Research on Customer Relationship Management of Commercial Banks in China

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Abstract

With the opening of the financial market and the deepening of the reform of the financial system, commercial banks are facing many challenges as well as opportunities for development. The changes of the times have led to increasingly diversified customer types, and the rapid changes of the digital economy have made customer needs more complex. The traditional customer service management measures and programs are obviously unsustainable. Based on the above background, this paper discusses the current situation of customer relationship management in commercial banks, analyzes the customer-centric marketing model and management system of commercial banks in China, and summarizes the relevant management measures and suggestions through four aspects of marketing, business, information management and customer service. The customer relationship management system is used to improve customer satisfaction and loyalty, reduce the bank's operating costs, recover customer resources, and improve market share, so as to maximize the bank's benefits, and thereby enhance the bank's sustainable competitiveness and profitability.

Keywords

Commercial Bank; Customer Relationship Management; CRM System.

1. Introduction

In recent years, the development of the national economy and the rapid development of information technology have brought many challenges to the traditional management system of the financial industry, but also provided a broader space for the development of customer relationship management. The homogenization of domestic financial products is relatively serious, the product change is slow, and the innovation benefit is weak. Commercial banks are faced with double pressures at home and abroad. The disadvantages of the traditional operation and management model appear. In addition, the monopoly position of state-owned banks has been broken, the customer identity has changed from active to passive, and the management and demand for funds are becoming more and more vigorous. All these have made China's commercial banks generally pay more attention to customer relationship management and gradually realize that customers are the important foundation for the steady development of banks, and good customer resources are the fundamental guarantee for improving the competitiveness of commercial banks. In the face of the vigorous development of Internet finance, cultivating a customer-centric business model and service concept, and forming a customer relationship management system supported by customers is the key to win in the fierce competition.

Customer relationship management improves the relationship between enterprises and customers through the comprehensive and efficient integration of supporting technologies, human resources and institutional structure based on customer information, and diversified adjustment methods focusing on marketing, business mode, technology and service, so as to establish and improve a standardized and innovative customer service system, namely CRM.
system. It is a mobile management system that integrates mobile technology, intelligent technology terminal, regional link module, GIS system, identity authentication, computer technology and other elements. It is an important part of customer relationship management. The first beneficiary of this system is the customer group. CRM system guarantees customer satisfaction and loyalty by providing scientific and high-quality service level, further enhancing and consolidating customer dependence and contribution, Realize the high-level promotion of customer value and the migration and transformation of customer types, and promote the customer status to a higher level. For commercial banks, CRM system management is beneficial to maintain existing customers, attract new customers, and explore potential customers. While expanding customer groups and improving customer quality, it ensures that commercial banks can improve their own benefits on the basis of fully meeting customer needs, inject new vitality into the banking industry, and achieve further development of the financial market.

This paper is divided into five parts. The first part is the introduction of the research background, which clarifies the research direction and ideas; The second part reviews the theory of customer relationship management, systematically introduces the concept and theoretical basis of customer relationship management, including relationship marketing theory, customer lifetime value theory, customer satisfaction theory, customer life cycle theory, and points out the role and significance of the main theories on customer relationship management of commercial banks; The third part analyzes the current situation of the customer evaluation index, summarizes the improvement of the evaluation, and lays a solid foundation for the management of the customer relationship of commercial banks; The fourth part gives a brief overview of the problems of customer relationship management in commercial banks from different perspectives; The fifth part puts forward corresponding improvement suggestions and solutions according to the problems. Under the background of interest rate marketization and financial disintermediation, by analyzing the current situation and problems of China’s commercial banks’ customer relationship management, it is of great significance for commercial banks to improve the customer relationship management system and promote its upgrading.

2. Overview of Customer Relationship Management Theory

2.1. Customer Relationship Management Concept

Customer Relationship Management (CRM) is a modern enterprise management model, a new business development system, a method and means to maintain long-term loyal customer groups and develop mutually beneficial and win-win customer relationships, in order to achieve the balance between customer value maximization and enterprise income maximization. The essence of developing CRM in commercial banks is the establishment of a mutually beneficial pattern between customers and banks, While meeting the needs of customers, we will achieve a win-win situation between customer interests and bank operations.

As a marketing concept, customer relationship management reflects the business thinking of “customer centered”, provides an all-round and multi-angle management vision for enterprises, broadens the cognitive field of enterprises to customers, and increases the internal structure. By understanding the current and potential needs of customers, we can consolidate customer loyalty on the basis of pursuing customer satisfaction and achieve the business goals of the enterprise. As a kind of business behavior, it can change the business mode, adjust the business process, reduce decision-making errors and improve the business efficiency according to customer needs; As a management technology and software, it uses computer integrated network to provide a multi-functional information platform to achieve scientific customer management. Customer relationship management is an interactive process, including the
realization of customers' self-worth and needs, as well as the transformation and maintenance of enterprises' interests. For commercial banks, customer resources are the direct transformation form of their profits. With the continuous improvement of customers' personal financial knowledge and the enhancement of their ability to identify financial products, they have more choices in the specific business handling process and enhance their right to play games with banks. This requires commercial banks to increase the research on customer needs to optimize customer relationship management.

2.2. Theoretical Basis

2.2.1. Relationship Marketing Theory

Relationship marketing originates from the new business thinking mode of "customer-centric", focusing on the systematicness of marketing, which provides a theoretical basis for commercial banks to innovate their marketing methods. It is mainly reflected in the following aspects: first, relationship evaluation, using intelligent systems to collect integrated and systematic integrated information and grasp the organic links; The second is the establishment of customer relations. First, we should actively understand customers' needs and expectations, tap their psychological needs and potential needs, grasp the stable correspondence between products, services and needs. Second, we should focus on humanized and personalized marketing, ensure the universality and normalization of quality services, provide high-quality products or services that meet customers' characteristics and have distinctive characteristics, form a relationship of mutual demand and benefit sharing, and achieve common development. The purpose of relationship marketing is to attract, maintain and enhance customer relations, emphasize stimulating public perception, increase financial interests, establish customer integration organizations, optimize the associated structure, place enterprises and customers in the market environment, maintain customers as the "core", take multi-level marketing as a means and establish a mutually beneficial relationship, form long-term cooperation to create a good marketing environment.

2.2.2. Customer Lifetime Value Theory

The customer lifetime value theory is the initial positioning of customer value, which is realized through the collection of customer information, customer risk assessment, customer grouping, customer migration and upgrading, and the formulation of "acquaintance relationship" marketing strategy. The theory of customer value focuses on three dimensions: one is the dimension of customer share, that is, actual customer possession; Second, the time dimension is customer retention rate and durability; The third is the customer performance dimension, which measures customer loyalty and contribution with relevant profit and benefit indicators of business and services, and predicts the customer's criticality and availability in the future development trend, which is a special concern for middle and high-end customers. For enterprises, the higher the overall share of high-value customers in their overall customers, the more customer delivered value will increase through relationship influence, and the stronger the profitability of enterprises. Therefore, it is of great significance to evaluate customer value and consolidate high-end customers.

2.2.3. Customer Satisfaction Theory

"Customer satisfaction" refers to the direct performance of the subjective experience formed by the customer after comparing the perceived effect of a product or service with its original demand value and expectation value. The building of customer satisfaction is the process of establishing an enterprise's own brand image. The accumulation and enhancement of customer satisfaction should follow the logical order of finding needs, meeting needs, achieving satisfaction, and building loyalty. Customer satisfaction is based on the subjective feeling of the satisfaction of customers' personal needs on the basis of self value positioning. The value is
personalized. Different customers have different perceptions of the value of the same product or service, which requires enterprises to be alert to the trap of customer satisfaction at all times. Based on this, enterprises should focus on people-centered thinking, focus on mobilizing the enthusiasm and initiative of enterprise resource utilization and distribution, achieve customer satisfaction from three different levels of product satisfaction, service satisfaction and social satisfaction, adhere to the principle of humanization, provide more high-quality and thoughtful personalized fast services, and improve customer satisfaction to attract and maintain more customers. Customer satisfaction theory is the starting point and foothold of customer relationship management in commercial banks. The optimization ability of customer satisfaction directly affects the development of banks.

2.3. CRM Elements

2.3.1. Marketing Concept

The marketing concept is to take the needs and services of the target customers of the enterprise as the center of the development and creation of the market. By concentrating the enterprise’s strength, optimizing the allocation of resources, and properly arranging the marketing mix as a means, the company will respond to market changes at multiple levels and levels, so as to meet the needs of target customers, tap potential customers, expand sales, and improve enterprise efficiency. Under the background of big data development, enterprises are required to shift their focus from common needs to individual needs, and highlight the differentiation of marketing services through the differentiation of human resource allocation, channel supply, marketing strategies and service technologies to meet different demands. It is an inevitable trend for business operators to grasp the marketing concept of “customer demand as the center”.

2.3.2. Management Mechanism

In the new market environment, the optimization of the enterprise’s organizational structure depends on the improvement of the management mode. Enterprises are required to learn from the advanced experience at home and abroad, draw lessons, analyze and study the positioning of the enterprise’s operation and management mode, find out the existing problems and gaps, and reposition the enterprise’s operation and management mode to improve the enterprise’s business characteristics and corporate strategy, which mainly includes two aspects. First, intelligentize management, build an enterprise information strategy with the core of “enterprise information resource planning and enterprise information resource integration”, apply high-tech and intelligent module system platform, and introduce advanced, sophisticated and sophisticated equipment to lay a foundation for the construction of customer databases; The second is humanized management. Problems in management are found through mobile customer ports, customer suggestion boxes, irregular customer satisfaction surveys and evaluation questionnaires, so as to provide customers with more information feedback and appeal receiving channels and refine customer management.

2.3.3. Service Quality

Service quality is the object that customers can directly perceive, and it is the reputation of enterprises. The level of service quality is the reflection result of customers’ subjective understanding, measurement and inspection. As the core part of customer relationship management, service quality is determined by the important role of customers and the basic position of customer demand. The business marketing model supported by service quality is a strong pillar of enterprises in the market competition. The improvement of service quality is inseparable from the improvement of service methods and service talents. The characteristics and development trends of the consumer market at this stage require commercial banks to constantly innovate service methods and service management, pay attention to the training of
service talents, and establish a multi-level customer service system based on the bank lobby manager customer manager CRM system, To form a complete set of business service process structure integrating application system and office system to meet diversified service demands is the internal requirement for commercial banks to achieve sustainable development and the focus of developing service consumption market.

3. Analysis on the Current Situation of Commercial Bank Customer Evaluation Indicators
The customer relationship management system contains a set of standards for customer identification and evaluation. The evaluation indicators in customer relationship management are more active in assisting commercial banks in customer management, such as information sharing and information feedback management. CRM system can provide customers with good investment advisory and financial advisory services, timely receive customer complaints and satisfaction feedback, and further extend financial services. At present, there are still various problems in the customer evaluation indicators of commercial banks.

3.1. Incomplete Collection of Customer Information
In the process of actual customer information collection, the lack of basic information makes it difficult for commercial banks to understand customers’ investment preferences, financial investment needs, service time preferences, expected service types and product functions. The collection and evaluation of customer information is a very important part of customer relationship management. The CRM system, based on information, uses big data analysis to accurately classify customers with different risk preferences and financial investment expectations, establishes a reasonable and effective evaluation system, divides different customer groups, forms a targeted customer management strategy, and enhances the integrity and consistency of enterprises’ understanding of customer information, Analyze and deal with them, assist the implementation of customer management decisions, and improve products and services in a timely and effective manner, so as to improve the satisfaction of financial business handling.

3.2. Lack of Customer Service Segmentation
In the past, traditional customer evaluation indexes divided customers into potential customers and existing customers, comprehensively analyzed and integrated customer resources, and established a customer evaluation system on this basis. Different from enterprises, the customer types of commercial banks are more complex and diverse, and the requirements for the unity of management methods are higher. The lack of systematic and fuzzy evaluation indicators of system construction is easy to cause customer loss, and it is difficult to adapt to the fierce market competition environment. Therefore, it is particularly important to establish a new customer evaluation system.

3.3. Unclear Target Market
The continuous evaluation standard is not perfect, which lowers the continuous contribution level of customers, leading to weak customer performance, lack of sorting out business transactions, poor customer market recognition ability, and difficulty in targeted management of customers, causing great difficulties in customer personalized marketing and service. Customer value is the difference between the revenue obtained from customer business and the bank's customer service and marketing costs. Therefore, customer value evaluation should be measured and analyzed from both revenue and cost aspects. Therefore, banks should improve the collation of basic customer information, use CRM system to analyze big data, pay attention to transaction data, credit limit and credit status of different customer levels, build a
comprehensive customer evaluation index system integrating income and cost, establish customer files, enrich data source channels, form comprehensive and diverse evaluation criteria, and quickly feed back the management about the acquisition, development, integrity, maturity. The stage of loss.

3.4. Backward Marketing Concept

The traditional vertical management mode of our country has created the passivity of banking services. Commercial banks are lack of marketing services, such as backward marketing concepts, imperfect systems, lack of strategic innovation and single marketing model. The backwardness of marketing concept connived at the backwardness of marketing behavior, which made commercial banks run into difficulties and miss opportunities under the new situation with many opportunities. At present, commercial banks have a vague sense of innovation, and the updating speed of financial products is slowing down. In the face of the market, they are unable to form distinctive features and unique styles, and are difficult to attract high-quality customers. They are gradually losing in the market competition. The blind and large scale single marketing did not bring the expected benefits to the commercial banks, but aggravated the weakness of the market. It is difficult to face up to its own marketing situation and combine its own characteristics to achieve "adaptation to local conditions".

3.5. Limited Operation and Management Methods

Due to the strict supervision and management of the banking industry by the Chinese government in the early days, the commercial banks were unable to make headway in the structural system and business services, which made them seem out of place in today's rapid globalization process. China's commercial banks have a single variety and structure of business. Most of their business income comes from deposits and loans. Their ability to resist risks is weak, which seriously restricts the development of customer relationship management. There are certain drawbacks in the management system itself, which cannot completely get rid of the original plan management, department control and business settings. Outlet sales excessively rely on the guidance of the Head Office. With the decline of outlet level, customer management becomes more difficult, and customer demands cannot be delivered in a timely manner; The decision-making system, execution system and supervision system in the organizational structure have unclear rights and responsibilities and different responsibilities, resulting in a large degree of responsibility implementation, solidified approval authority, and the business model affected by the Head Office; The operation and management methods are mostly based on the commercial banks themselves and pay less attention to customers, which makes the management methods of different customer groups similar, the management process modelled and the characteristic services lacking.

4. Effective Measures to Improve Customer Relationship Management

4.1. Digging Customer Value and Actively Marketing

Based on the theory of relationship marketing, commercial banks should update their marketing concepts, introduce advanced western ideas, raise marketing to a strategic height, take the initiative, seize opportunities, and actively engage in "interaction" with customers in terms of culture, ability and communication to retain key customers and high-quality customers. First of all, establish a perfect market research and analysis system and a mature management and evaluation system, collect effective information through the personal customer operation relationship management system, integrate information with the customer relationship management system, provide comprehensive and personalized customer information, and strengthen the ability to track services and information analysis. Customer managers need to meet their needs according to the likes and dislikes of the service objects,
divide the clients carefully, ensure the security of customer information, be alert to the trap of customer satisfaction at all times, work together to establish and maintain a series of effective "one-to-one relationships" with customers and commercial banks, maximize the value of customers, reduce homogeneity and constantly enhance characteristics, Gradually realize the cross marketing of banking products and services, and adapt to the market according to the different needs of the market. Secondly, we should pay attention to the improvement of the new marketing mechanism of the relationship between commercial banks and customers, and implement the humanized marketing model. This requires that we adhere to the principle of active communication, take the initiative to contact customers, patiently answer customer questions and timely understand changes in demand, and enhance the interactivity of information; Adhere to the principle of effective commitment and mutual benefit, provide a fair, open and just service environment, standardize written documents, pay attention to information symmetry, and form a responsibility for customer performance to safeguard the interests of both parties.

4.2. Innovate Management System and Provide Personalized Services

Innovate the system and mechanism, actively learn from domestic and foreign experience, combine vertical management with horizontal management, carry out the reform and reconstruction of the organizational structure, integrate internal resources in combination with work practice, and establish functional institutions with good functions, smooth communication and clear hierarchy. Simplify and sort out business processes, reform and standardize the way departments are set up, define responsibilities, implement the reward and punishment mechanism of assigning responsibilities to people and post evaluation, and emphasize the implementation of responsibilities. We will optimize the bank’s organizational system and functional structure, actively introduce advanced strategic ideas and business concepts under the guidance of the Head Office's business management philosophy and in combination with the actual situation of the region, so as to form an efficient bank management system and a smooth communication information system. Increase the investment in corresponding equipment, enhance the technical soft power, coordinate the functions of various modules of the CRM system, improve the efficiency of equipment operation, and constantly upgrade the system functions in combination with work practice. The "customer satisfaction theory" points out that the content of services is the same, but the subjective feelings generated by different customers are different, and the customer value is also different. When implementing the customer management differentiation strategy, commercial banks are required to provide convenient and fast popular services, at the same time, they need to provide specific services to special customers, develop characteristic financial businesses, and uniformly formulate customer businesses Uniformly recommend and sort out the business process. CRM system is adopted to timely grasp the middle and high-end customers and capital dynamics, accurately locate customer needs, grasp customer demands, improve problem handling speed, develop diversified, personalized and distinctive service means, maximize customer resource benefits, reduce labor costs and operating costs as a whole, improve commercial banks’ ability to expand markets, and accelerate the development of banks.

4.3. Cultivate Compound Talents and Integrate Scientific and Technological Construction

Utilize modern information network technology, integrate scientific and technological construction to create a highly secure, highly unified, and highly shared information technology platform, that is, the customer manager information technology platform, divide business functions, and establish a business support system based on this, take the customer manager as the intermediary, achieve the connection between the headquarters and customers through marketing technology support, improve the efficiency of the use of technical resources, and
maximize customer service. Improve the accuracy of information and support the needs of senior bank decision-makers. Improve the service quality of staff, play the role of customer manager, understand the basic situation of customers and analyze their current needs based on daily communication. Dig out the potential needs of customers, comprehensively consider the overall situation of customers and their risk preferences, formulate long-term investment and financing plans, use their own professional knowledge to recommend appropriate products and effective financial service programs for customers, and actively assist customers to implement, reducing the time and cost of information feedback. The customer manager shall make use of the customer relationship management system to visit customers from time to time or communicate with customers by phone, SMS, email, WeChat, etc., adhere to the principle of "the most favored customer treatment is universal", provide personalized services outside the banking business, and keep abreast of the latest developments and financial needs of customers. Irregularly assess the work of customer managers, form a mechanism for the survival of the fittest, establish an assessment mechanism oriented by customer value contribution, constantly improve the professionalism of all customer managers, encourage customer managers to actively strive for target customers, promote the continuous optimization of customer structure, form a high-quality team of customer managers, give play to the combined effect of customer managers, cultivate composite talents, and emphasize the professional skills of service personnel, Put an end to moral hazard and strive to improve the ability to resist business operation risk.

5. Conclusion

In the new market environment, customers have become important strategic resources, and customer relationship management has become the key to the steady development of commercial banks. The essence of CRM system is to strengthen customer exchange and communication through technical platform, and to excavate and create demand. It is a normal and dynamic process. CRM system includes science and technology, information data processing, software system and hardware facilities, and creates a solid system background for commercial banks through comprehensive centralized management of system equipment. For commercial banks, the establishment of an efficient customer relationship management system and the formation of a sound customer relationship management system can greatly improve the dilemma of information asymmetry between banks and customers. Through diversified operations and personalized services, commercial banks can improve their competitive position in the industry. Therefore, customer relationship management directly affects the long-term healthy development of commercial banks and becomes a decisive factor for their success, It is also of great significance to the development and growth of the financial market. Therefore, commercial banks should constantly explore the management mode of modern commercial banks in line with the laws of market economy. On the basis of risk prevention, more emphasis is placed on the pursuit of simultaneous and rapid growth of scale and efficiency. Through the innovation and upgrading of CRM system, high-quality resources are reasonably allocated to provide customers with convenient, fast and efficient services and multiple information exchange channels, so that the bank's financial products and services are closer to customer expectations, fully realize the sublimation of customer value, and expand the middle and high-end customer groups, It is the mainstream trend for commercial banks to continuously improve their core competitiveness by making use of high value customer benefits.
References


