Thesis Report
on
Customer Relationship Management in the Banking Industry of Bangladesh: A Case Study on Standard Chartered Bank PLC

Submitted by:
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ID: MBA2401031038
Major: Marketing
Semester: Fall 2024
Sonargaon University (SU)

Submitted to:
Department of Business Administration
Sonargaon University (SU)
Submitted for the Partial Fulfillment of the Degree of
Master of Business Administration



Sonargaon University (SU)
147/I, Green Road, Panthapath, Dhaka-1205, Bangladesh.

Date of Submission: December 28, 2024

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Submitted to:
Sharmila Sikder
Assistant Professor
Department of Business Administration
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Date of Submission: December 28, 2024

Letter of Transmittal

December 28, 2024

Sharmila Sikder
Assistant Professor
Department of Business Administration
Sonargaon University (SU)

Subject: Submission of thesis paper.

Dear Madam

With great gratification, I am submitting my thesis paper titled "**Customer Relationship Management in the Banking Industry of Bangladesh: A Case Study on Standard Chartered Bank PLC.**" As per partial accomplishment of the requirements for the MBA degree of the course code: (BA 5000) under the MBA Marketing Major, I have completed the master paper from the Bank Industry of Bangladesh. It is an enormous prospect for me to gather vast information and appropriately grasp the subject matter. I found the research activity quite interesting, beneficial & and insightful, and I tried my best to prepare an effective & and credible report.

I honestly, not only anticipate that my analysis will provide a clear idea about Customer Relationship Management in the Bank Industry in Bangladesh but also optimistic enough to believe that you will find this research paper's worth for all the labor I have put into it. I welcome your entire query & and take pride in answering them.

Yours Sincerely

Md. Nabiul Islam
ID: MBA2401031038
Major: Marketing
Department of Business Administration
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Declaration of Student

This is to notify you that, the thesis paper on "**Customer Relationship Management in the Banking Industry of Bangladesh: A Case Study on Standard Chartered Bank PLC**" has been prepared as a part of my dissertation formalities. It is an obligatory part of my MBA program to submit a thesis paper.

Moreover, my supervisor Sharmila Sikder, Assistant Professor, Department of Business Administration, Sonargaon University (SU), inspired and instructed me.

I am further declaring that I did not submit this report anywhere for awarding any degree or certificate.

Yours Sincerely

Md. Nabiul Islam
ID: MBA2401031038
Major: Marketing
Department of Business Administration
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Certificate of Supervisor

This is to certify that the thesis report "**Customer Relationship Management in the Banking Industry of Bangladesh: A Case Study on Standard Chartered Bank PLC**" has been prepared as a part of the completion of the MBA program from the Department of Business Administration, Sonargaon University (SU), carried out by Md Nabiul Islam, bearing ID: MBA2401031038 under my supervision. The report or the information will not be used for any other purposes.

Sharmila Sikder
Assistant Professor
Department of Business Administration
Sonargaon University (SU)

Acknowledgment

In the beginning, I would like to convey my sincere appreciation to the Almighty Allah for giving me the strength and ability to finish the task.

I want to thank my academic supervisor Sharmila Sikder, Assistant Professor, Department of Business Administration, Sonargaon University (SU), for providing me with all the necessary help for the completion of this report. I want to give the greatest thanks to her for guiding me as an advisor to start and complete this report successfully.

The opportunity I had with the Standard Chartered Bank was a great chance for deep learning and professional development. I consider myself a very lucky individual as I was provided with an opportunity to be a part of it. I am also grateful for having a chance to meet so many wonderful people and professionals who led me through this period.

I would thank my official supervisors Mr. Mahbubul Alam, Manager, Branch Operations & Service Development, Standard Chartered Bank, and Mrs. Faria Kabir, Executive Director, Standard Chartered Bank for allowing me the role of Sr. Officer to practice and knowledge generation of Banking service at Standard Chartered Bank, without those contributions, it would have not been possible for me to conduct this period of work.

Abstract

This report is based on my experience in the Banking Industry of Bangladesh. This research helped me understand the challenges in Customer Relationship Management and how to effectively manage relationships with customers in the banking industry of Bangladesh. The findings and analysis encompass both primary and secondary data. Primary data were collected through face-to-face informal conversations with Banking service officials, service correspondents, and relevant service sources. Secondary data were gathered from various organization publications, including newsletters, service guidelines, reports, handbooks, websites, and yearly reports. The report also provides an overview of the mission, vision, corporate philosophy, achievements, and corporate milestones of Customer Relationship Management. The Banking industry in Bangladesh has experienced significant growth in recent years due to factors such as increasing disposable income, improved Export-Import infrastructure, and changing consumer preferences. This thesis presents a comprehensive analysis of customer relationship management by the Bank industry in Bangladesh, with a focus on Standard Chartered Bank. The study utilizes a case study approach, incorporating both qualitative and quantitative research methods. Standard Chartered Bank has introduced a wide range of products & Services with features and specifications tailored to different customer segments. Additionally, they have emphasized effective branding and marketing strategies to enhance their brand equity and attract target customers. The study concludes by providing valuable insights into the CRM strategies of Standard Chartered Bank in the Bangladeshi banking industry. These findings contribute to the existing body of knowledge on customer relationship strategy and provide practical recommendations for Banks operating in Bangladesh.

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Chapter: 01

Introduction

1.1 Introduction:

In this day and age, customers are regarded as an article of trade. With the growth of Service Marketing, Customer Relationship Management (CRM) advanced and became popular in the banking sector. CRM became crucial to cope with an exceedingly competitive market. (CRM) in a bank bring about important phases such as incorporating the communication tools to meet the needs of customers, referring each customer as an individual, and making the customer relationship an impressive and long-lasting experience. The purpose of this study is to determine the usefulness of CRM implementation on customer contentment and perceived business performance. It takes stock of the findings and conclusions of different researchers so that it can provide fruitful insight into CRM implementation. Also, the study put forward the views of various researchers together so that a conclusive picture can be drawn regarding CRM and its benefits.

1.2 Origin of the Study:

This report has been prepared as a requirement for partial fulfillment of the requirements for the degree MBA. I have been assigned to work on this study titled "Customer Relationship Management in the Banking Industry of Bangladesh: A Case Study on Standard Chartered Bank PLC; "by our course instructor Sharmila Sikder, Assistant Professor, Department of Business Administration, Sonargaon University (SU). I have worked on this Study for the last two months. During the course of the work, I was monitored by the Faculty Advisor and given valuable guidance, correction feedback, and advice regarding the report.

1.3 Scope of the Study:

This report deals with Customer Relationship Management (CRM) at Standard Chartered Bank.
Following areas of Customer Relationship Management (CRM), I tried to cover in this report-

1) Studying Customer Relationship Management
2) Analyzing Customer Relationship Management
3) Evaluating the Customer Relationship Management

1.4 Background of the Study:

Customer Relationship management is the strongest and the most efficient approach to maintaining and creating relationships with customers. Customer relationship management is not only pure business but also ideates strong personal bonding among people. Development of this type of bonding drives the business to new levels of success.

The idea of CRM is that it helps businesses use technology and human resources to gain insight into the behavior of customers and the value of those customers. If it works as hoped, a business can provide better customer service, make call centers more efficient, cross-sell products more effectively, help sales staff close deals faster, simplify marketing and sales processes, discover new customers, and increase customer revenues. It doesn't happen by simply buying software and installing it. For CRM to be truly effective an organization must first decide what kind of customer information it is looking for and it must decide what it intends to do with that information. For example, many financial institutions keep track of customers' life stages in order to market appropriate banking products like mortgages or IRAs to them at the right time to fit their needs. Next, the organization looked into all of the different ways information about customers comes into a business, where and how this data is stored, and how it is currently used.

1.5 Objectives of the Study:

1.5.1 Broad Objective:

The broad objective of the report is the partial fulfillment of the degree of Master of Business Administration.

1.5.2 Specific Objectives:

- The key purpose of this study is to find how Customer relationship management helps to improve the service quality of Standard Chartered Bank.
- Find out whether Customer Relationship Management affects service quality in the context of Standard Chartered Bank.
- To see how standard chartered benefited from this model.
- To see what elements of ORM of Standard Chartered Bank can be incorporated in a government bank in the context of Sonali Bank Limited.

1.6 Methodology of the Study:

This study is based on secondary data to investigate the customer relationship management of Standard Chartered Bank PLC within the context of the Bank industry in Bangladesh. To enhance the meaningfulness of the report, primary data was gathered through informal interviews with industry experts, including service managers, customer relationship managers, and executives from various companies.

1.6.1 Source of Data:

- **Primary Data:** Primary data was collected through informal interviews with industry experts, including service managers, customer relationship managers, and executives from different companies.
- **Secondary Data:** Secondary data is sourced from company annual reports, industry publications, academic journals, and relevant books. To augment the report's significance, websites and relevant documents were utilized. Secondary data, collected from external sources, includes information related to the company obtained directly from internal and external sources. The sources of secondary data for this report encompass the company's annual report and official website, the company's official Facebook page, publications, and various articles on the internet.

1.7 Limitations of the Study:

Although I have obtained wholehearted co-operation from both employees and customers of Standard Chartered Bank, they could not manage enough time to deal with my report. Despite having a wholehearted effort, there exist some limitations, which act as barriers.

There were certain limitations regarding the study that are summarized below:

- Deficiencies in data required for the study.
- Inaccurate or contradictory information.
- Relevant papers and documents were not available.
- Many technical matters were not available.
- Many procedural matters were written from my observation, which may also vary from person to person.
- The adoption of the organization takes a lot of time.

Chapter: 2

Literature Review

2.1 Literature Review:

The customers of the 21st century control or own the leaders of the business, the customers of the 21st century control or own the employees of the business, and the customers of the 21st century control or own the business because the customers of the 21st century hold the potential success or failure of the business in their firm grip. Customers demand and expect fast, efficient, and effective service instantaneously. Customers anticipate and expect that all of their personal information likes and dislikes, and special preferences are recognized and efficiently turned into action. Establishing customer value means that the customers" dreams or desires are served professionally, quietly, proficiently, and efficiently, always catering to the customers" wants, needs, desires, and dreams. The customers of the 21st century know that the power of information and intense competition affords them the advantage that facilitates their demands. The customers of the 21st century demand personalized service, and they demand to speak to the person in charge so they may get the best deal. They not only demand everything but also want the companies they do business with to change to meet their desires and whims (Galbraith,2005). The success of a business ultimately resides in the carefully maintained and groomed connections that businesses establish with their customers.

The phrase CRM appeared in the literature after the evolution in the relationship marketing philosophy. Berry (1983) defined relationship marketing as attracting, maintaining and enhancing the customers' relationships in multiservice organizations. After a few decades, the evolution in relationship marketing philosophy changed the word relationship marketing to CRM. According to Brown (2000), CRM is a process of acquiring new customers, retaining existing customers, and at the same time understanding, anticipating, and managing the needs of an organization's current and potential customers. Furthermore, Mylonakis (2009) described CRM as an innovative process to create a long-term relationship and gain trust. Further, a clear vision of CRM along with appropriate strategies if applies in banking sectors found out beneficial in maintaining customer service quality, customer satisfaction and customer retention which ultimately leads to the growth of the organization and profitability (Bansal and and Sharma, 2008).

Girdhar (2009) observed that by satisfying the internal customers and building good relationships with them, the relationship with the external customers can also be retained and satisfied by the

banks. Kumar & Rajesh (2009) reveal that any bank that wishes to either grow in size of its banking operation or improve its profitability must consider the challenges affecting its customer relationship. The challenge before the banks is not only to obtain updated information for each customer but also to use the information to determine the best time to offer the most relevant products (Lau et al., 2003). It is also important to understand that if customers bring in profits for the bank, it becomes imperative for the bank to provide excellent services to those customers, otherwise they switch to other banks (Ray, 2007). Service quality in banking implies consistently anticipating and satisfying the needs and expectations of customers.

Parasuraman et al. (1985) also hold the view that high-quality service gives credibility to the field sales force and advertising, stimulates favorable word-of-mouth communications, enhances customers' perception of value, and boosts the morale and loyalty of employees and customers alike. Puccinelli (1999) looks the financial services industry as entering a new era where personal attention is decreasing because the institutions are using technology to replace human contact in many application areas. Over the last few decades, technical evolution has highly affected the banking industry (Sherif, 2002). In today's competitive banking industry, customers have to make a choice among various service providers by making a trade-off between relationships and economies, trust and products, or service and efficiency (Sachdev et al..2004). Roger Hallowell (1996) conducted research on customer satisfaction, loyalty, and Profitability and found that as compared to the public sector, private sector bank customers' level of satisfaction is comparatively higher.

CRM is a key to creating a superior customer experience. It manages the customer relationship by creating a clear understanding (Know), developing services and products based on the added value for target groups (Target), then enabling the actual sale and delivery of services and products through the selected channels (Sell), and developing long term profitable relationships with customers after sales services (Service) (Hussain, et.al, 2009). Many researchers have been done in various industries, especially in the banking sector focusing on customer-oriented services (Ndubisi et al., 2007; Rootman et al., 2008; and Duttaand Dutta, 2009). The literature on CRM suggests that banks should consider the customer relationship life cycle (Dwyer et al.,1987). In general, there are three core phases: customer acquisition, Customer enhancement, and customer recovery. The acquisition phase describes the initiation of a customer-bank relationship.

Chapter: 3

Organizational Profile

3.1 Historical Background of SCB:

Standard Chartered Bank has a history of more than 150 years. The name of the bank came from the two original banks the Standard Bank of British South Africa and the Chartered Bank of India, Australia, and China.

Of the two banks, the Chartered Bank was established in 1853 by a Royal Charter granted by Queen Victoria of England. The key person behind the Chartered Bank was a Scot, James Wilson who started The Economist, which is still one of the world's pre-eminent publications. He visualized the advantages of financing the growing trade links with the areas in the East, where none of the other financial institutions were present at that time and therefore the Chartered Bank opened two branches in 1858 in Chennai and Mumbai.

On the other hand, the Standard Bank was founded by another Scot, John Paterson in 1862. He immigrated to the Cape Province in South Africa and became a successful merchant there. Coming from a similar background, he also visualized the great opportunities through linking between Europe and South Africa.

The Chartered Bank started its operation in Chittagong in 1948, soon after the creation of Pakistan. The branch was opened mainly to facilitate the post-war re-establishment and expansion in this part of South Asia. After the merger of Chartered Bank with Standard Bank in 1969, the bank increasingly invested in people, technology, and premises as its business grew in relation to the country's thriving economy.

The bank opened its first branch in Dhaka in 1966 and shifted its headquarters from Chittagong to Dhaka after the birth of the Republic of Bangladesh in 1972. Today the bank has 25 branches. Among them 16 in Dhaka, 5 in Chittagong, and 1 in Narayanganj, Sylhet, Khulna, and Bogra respectively. The Head Office is at 67 Gulshan Avenue, Gulshan, Dhaka- 1212.

Bangladesh's operation is under the Middle East and South Asia region, with the controlling office in Dubai. Its correspondent relationship exists with Sonali Bank, which gives it access to the countrywide. In 1993, there was an organizational restructuring, which led to the substantial expansion of the bank’s business. And after that the amount of deposits and loans has increased by more than 5 times within five years and as a whole, it shows an overall increasing trend of Standard Chartered Bank’s market share in terms of deposits and advances.

3.2 Expansion of SCB:

Acquisition has long been a popular vehicle for expanding the scope of the organization into new business areas. The acquisition of Grindlays Bank from the ANZ Banking Group by the Standard Chartered Group on 1st October 2000 was opportunity-driven. It has given Standard Chartered an opportunity to expand into new areas where it was not operating at all. Moreover, buying Grindlays from ANZ now propels it from number five to number one among international banks in India, with some extra footholds in the Middle East. In addition to that, at 1.3 bn U.S dollars, it is hard to complain that Standard Chartered has overpaid. The financial ease is less compelling for ANZ shareholders, as there are advantages to getting out of a strategically peripheral business. This acquisition of Grindlays Bank has added 6000 employees and 4 countries to Standard Chartered's existing network of 27,000 employees and 570 offices in 50 countries. The end result is that Standard Chartered, which went into the 1997 Asian Crisis with strong business in Hong Kong, Singapore, and Malaysia, emerged with additional core markets in India and Thailand. Moreover, the deal has made Standard Chartered the largest foreign bank by assets in India, Pakistan, and Bangladesh and the second largest in Sri Lanka and the United Arab Emirates. The bank had been seeking to expand in the region since the end of the Asian economic crisis and has finally become successful in its expansion.

3.3 Business Activities of Global SCB:

Standard Chartered Bank operates in every Asia Pacific market with the exception of North Korea and some 60 percent of the Group's profits come from the Asia Pacific region. Hong Kong continues to be of major importance to the group and contributes 30 percent of the total profit with around 80 branches in Hong Kong and strong representation in China, Standard Chartered- a note-issuing bank in Hong Kong, is well placed to continue playing an important part in Greater China's development. A resident Group Executive Director manages the Group's business there. Consumer banking; Corporate and Institutional Banking are managed out of Singapore each by a Group Executive Director resident in the island state. Standard Chartered is the leading international bank in Sub-Saharan Africa, operating in several countries, the most prominent being Kenya, Zambia, Zimbabwe, and Ghana. The Group's operations in the Gulf and South Asia are managed from Dubai. Standard Chartered Bank provides a full range of products and services to its customers all around the world.

3.4 Product and Service Offering:

Savings Accounts

- Super Savers Premium
- Super Savers Account
- eSavers Account
- School Banking Account

Current Accounts

- Current Account
- Fast Current Account
- Foreign Currency Current Account
- RFCD Account
- Convertible & Non-Convertible

Cards

- Credit Card
- Debit Card
- Prepaid Card
- Track your Credit Card online application status

Fixed Deposits

- Fixed Deposits
- NFCD Account

Services

- Auto Bills pay
- Locker Services
- Saturday & Evening Banking
- Student Files

Priority Banking

- Priority Benefits
- Priority Solutions
- Priority Services
- International Services
- Resource Centre

Islamic Banking

- Saadiq Deposit Accounts
  - Saadiq Current Account
  - Saadiq Savings Account
  - Saadiq Term Deposit
- Saadiq Financing Products
  - Saadiq Auto Finance
  - Saadiq Personal Finance
  - Saadiq Home Finance
- Saadiq Cards
  - Saadiq Debit Card
  - Saadiq Credit Card
- Profit Rates
  - Monthly Profit Rate & Weightage

Loans

- Auto Loan
- Personal Loan
- Home Loan
- Home Credit

Service Quality

- Service First

SME Banking

- Working Capital
  - Business Current Account
  - Straight2Bank
  - Cash Pick and Drop Service
  - Trade and Working Capital
- Business Expansion
  - Business Installment Loan
  - Loan Against Property
  - Orjon - BIL for Women
  - Overdraft
- Business Protection
  - SME Treasury Service
- Yield Enhancement
  - Business Special Notice Deposit (SND)
  - Fixed Deposit

Branch Sales & Services

- ATM & Branch Locations
- Remote Banking

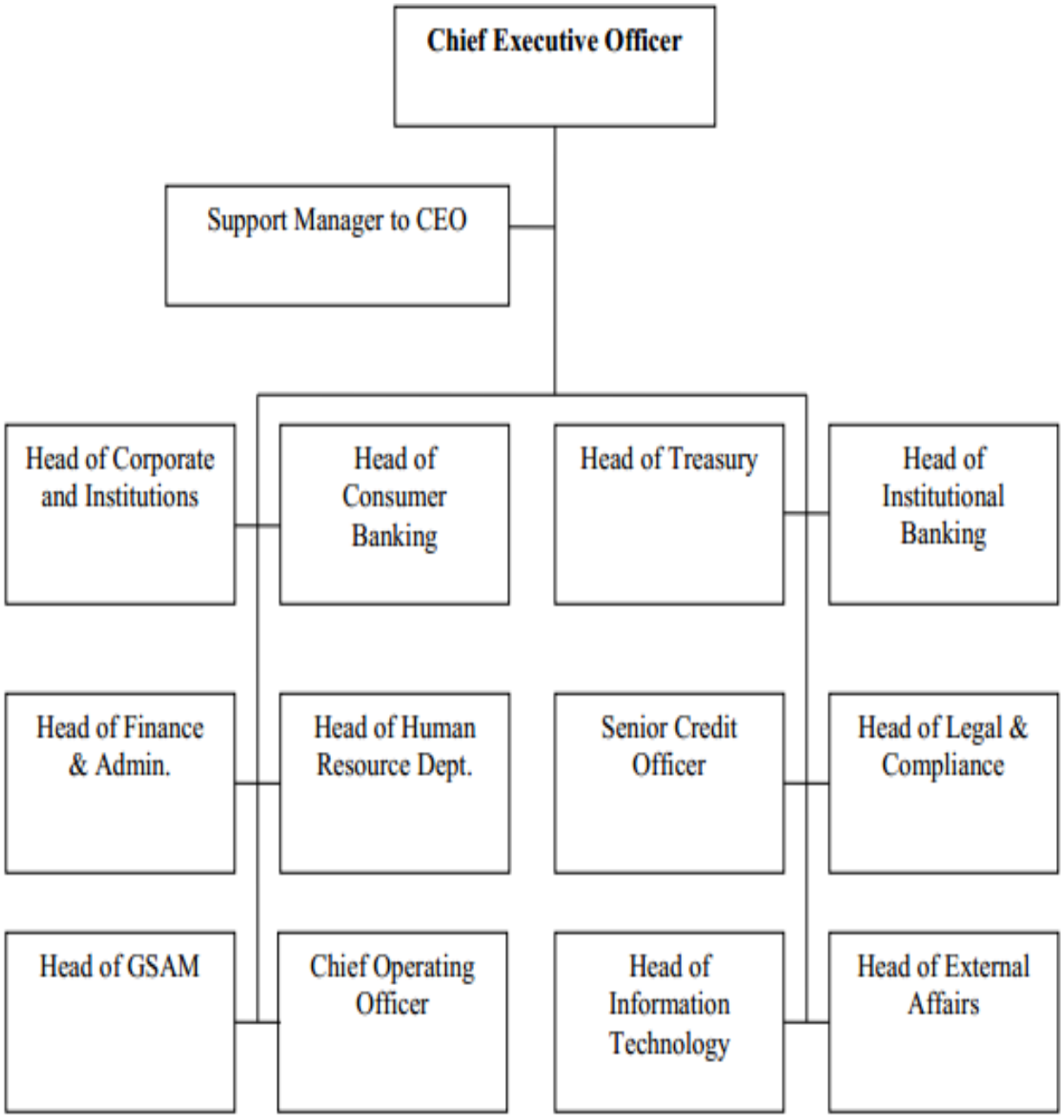
Wholesale Banking

- Schedule of Charges

Green Banking

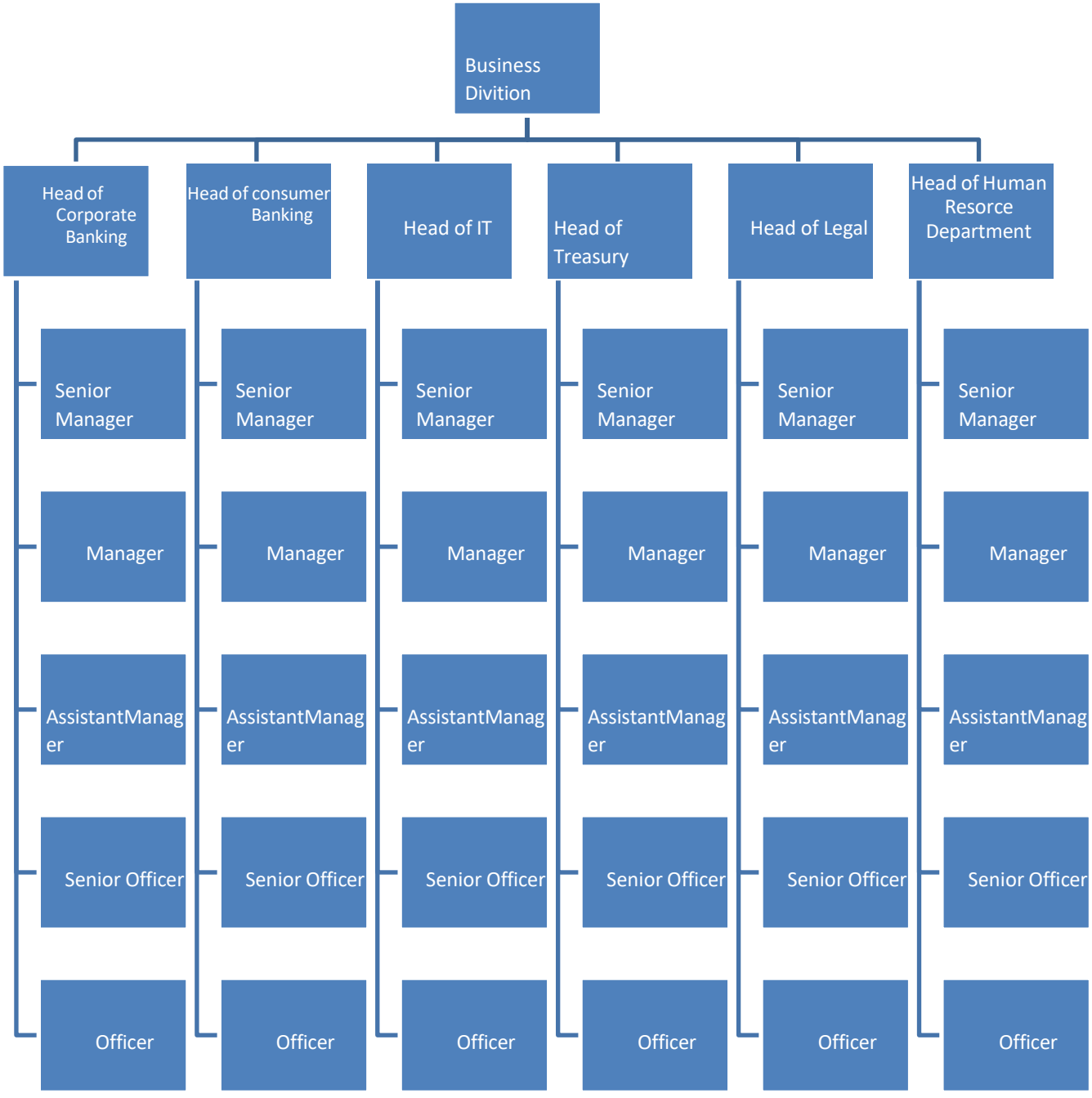
- Green Banking Initiatives/Campaigns

3.5 Organizational Structure:



Source: Human Resource Department of Standard Chartered Bank

3.6 Organizational Structure for Business Division:



3.7 SCB's Mission:

To create exceptional value for our clients, investors, and staff; through market leadership in providing innovative compliant products and solutions, and by adopting and living our core values.

3.8 SCB's Vision:

"We have a key role to play in stimulating economic and social development through the services we provide and by being a force for good. The success of our business depends on this." Peter Sands, Group Chief Executive.

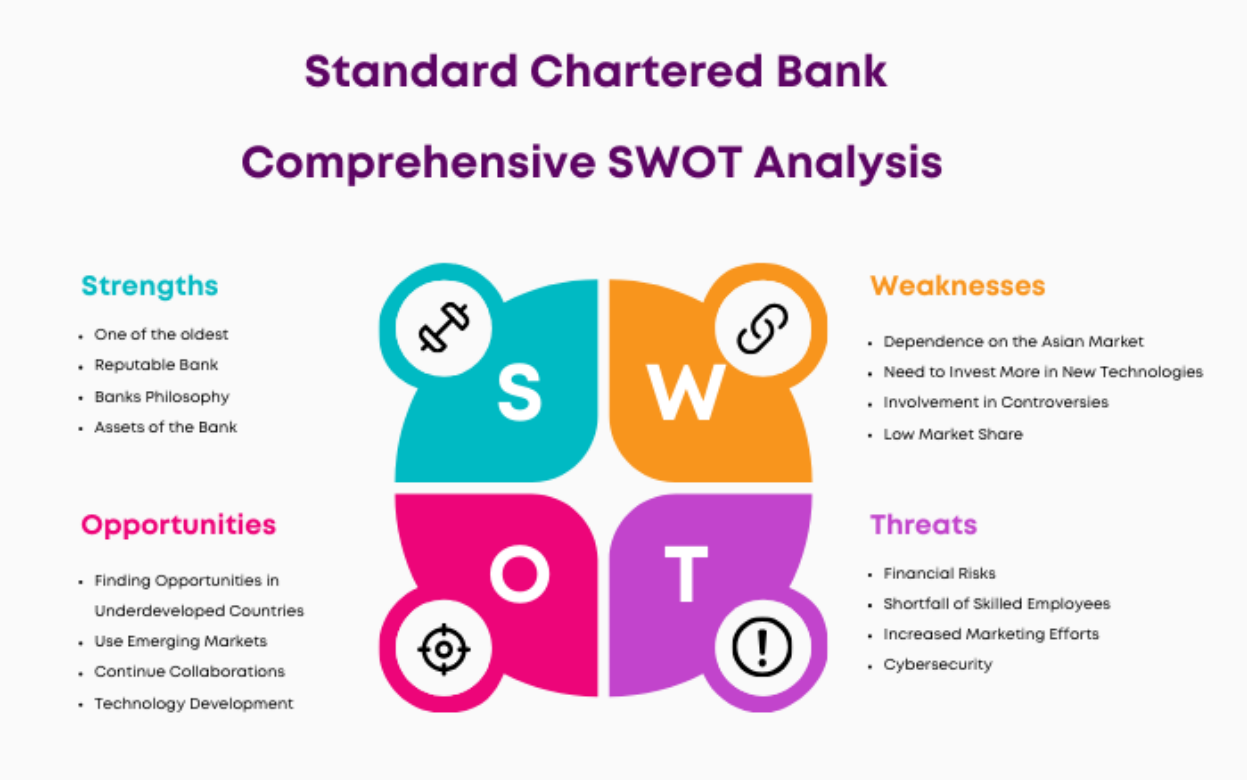
At Standard Chartered, we are determined to lead by example within the markets in which we operate. As well as contributing to economic growth through our core business activities, we want to help protect the environment and to have a broader positive impact on the societies in which we live and work. As we engage as a partner with governments and communities in addressing these wider challenges, we are learning more about how the issues interact with each other and our core business objectives.

By being a high-performing bank, helping people and companies borrow, save and make transactions, we naturally play a role in creating wealth and stimulating growth. From the perspective of shareholder value creation, the more successful a country becomes, the more successful we can be. But long-term growth depends on how well we all manage risk, including the social and environmental issues that can impede or undermine sustainable growth.

3.9 SWOT Analysis:

SWOT Analysis is an important tool for evaluating the company's Strengths, Weaknesses, Opportunities and Threats. It helps the organization to identify how to evaluate its performance and scan the macro environment, which in turn would help the organization to navigate in the turbulent ocean of competition.

The acronym for SWOT stands for…



3.9.1 Strengths:

- Company Reputation: Since SCB is a multinational company itself, it is well qualified to advise other companies on aspects of international business. SCB has already established a favorable reputation in the banking industry of the country particularly among the newcomers. SCB has established a firm footing in the banking sector having tremendous growth in the profits and deposits. All these have led it to earn a reputation in the banking field.

- Facilities and Equipment: SCB has adequate physical facilities and equipment to provide better services to the customers. The bank has computerized banking operations under the software. Counting machines in the teller counters have been installed for speedy service at the cash counters. Computerized statements for the customers as well as for the internal use of the banks are also available. All the branches of SCB are equipped with telex, SWIFT, and fax facilities.

- Teamwork at midlevel and lower level: At SCB midlevel and lower level management, there is often teamwork. Many jobs are performed in groups of two or three in order to reduce the burden of the workload and enhance the process of completion of the job. People are eager to help each other and people in general are devoted to work.

- Invest Opportunity: There is a great opportunity to take the new dimension of banking such as the Islamic banking Unit. Because a large portion of our population is Muslims they prefer Islamic Banking to Conventional Banking. Otherwise, there are many sectors where this can give special privileges.

- Globalize the Business: As the bank has a strong business brand image, it holds a great opportunity to globalize its business more extensively. They can arrange more foreign correspondent banks or establish more foreign branches as the foreign branches have better and bigger business opportunities.

- Well Organized: SCB is a well-organized bank as it is a multinational bank. It follows all international rules and regulations. Their management is very strict in maintaining their systems and activities.

3.9.2 Weaknesses:

- Centralized Decision-Making: At SCB, for corporate decisions, the CEO, DMD and other top management officials craft policies and strategies, and then they are cascaded down. At times the Board of Directors is also engaged in making corporate decisions. As a result of this practice, there is only a top-down flow of communication at SCB. The scope for

bottom-up communication is very limited and many bright ideas or opinions are not being able to climb up the ladder to the top management. Ideas remain there forever. The Branches of the bank have to depend on its Head office for any minor decisions.

- Agency Problem: The front desk employees are often found not to be too keen on taking care of their customers. Though they have a long employee line in some branches, their loyalty to the company and their ethics level is not very satisfactory. Most of the employees always think about their own interests, which proves that the agency problem is there.

3.9.3 Opportunities:

- Diversification: SCB can pursue a diversification strategy in expanding its current line of business. The management can consider options of starting merchant banking of diversifying into leasing and insurance. By expanding their business portfolio, SCB can reduce their business risk.

- Product line proliferation: There are several opportunities for SCB to expand its product line. In this competitive environment, SCB must expand its product line to enhance its Sustainable Competitive Advantage (SCA). As a part of its product line proliferation, SCB can introduce the following products.

- ATM: There are enough ATM booths of SCB but it should increase more ATMs.

- Reduces Charges & Grows up Customers: Bangladesh has a huge consumer base for maintaining several accounts. So SCB has the opportunity to keep these customers by reducing its current fees and charges.

3.9.4 Threats:

- Other Banks: The emergence of the other multinational banks and local commercial banks and their rapid expansion poses a potential threat to the SCB. Due to the booming energy sector, more foreign banks are expected to arrive in Bangladesh. Moreover, the already existing foreign banks such as HSBC, CITI N.A is now pursuing an aggressive branch

expansion strategy. Since the local people have more trust in local banks, it will pose a threat to foreign banks to a certain extent in terms of grabbing the lucrative clients.

- Contemporary Banks: The contemporary banks of SCB such as HSBC, Citi Bank, Woori Bank and Commercial Bank of Ceylon are its major rivals. SCB and others are carrying out aggressive campaigns to attract lucrative corporate clients as well as big-time depositors. SCB should remain vigilant about the steps taken by these banks as these will in turn affect SCB strategies.

- No new deposit creation: This is a problem and a threat faced by the whole banking sector of Bangladesh. Due to the current economic slowdown, there is hardly any new deposit creation as there are few investments and savings accompanied by a galloping inflation. As a result, the new banks are not able to attract absolutely new depositors but rather they have to hunt or snatch away depositors from other banks.

- The Central Bank changing the interest rates: In Bangladesh the Central Bank decides the interest rates. They give a range and within that range, the banks have to maintain the interest rates they offer. So the result is that all the banks end up having very similar interest rates. It is not up to the banks to decide what interest rate they will offer on the deposits. In fact, it is the Central Government that makes that decision for them whether the banks like it or not. Also if the Central Government comes up with additional regulations that will mean more costs for the banks to maintain them.

Chapter: 4

Customer Relationship Management of Standard Chartered Bank

4.1 Introduction:

Today, many businesses such as banks, insurance companies, and other service providers realize the importance of Customer Relationship Management (CRM) and its potential to help them acquire new customers, retain existing ones, and maximize their lifetime value. At this point, close relationships with customers will require strong coordination between IT and marketing departments to provide a long-term retention of selected customers. This study deals with the role of Customer Relationship Management in Standard Chartered Bank and the need for Customer Relationship Management to increase customer value by using some descriptive methods in CRM applications.

This study intends to analyze and investigate factors of "Customer Relationship Management" That influence the customer service quality of Standard Chartered Bank PLC, Bangladesh. The main objective of this study is to identify the key factors that influence the extent to which CRM helps to improve the service quality of the SCB, it will be a causal study aimed to measure if the existence of or a change in an independent variable causes or leads to a change in the Dependent variable. Moreover, the study also tries to explain the relationship between customer relationship management and the service quality of the Bank. This study is based on secondary data mainly to understand the level of "Customer Relationship Management" that Influences the service quality of SCB.

4.2 CRM Objectives in Standard Chartered Bank:

The idea of CRM is that it helps businesses use technology and human resources to gain insight into the behavior of customers and the value of those customers. If it works as hoped, a business can: provide better customer service, make call centers more efficient, cross-sell products more effectively, help sales staff close deals faster, simplify marketing and sales processes, discover new customers, and increase customers. For CRM to be truly effective an organization must first decide what kind of customer Information it is looking for and it must decide what it intends to do with that Information. Company analysts can combine the data to obtain a holistic view of each customer and pinpoint areas where better services are needed.

SCB is trying to use CRM techniques to achieve a variety of outcomes. In the area of strategy,

they are trying to:

- Create a customer-focused organization and infrastructure.
- Secure customer relationships.
- Maximize customer profitability.
- Identify sales prospects and opportunities.
- Support cross and up-selling initiatives.
- Manage customer value by developing propositions aimed at different customer segments.
- Support channel management, pricing, and migration.
- Gaining an accurate picture of customer categories.
- Assess the lifetime value of customers.
- Understand how to attract and keep the best customers.

4.3 Benefits of CRM to SCB:

4.3.1 CRM Banking Focuses on the Customer:

CRM manages to place the customer at the focal point of the organization in order to cater to his needs, satisfy him, and thus maximize the profits of the organization. Banking CRM understands the needs of the customer and integrates them with people, technology, resources, and business processes. It focuses on the existing data available in the organization and uses it to improve its relationship with customers. Banking CRM uses information and analytical tools to secure customer focus. Thus it is completely essential that banks implement CRM in order to secure this.

4.3.2 Overall Profitability:

CRM enables banks to give employees better training that helps them face customers easily. It achieves better infrastructure and ultimately contributes to better overall performance. The byproducts of CRM banking solutions are customer acquisition, retention, and profitability. Banks

that don't implement CRM will undoubtedly find themselves with lesser profitability coupled with a sharp decline in the number of customers.

4.3.3 Satisfied Customers:

It is important to make a customer feel as if he/she is the only one - this will go a long way in satisfying and retaining them. Bankers need a return on, investment and it has been proved that an increase in customer satisfaction more than contributes a fair share to ROI. The main value of CRM banking lies in satisfaction and increased retention of customers.

4.3.4 Centralized Information:

CRM banking solutions manage to clearly integrate people, processes and technology. CRM banking provides banks with a holistic view of all bank transactions and customer information as well and stores it in a single data warehouse where it can be studied later.

4.3.5 CRM Banking Boosts Small Banks:

Banking CRM software meets the needs of banks of all sizes in terms of attaining the required accuracy and understanding of customers. Merely assuming that banks that are considerably smaller in size have a better customer approach and are able to deal with their customers in a better manner is wrong.

They are just as much in need of CRM aid as the others. Small banks on account of a limited amount of money have had to realize that a large contribution to profits is directly the result of good customer service. CRM makes sure that the bank delivers exactly what the customer expects.

4.3.6 Customer Segregation:

CRM enables a bank to see which customers are costing them and which are bringing benefits. CRM provides them with the required analytical tools that will help them focus on the importance of segregating these two and doing what is required to avail of the maximum returns. After this segregation is done CRM easily enables banks to increase their communication and cross-selling to their customers effectively and efficiently.

4.3.7 Aggressive Customer Acquisition:

CRM solution supports the creation of demand generation through multi-channel and multi-wave campaigns. The solution ensures the bank's marketing message is appropriately personalized and targeted towards the most suitable segment of prospects. This optimizes marketing efforts and results in greater conversion of prospects.

4.3.8 Improved Cross-sell Framework:

The solution presents a unified 360° view of the customer, allowing single-point access to all the relationships the customer has forged with the bank. This along with robust customer analytics effectively supports true relationship banking, providing a robust framework for cross-sell opportunities.

CRM solution also integrates with other white-labeled solutions to facilitate contextual and personalized customer engagement, with a keen focus on right-talk-driven right-sell.

4.3.9 Increased Operational Efficiencies and Collaboration:

CRM solution supports business automation for processes and business activities, eliminating manual tasks and reducing process time. Straight-through processing abilities enhance the reduction in turnaround and processing time, increasing output and enabling speedy completion of tasks.

The multilingual Web-based single repository of information enables remotely located bankers to collaborate and transact seamlessly.

4.3.10 Campaign Management:

Banks need to identify customers, tailor products and services to meet their needs and sell these products to them. CRM achieves this through Campaign Management by analyzing data from bank's internal applications or by importing data from external applications to evaluate customer profitability and designing comprehensive customer profiles in terms of individual lifestyle preferences, income levels, and other related criteria.

Based on these profiles, banks can identify the most lucrative customers and customer segments, and execute targeted, personalized multi-channel marketing campaigns to reach these customers and maximize the lifetime value of those relationships.

4.3.11 Customer Information Consolidation:

Instead of customer information being stored in product-centric silos, (for e.g. separate databases of savings accounts & credit card customers), with CRM the information is stored in a customer-centric manner covering all the products of the bank. CRM integrates various channels to deliver a host of services to customers while aiding the functioning of the bank.

4.3.12 Marketing Encyclopedia:

Central repository for products, pricing, and competitive information, as well as internal training material, sales presentations, proposal templates, and marketing collateral.

4.3.13 360-Degree View of Bank:

This means whoever the bank speaks to, irrespective of whether the communication is from sales, finance, or support, the bank is aware of the interaction. Removal of inconsistencies of data makes the client interaction processes smooth and efficient, thus leading to enhanced customer satisfaction.

4.3.14 Personalized Sales Home Page:

CRM can provide a single view where Sales managers and agents can get all the most up-to-date information in one place, including opportunity, account, news, and expense report information. This would make sales decisions fast and consistent.

4.3.15 Lead and Opportunity Management:

These enable organizations to effectively manage leads and opportunities and track the leads through deal closure, the required follow-up, and interaction with the prospects.

4.3.16 Operational Inefficiency Removal:

CRM can help in Strategy Formulation to eliminate current operational inefficiencies. An effective CRM solution supports all channels of customer interaction including telephone, fax, email, online portals, wireless devices, ATMs, and face-to-face contacts with bank personnel. It also links these

customer touch points to an operations center and connects the operations center with the relevant internal and external business partners.

4.3.17 CRM with Business Intelligence:

Banks need to analyze the performance of customer relationships, uncover trends in customer behavior, and understand the true business value of their customers. CRM with business intelligence allows banks to assess customer segments, which helps them calculate the net present value (NPV) of a customer segment over a given period to derive customer lifetime value. Customers can be evaluated within a scoring framework. Combining the behavior key figure and frequency to monetary acquisition analysis with a marketing revenue quota can optimize acquisition costs and cut the number of inefficient activities. With such knowledge, banks can efficiently allocate resources to the most profitable customers and reengineer the unprofitable ones. Data warehousing solutions have been implemented in Citibank, Reserve Bank of India, State Bank of India, IDBI, ICICI, Max Touch, ACC, National Stock Exchange and PepsiCo.

4.4 Benefits of CRM to Customers:

Customer relationships are becoming even more important for banks as market conditions get harder. Competition is increasing, margins are growing, customers are becoming more demanding and the life cycles of products and services are shortening dramatically. All these forces make it necessary for banks to intensify their relationship with their customers and offer them the services they need via the channels they prefer.

CRM helps banks to provide a lot of benefits to their customers; some key benefits are as follows.

- Service provisioning throughout the entire life cycle of the corporate customer, from the initial stages to the establishment of a close, long-term relationship with profitable clients.

- Optimization of the use of bank resources, such as alternative channels of distribution (internet and home banking).

- Significant reduction in and limitation of operational costs through system automation and standardization.

- Low maintenance and expansion costs owing to the use of modern administration tools which allow bank employees to make a wide range of modifications to the system.

- CRM permits businesses to leverage information from their databases to achieve customer retention and to cross-sell new products and services to existing customers.

- Companies that implement CRM make better relationships with their customers, achieve loyal customers and a substantial payback, increase revenue, and reduce cost.

- CRM when successfully deployed can have a dramatic effect on bottom-line performance: For example, Lowe's Home Improvement Warehouse, in a span of 18 months, achieved a 265 percent return on investment (ROD) on its S 11m CRM investment.

- According to a study conducted in the sector of banking, convenience of location, price, recommendations from others, and advertising are not important selection criteria for banks. From the customers' point of view, important criteria are account and transaction accuracy and carefulness, efficiency in correcting mistakes, and friendliness and helpfulness of personnel. Thus, CRM, high-quality attributes of the product/service, and differentiation proved to be the most important factors for customers.

- Another study conducted in a European bank shows that with CRM, the bank was able to focus on profitable clients through efficient segmentation according to individual behavior. Information about "who buys what and how much' enabled the bank to have a commercial approach based on the client and not solely on the product. Thus, the bank was able to better satisfy and maintain its customers.

Eventually, CRM results both in higher revenues and lower costs, making companies more effective and efficient: effective in targeting the right customer base with the right services via the right channels, and efficient in doing this at the lowest costs. For example, those banks that are moving transactions from the more expensive channels to a less costly channel-like the call center or Internet- are therefore able to save money.

Chapter: 5

Findings

5.1 Findings:

- SCB account is not for people of all incomes. Only upper-middle-class & upper-class people can afford to open an account with SCB and maintain it.
- SCB has more and higher fees and charges compared to its rivals.
- Its rate of interest on savings accounts and fixed deposit receipts is lower than its competitors.
- Still, SCB has a wide range of customer base and doing business better than its rivals. The main reason behind it is that SCB provides very good quality service to its customers.
- Only because of good service, they have come so far. Other competitor banks offer products for all income people. Their interest rate on savings and FDR is also higher than that of SCB. They do not charge so much as SCB. But still, they are struggling to take away the number one position from SCB only because their service quality and human resources are not of that standard like SCB.
- Fewer number of ATM booths.
- Fewer number of Branches in Bangladesh.
- Inefficient customer experience through the website.

Chapter: 6

Recommendations & Conclusion

6.1 Recommendations:

Customer Relationship Management (CRM), the most exciting strategy that emerged from the networking technology revolution of the nineties, is today fast emerging as one of the most important cooperates strategies. A well-executed Customer Relationship Strategy can result in the number of quantitative benefits, including a greater ability to sell and cross-sell, and improved retention besides the cost of services. Customer Relationship Management is doable.

The motivation for Standard Chartered Bank to manage their customer relationships is to increase profitability by concentrating on economically valuable customers, thus increasing revenue from them.

There are some categories of critical success factors are identified which serve as the basis for exploring the success factors for CRM execution. These are information quality, system quality, service quality, top management support, technological readiness, key customer focus, CRN organization, knowledge management, and technology-based CRM. However, the following SCB can be taken into consideration to get the result in a more efficient way.

- In a competitive environment, the Banks should adopt suitable marketing skills rather than depending on the trading skills. Hence, new services should be constantly introduced to ensure the growth of the Banks to be competitive in the market and to keep up the enthusiasm of the employees and customers, etc.
- Take pragmatic steps with a clear view of delivery of all the components in the medium term, rather than piecemeal in the short term.
- Successful mass customization is crucial to reducing customer acquisition costs and improving the cross-selling capacity.
- Channels are a delivery mechanism. The effectiveness of the mechanism is achieved when it is faultless!
- Customer Relationship Management implementation is effective when companies are able to identify internal and external customers and integrate them with their core business processes.

- The Banking sector is developing and getting higher day by day in urban and semi-urban areas; there is a large number of customers using the services in the urban and semi-urban areas. So a wide scope in rural areas is expected in the days to come.
- Employee Relationship Management first before Customer Relationship Management.
- It should be realized that customer relations cannot be built overnight. CRM should be considered a Continuous Relationship Management.
- Increase customer experience through the website.
- Increase the number of branches.
- Increase the number of ATM booths.

6.2 Conclusion:

In retrospect of the marvelous growth of consumer banking revenue over the last 20 years and contemplating the intensity of competition yet to come, it is crucial for SCB to rethink its strategies and marketing plan to sustain the growth consumer banking revenue. Correspondent banking service providers domiciled in Bangladesh are expected to be fighting for a bigger pie, as the growth prospect of the country's correspondent banking business is limited. One of the ways to achieve that objective is to maximize consumer-banking revenue generated from local clients and introduces more local products.

At the same time Standard chartered bank must have to consider the consumer mind setup. As a multinational bank customer want more benefit from them then other 3rd generation bank. So instead of making profit only they should care about the customer as well. They can start many new savings product like millionaire scheme. But here problem is that these entire schemes are very costly. So they should introduce something for the middle class, but still SCB continuously working with upper class and upper middle class.

When this type of facility is come on front then and only then Standard Chartered Bank can compete with other banks like HSBC, Prime Bank, Dutch Bangla Bank. Customer is the heart of the bank and if SCB can make them satisfied and make them return to the bank with their deposit it will become the largest profitable bank in Bangladesh within a short period of time.

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