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CUSTOMER RELATIONSHIP MANAGEMENT IN BANKING SYSTEM (CASE OF KOSOVO)

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Abstract

The operating environment of the banking market is difficult and competitive is changing dynamically since their focus is the steady growth of profit as well as consumer demand are in a constantly changing trajectory. Therefore, banks are increasingly focused on identifying customer needs, pulling and storing them. Customer Relationship Management is a process that provides banking business with the opportunity to create and maintain long-term relationships with customers. This concept allows the business the bank to identify, segment, communicate and build long-term relationships with customers on an individual basis regarding their needs for banking products and services as well as value added. Using modern technologies, customer relations management has come to an effective strategy to maintain the existing structure and develop a high-quality customer base. The purpose of the research is to evaluate the benefits of presenting the concept of Customer Relationship Management in the Kosovo banking sector by defining strategies, adapting the organizational structure, culture and internal processes with the help of modern technology. The banking sector in Kosovo is at the stage of his development, after the end of the war in 1998, this system began to set out his consolidation steps. The study was done on the basis of quantitative and qualitative research methods.

Keywords: CRM Concept; CRM Strategy; Processes; Banking Sector; Management

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INTRODUCTION

Kosovo's banking market is at its beginnings, but the variety of customer requirements and a large number of banks in the market forces firms (banks) to use different systems and strategies in order to keep their customers. The Customer Relationship Management System (CRM) is a strategy but a day-to-day philosophy of working with Kosovo banks. CRM for bank executives is the key to their success in the market, the total of all the tools, technology and processes that manage, improve and facilitate sales, but also support customer relationships.

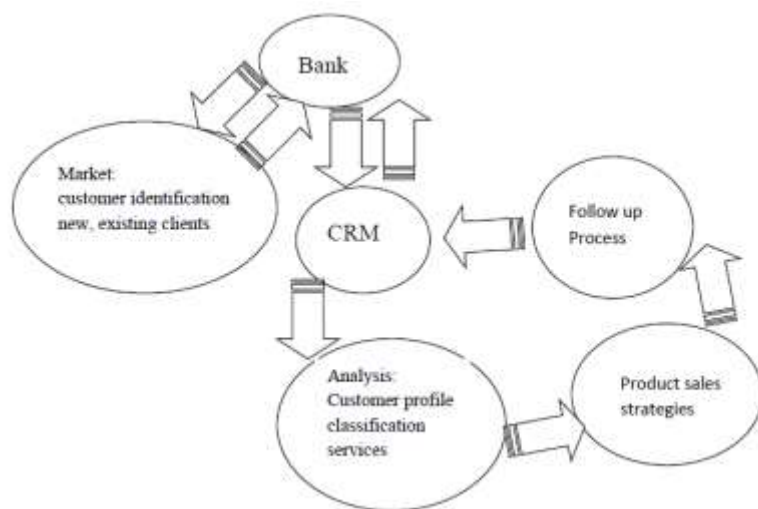
Banks, in addition to maximizing profit, they aim to create a stable relationship with their clients, by identifying their preferences and competing in real time. Almost all of the banks under review used the same CRM process but understood with different development strategies, Figure 1 gives an overview of CRM processes.

REVIEW LITERATURE

Managing client relationships is a strategic platform that has its origins in relationship marketing. Marketing of relationships is considered one of the main areas of modern marketing development, which has generated great research interest for years [1]. After the 1990s, CRM increased the ability of banks to better understand the actual needs of their clients and also helped them develop strategies for meeting their benchmarks [2]. CRM as a strategy offers companies (banks) the attributes to compete with them for a limited number of customers in order to absorb more and more of the market segment. In seeking the current trend of the globalizing economy, competition from substitutes and from entirely new off-the-shelf offers or packages is becoming increasingly harsh [3]. In today's developments, customers are the key assets for an organization, and customer relationship management is equally critical for organizations [4]. Customer Relationship Management (CRM) from a financial institution perspective is a sound strategy to identify clients and the bank's most lucrative prospects and takes time and attention to expanding account relationships with those clients through individualized marketing, repricing, decision making - discretionary and customized service - all offered through various sales channels used by the bank. The overall success of the organization depends on customer satisfaction and customer satisfaction cannot be achieved without being managed Relationships with clients [4]. CRM aims to coordinate all customer-related business processes and includes collecting, comparing, and interpreting customer

data to determine purchasing behavior models that can be used to support effective marketing programs [5]. Being competitive and the products are easily copiable, many companies (banks) are trying to gain a foothold over the competition through customer relationship management policies. In this situation, consumer behavior is volatile as they have a wider choice of products that are often less distinct and they are much more informed. For many bids, the balance of power moves toward the customer that raises their expectations of how companies should look after them [3]. The tendency to develop a strong relationship between customers and a company can prove to be an important opportunity for competitive advantage. CRM has focused on assessing critical dimensions of satisfaction and defining customer groups with preference and distinctive expectations in the private sector of banks [6]. CRM helps companies improve their profitability with their clients while at the same time making interactions seem friendly through individualization. Customer Relationship Management (CRM) is therefore evolving and involves interaction between the organization and its clients normally referring to a customer. CRM can also mean holding or raising the client base of the company as managers can now walk by talking to clients [7] (Figure 1).

Figure 1: CRM process in banking system.



METHODOLOGY AND RESEARCH QUESTION

In this study, a combination of quantitative and qualitative methods was used. Also structured and semi-structured interviews were used. The total number of banks in the Republic of Kosovo is 9 (Zirat Bank, TEB, Raiffeisen Bank, Pro Credit Bank, NLB Pristina, ISBANK, Bank for Business, National Bank of Commerce, Economic Bank), but the number of branches and their extension to the territory of Kosovo is not the same. Therefore, the procedure of the sample of non-probability was used for ease of study. Only 6 banks (TEB, Raiffeisen Bank, Pro Credit Bank, Bank of Business,

National Bank of Commerce, Economic Bank) included only 6 banks (TEB, Raiffeisen Bank, Pro Credit Bank), their selection was based on the following factors:

1. Market experience,
2. Number of branches.

The second stage was selecting the number of branches for each bank. Bearing in mind the fact that all banks are spread out to five regions of Kosovo republic, it was decided that for each bank to select a branch for each region. For each branch, it was decided to select an interview for 20 clients. The number of banknotes issued by banks is given in Table 1.

Table 1: The number of banknotes issued by banks.

Bank	TeB	Raiffeisen	PCB	BB	BE	BKT	Total
Branch no	5	5	5	5	5	5	-
Customer per branch	20	20	20	20	20	20	-
Total answers	45	65	83	47	50	72	362

The main objective of the study is to examine customer perceptions in managing customer relations in the Kosovo banking system. The specific objectives to be considered are as follows:

1. To determine the perception of clients regarding CRM strategies in the Kosovo banking sector
2. To identify factors that ensures good customer relationships

Research Questions

1. What is customer perception of CRM in terms of service quality management?
2. To study customer perception of CRM related to customer interaction management,
3. What is customer perception of CRM in terms of customer retention management?

RESULTS

After analyzing data (questionnaires), a survey of banks surveyed according to market operating experience was also made. In Table 2, the banks surveyed are grouped into two categories: a) banks having six years in the market b) banks that have over 10 years in the market.

Table 2: Bank categories.

Banks having six years in the market (Group 2)	Economic Bank, TEB, Bank for Business
Banks that have over 10 years in the market.(Group 1)	Raiffeisen Bank, Pro Credit Bank, National Commercial Bank

Since the banking products offered by banks in the Kosovo market are the same in design, it increases customer loyalty with the bank and the quality of the service offered. This is the size that banks are competing with each other. The high quality of service offered in the dimensions of sensitivity, loyalty, communication is the key that increases the ability to return customer relationships to a long-lasting and stable relationship. From the questionnaire results in Figure 2, we have presented how consumers are sensitive to the products offered by banks and how are the dimensions of this sensitivity in relation to the banking experience in the market.

Figure 2: Customer perception of service quality.

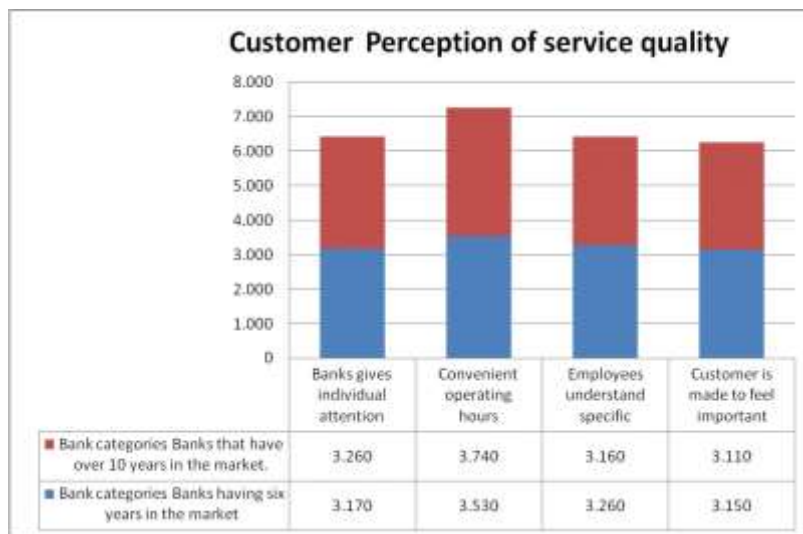


Figure 2 reflects the level of sensibility according to the segment we have made for the grouping of banks. The first group has a 3.264 sensitivity, and the second group is 3.320, it is clear that banks with less experience in the market are rated less than the second group (banks that have an experience in the market). However, in the weighted average of both groups in identifying consumer needs and the attention paid to consumers is lower than the average value of the respective dimensions.

Figure 3: Comparing customer perception of customer interaction management.

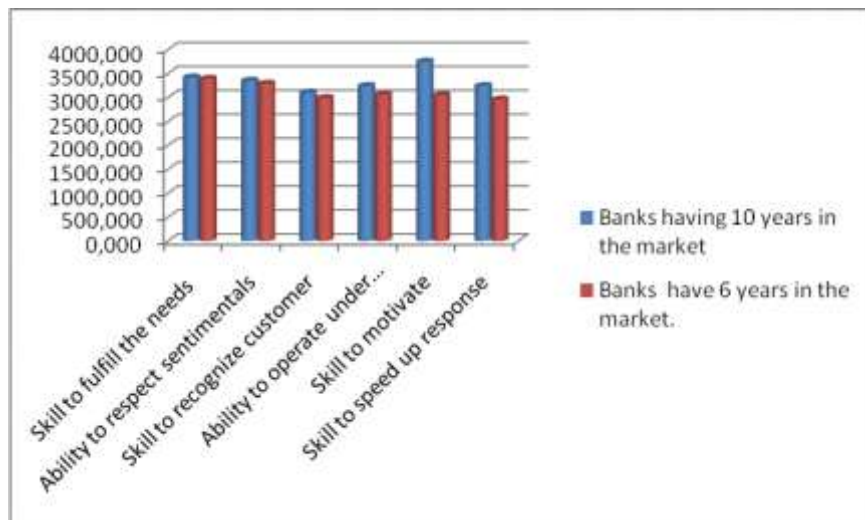


Figure 3 reflects a comparison of the ability of customer management between the two groups. The dimension value for the first group is 3,200 and the second group is 3,057. This indicates that first-group banks are more valued in client management capability than second group banks and first group banks have a higher interaction with the client than those of the second group (Table 3).

Table 3: Terms of the sensitivity dimension.

	Group 1	Group 2	All Sector
Mean	3.270	3.320	3.293
Sd	0.87	0.91	0.86
No	220	142	362
t	0.314		
df	219		
Table value	1.965		
Sign	VS		

The calculated t-test value at 0.313, which is smaller than the value of the table from 1.966 to 5% of the significance, indicates that there is no significant difference between the service quality of first group banks and that of second group banks in Kosovo the terms of the sensitivity dimension. Therefore, the hypothesis is accepted.

CONCLUSION

This study was based mainly on managing customer relations in Kosovo banks, their holding rate is much higher and so is their overall benefit to the bank. Banks should use CRM as a principle of growth and adopting a customer relationship management strategy effectively addresses three key areas:

1. Customers,
2. Processes,
3. Technology.

CRM provides an indispensable tool for banks to increase customer relationships and make banks the effect of loyal customers. Banks should also undertake such actions as recognition and delegation of work, improvement of logistics to handle customer complaints and approval by management to make decisions according to situations. Second-tier banks are more valuable than the first-tier banks, as they interact well with the perception, identification and fulfillment of their customers' needs. According to the results of the study, the perception of customer service quality is lower in the least experienced banks in the market. Therefore, it is suggested that the least experienced banks in the market (the second group) can take steps to improve service quality management, management strategies, and customer interaction management strategies.

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