Social CRM in Banking – Need of the hour

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Abstract
Marketing experts are working throughout tough situations in the changing marketing environment. Earlier we have not seen markets moving closer to each of the customers and build relationships with them in such a reasonable and timely manner. Having made use of customer relationship, social media marketing can certainly provide economic rewards to organization regardless of sector. The rewards usually are centered improving customer awareness and engagement, and not really peripheral yet essential to drive overall performance of the organization. Financial benefits employ throughout customer lifecycle, in acquisition, retention, value growth and taking care of cost to function. Furthermore, social customer relationship management (SCRM) can provide perception which supports drive true customer centric advancement. The amount of information acquired about customer habits, behavior as well as feeling will assist generate gains during the entire value chain, effecting vendors and intermediaries. Nevertheless, forerunners in big organizations three major obstacles: 1. Preparedness at the organization level, 2. over-hype and over-expectation and 3. Failures in project management. Right of the end, SCRM is all about individuals and relationships and calls for a customer focus which was not much seen earlier.

Introduction to Social CRM
Business organizations started employing the same social networking tools to communicate with as well as recognize consumers in the same manner that people use to keep in touch with their buddies. This can benefit organizations communicating with existing and prospective customers, getting comments, and act in response swiftly and also identifying possibilities for cross-selling.
It is the financial sector that had been hugely afflicted with the global financial downturn. The majority of banking institutions as well as other financial services providers incurred a sizable loss in customer confidence and customer loyalty. The financial services sector has shifted conventional methods of services to online banking and webworms for processing applications, to having a very careful look at social CRM channels, such as blogs and message boards. Facebook, Twitter, discussion boards and chat might possibly be new alternatives for conventionally conservative business corporations such as banking institutions, it is one that customers undoubtedly have a apparently want. It’s not just about the adjustment but focusing on how to control social networking to obtain the best outcomes and speed up organization growth. Quite a few business enterprises across industries have bundled social marketing into their CRM programs in the beginning and many people are following them. Bringing insocial networking into their CRM structures and adding a considerable amount of effort and hard work straight into social media marketing strategies is one of the methods to reconnect that confidence.

The financial sector has a couple of essential categories depending on customer-type: retail and corporate banking. It is important to recognize exactly how it can be useful to obtain maximum benefit equally for corporate and retail banking.
Social CRM in Banking

Social media is definitely has space for financial institutions. Big players in the banking sector have already made their presence felt on social platforms like Facebook, Twitter and YouTube. Depending on an in-depth glance at the interactions, posts and assertions the banking institutions are creating these types of programs, social networking can possibly be identified as one more channel why which details can be propagated in a two-way manner. There are several top banking institutions which have been basically using the channels in the best-possible way, however, there exists space for profiting social media marketing in a much more sustainable manner.

While retail focuses on consumers, corporate focuses on business entities. Even in corporate banking, tailored retail products and solutions often aimed corporations to benefit for its personnel. This really is a good overlap, however, it maps very well to corporate banking as it involves marketing at the enterprise level.

Corporate and business banking customers would uncover their particular requirements from merger of varied tracks: travel plans, association with existing suppliers, authorized budgets and so on. The financial institutions can use social networking programs such as corporate and business product communities or or may be electronic summits to be able to showcase their products to targeted groups. These applications provide features that can easily be modeled on its counterparts. Social media have applications that can be used to disseminate information to their customers. The function of social media is less as a channel of external communication than as a channel of collaboration.

The representatives of financial institutions can be granted an application over a cell phone gadget that will allow real-time help from the particular group back at the office to produce the most effective offers and responses to the customers. In order to ensure the customer getting better service, social media can be used by the organization as an engagement tool. Widgets can be of high importance, enabling customers to get into their chosen alternatives. Depending on outcomes, customized offers can be shown.

For a corporate customer, brand health reports can be obtained using social analytics tools. The financial institution can get the hang of perception of community or group plus perception of employee simply by means of checking different discussion boards where the organization is actually mentioned.
Community CRM is can be risky for a bank’s brand name as well as privacy of customers. Banks are entrusted with savings of general public, college fund or corporate accounts, therefore, they should be extra cautious regarding their tone and that they promote themselves on social discussion boards.

Confidentiality or secrecy is another important issue. Financial institutions cannot have open discussions concerning customer accounts on open forum. Therefore, any kind of attempt to support customers over social networking forums should incorporate a method for shifting the particular trade rapidly to a channel like phone or email.

Owyang observed that successful financial institutions that he found have a tendency to comply other best practices, such as:

- Using social tools for listening, not just talking
- Paying attention more regularly on lifestyle and style of working instead of having particular discussions concerning financial solutions
- Training staff to know the scope of services like what can and can’t be said

In utilizing social websites and tying their CRM program to social media marketing, banking institutions and financial services companies can closer to their customers and see how to increase services and products. This will likely result their earnings should the appropriate approach is in place.

**Need of Social CRM in Banking**

A large number of social support systems employ Web 2.0 to deliver some sort of social networking platform to enable individuals reveal their thoughts, views, threads within community and much more. They provide the actual bank account holder the facility to possess and manage their data. To conclude, these kinds of social networks sites engage individuals and help them to grow to be social.

Banking institutions may possibly obtain both qualitative and quantitative gains by means of modernizing their CRM technique together with social CRM. About the quantitative side, you will find advantages of decline in the cost. You will find there is an advantage of decreased capital cost by having much less capacity data bank. Furthermore, there is additional benefit of decreased operational cost by getting away from the maintenance of this database.

On the qualitative side, you will find advantages of decrease in cost. With increased number of bank representatives and direct selling agents (DSAs) improved efficiency and therefore reduced
operational cost. In addition, the way customer data is used by SCRM can lead to increased customer satisfaction and as lead to increased business for the banking institutions. For that reason, banks may perhaps enhance both top and net profit figures simply by means of taking on social CRM.

Interaction within the organization

The idea is to provide a platform similar to social network sites like Twitter, LinkedIn or Facebook for sales representatives and DSAs to help them to connect and communicated to one another simply the way they connect on internet sites via RSS feed, blogs etc. which help bank staff as well.

Interaction outside organization

Social media contains huge data outside the banking CRM, however, entire information may not be useful to banking institutions. Therefore, the challenge here is to segregate and get information that would be valuable and useful. Banking CRM must be adequately smart to get this done to make this happen.

Key Steps

Through SCRM engagements in the industry, three critical steps can be identified which mortgage banks should take to tap social media to boost their bottom lines.

The very first is sociable community development: Banking institutions have to build social communities and build relationships among customers to make beneficial notion and create confidence and trust. These online communities together with discussion boards and internet chat functionality can assist sub-groups including like customers from corporate and retail world. As these communities are maintained by banks, such communities act as podium for cooperation with regard to servicing groups, marketing personnel and bank staff. The communities can be used to publish announcements, promote corporate business branding and talk about public relations and other related content.

The second step is social media marketing listening: Applying widely accessible supervising tools, banking institutions need to observe discussions at banking-related social media websites to catch information on products, ideas, views, and services. Thoughts on strategy and execution also need to be collected from all internal stakeholders via social media tools from within such as blogs and messenger enabling to get ideas from grassroots level.
The third step will be program development that commences with serving customer feelings into robust analytics and business intelligence engine. The raw data are able to possibly be changed into prospects and opportunities, and employed to increase perception, services as well as products. This program should include sales analysis, brand analysis, service analysis etc.

**Here are a few selected benefits**

- New prospects of regarding developing customer-specific offerings can come out with the collection and analyzing of large amount of data via SCRM system.
- Greater customer satisfaction by participating with customers on social networking tools helping easier management with the integration of CRM program
- Promote peer-to-peer (P2P) service by creating a discussion boards and forums for interested customers to share their thoughts and experience and benefit from one another. A great suggestion could possibly be able to start message boards for old customers via secure login.
- Taking into consideration of banking institutions lose more than 60 percent of customers to due to prolonged response times in customer service and more than 30 percent of involving financial services shifted their providers in 2012. Social media seem to be a cheaper replacement in order to re-build powerful interactions with customers. In fact customer service via social media costs just 10 per cent of customer service delivered via phone.

**Banks successfully using SCRM**

There is some amount of reluctance from the financial sector to integrate social media platforms into their CRM, however, there are a few financial institutions who adopted SCRM and best practices in different regions. A few are cited below:

- In the United States, American Express has recently provided an extremely distinctive marketing campaign allowed by using social CRM. This program was designed together with Twitter enabled Amex customers have their bank accounts with social media platforms like twitter, by making use of exclusive hash label., customers gain savings from chosen partners. This kind of long-term social and brand advertising campaign is focused on old customers and laid foundation for SCRM and had higher returns on media and sales. Similarly Bank of America also made use of Twitter account to find customer relationships and lessen resolution time to inquiries.
- Caja Navarra, a Spanish bank from EMEA region, offers customer service via social media websites such as Twitter, Facebook and Skype and utilizes online communities to
customers' requirements. Jyske Bank from Denmark provides customer service with interactive question and answer sessions via social television channel. First Direct, a subsidiary of HSBC Bank, utilizes Facebook after making use of their internal tools for their customers to get feedback from bank as well as from peers. Deutsche Bank from Germany offered its customers to vote on the features that the bank could add in their portfolio.

- CIMB Bank from Asia Pacific Japan regions looking at integrating social networking programs into their communication strategy as potential opportunity to keep their customers with competition or to enabling them to take a decision on design of their next credit card.
- After having seen such examples a few banks are still reluctant towards social networking program in their regions as they perceived it as non-priority task. Inspite of such perception, rise of branch less banking like ING DiBa ING Direct, social media CRM becomes more crucial.
- Young generation, in particular, today is not willing to visit physical location or getting their problem resolved over phone wasting their time. As per a study, over 40 percent of the High Networth Individuals below 50 years of age found that social media for connecting their banks.

**Banks judged by their service**

Many consumer industries such as hotels, hospitals, retail stores, software companies are judged based on their service offerings, post purchase services are key in how customers judge them. Customer service is usually regarded as an essential distinguishing element for many people. However, this is much more important especially in financial services sector.

Although changes in prices of financial products and interest changes are important to customers, it is equally important customers judge the the companies how they deliver customer services. In a survey conducted by Finextra / Pegasystems, nearly 46 percent of the customers were of the opinion that would prefer to pay more fees if they get consistent service.

**CRM automation saves money**

Financial institutions, retail in particular, have been little slow in investing in CRM technologies compared to other sectors. They started realizing that by automating simple customer service activities which would not only fastern customer service and enhance customer satisfaction but
also saving lot of operating costs. This option would be economically a viable option for the low-end customers but are valuable to the bank.

Jeanne Capachin, Research Vice President of IDC, mentions that financial institutions were conservative in investing in CRM technologies, however, the trend has changed and they are looking at tools like social CRM.

Challenges with traditional banking CRM

- Earlier, customers used to submit as much information as possible to enter into customer information page, however, that much of information was not shared with the front office executives in such a way which increased productivity of those users.
- It should be understood that one needs to have one's own database for banking CRM to do analysis. Customers prefer to submit personal details in an electronic form online, however, hesitate to share the same information to tele caller executives. This implies that, perceptions and environments is changing and needs our assumptions also to get changed accordingly.
- Social media service providers maintain more features as they have more expertise in that domain and can keep the web pages interesting to be customers in the banking sector whereas the customers logging into bank's CRM tool it doesn’t look interesting for them.

By making use of an integrated and detailed SCRM technique, banking institutions can control the knowledge they get to further improve customer perception, service support and market share. The key challenge facing such social networking marketing initiatives is the lack of senior management support in the long-run and lack of adequate metrics to evaluate performance and inability to do too many activities all at the same time. Therefore, back-end support is crucial for their social media campaigns to convert opportunities into business development and for maximizing profits.

Reference