantly. The solution reduced sales turnaround time by 40%, service turnaround time by 90%, enhanced lead conversion rate by 45%, and reduced data capturing error by over 80%.
Conclusion

It’s no secret that CRM systems are critical for banks to meet customer expectations. CRM systems of the past have been doing a decent job. However, emerging market dynamics leave much to be desired.

The next generation of modern banking CRM systems are powerful tools that can alleviate many challenges that banks currently face due to the limitations of their existing CRM systems. What does this mean for banks that are yet to shift to modern CRM solutions? Achieving customer centricity will be much more challenging, and competitiveness with peers may also take a hit.

Nonetheless, the transition to a modern banking CRM is not overly complex for banks willing to take that journey. Capable ecosystem partners and technology experts can expedite this journey and help banks improve customer centricity.

About Path Solutions

Path Solutions is an industry-leading open banking solution provider that helps banks adapt successfully in a new era of digital and behavioral transformation. As a proven software partner focused on powering tomorrow’s intelligent bank, Path Solutions gives its clients a distinct advantage by enabling them to outperform the competition and stay ahead of the innovation curve. Path Solutions powers their transformation to a smarter and digital organization to reap competitive advantages from higher profit margins to faster market share growth: www.path-solutions.com