

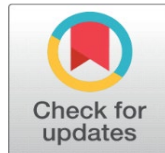
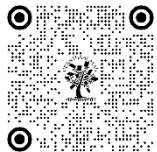
NAVIGATING BANKING CHANGES: THE EFFECTIVENESS OF CRM FOR CROSS SELLING SUCCESS

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ABSTRACT

This paper uses a mixed-methods approach to investigate the value of CRM systems for cross-selling success in the banking industry. A set of key CRM parameters pertaining to customer satisfaction, cross-sell ratios, retention rates, and CRM usability are analyzed through quantitative methods; for qualitative inquiry, the study examines customer and professional perspectives based on surveys and interviews. Through purposive sampling, 150 people were selected for the sample: 50 customers and 100 bankers. Descriptive statistics reveal high retention rates (mean = 88.5%) and satisfactory customer satisfaction (mean = 4.3), but cross-selling results appear modestly successful (mean = 20.4%). Customer perceptions implicate the intrusiveness of CRM-driven promotions, as findings indicate that personalized CRM recommendations enhance trust and efficiency in interaction. The report would identify opportunities in further development in customer experience management and cross-selling tactics, while the benefits of CRM systems for customer happiness and retention are highlighted.

Keywords: Customer Relationship Management (CRM), Cross-selling, Banking Sector, Customer Perceptions, CRM Effectiveness

1. INTRODUCTION

Advancements in technology, increased competitiveness, and changes in clients' expectations are further transforming the banking industry. Changes in the behavior of customers, regulators, and with digitization redefine the old banking models. In this fluid environment, financial organizations are under immense pressure to adapt and develop new ways to interact with the consumers, enhancing their value proposition, and remaining profitable. Cross-selling, or the act of recommending other goods or services to a current client, is one of the best ways to achieve all these objectives.

Cross-selling, of course, is a source of revenue, but it also plays an important role in building long-term relationships and ultimately client loyalty. Banks can help improve client involvement, prolong the lifetime value of each relationship, and differentiate themselves within a highly competitive environment by offering customized and relevant answers. But now it's not all that simple: general product pushes are no longer the way to succeed at cross-selling. Every consumer today wants personal attention, smooth transactions, and much deeper connections with their financial institutions. It is

from this point on that integration with cutting-edge technology, especially Customer Relationship Management (CRM), becomes inevitable.

CRM systems enable banks to manage the cross-selling challenges strategically in the current competitive environment. These systems provide financial institutions with the power of data at hand and offer useful insights into the financial needs, interests, and behavior of customers. With CRM solutions, banks can customize product offering, anticipate consumer requirements ahead of time, and focus their marketing efforts. CRM solutions enable a comprehensive approach to client involvement and improve operational efficiency, speed up procedures, and encourage team cooperation.

The position of CRM in the effective engagement of cross-selling in the banking industry is explored in this paper. This study discusses how CRM systems allow banks to seize growth opportunities, develop deeper relationships with their customers, and become responsive to changing market conditions. This study well brings out the strategic importance of CRM in developing a customer-centric framework that not only satisfies but exceeds the expectations of today's customers in banking industries. Here, CRM is shaping the future of cross-selling in the banking sector, because CRM alone can fill the gap between human touch and technological capabilities.

2. LITERATURE REVIEW

Aung, et al. (2024) dedicated significant resources to studying the intricate relationship between CRM and Business Intelligence (BI) in the banking industry from a financial perspective. This mixed-methods study looks at how customer relationship management (CRM) strategies and data-driven decision-making are becoming more important in boosting profits and consumer loyalty. Using both quantitative financial analysis and qualitative insights, it examines the complex CRM consequences of BI. A comprehensive literature review on banking BI and CRM is part of the process. We look at how industry stakeholders have used BI and CRM through interviews and case studies. Quantitative examination of financial data from banks reveals the impact of BI on customer engagement and financial outcomes. Key research indicates that business intelligence (BI) aids CRM by improving customer happiness, personalizing services, and speeding up client contacts. According to financial research, integrating BI with CRM increases profitability and client lifetime value. Two major challenges to adoption are information technology security and organizational opposition. According to the survey, banking CRM is enhanced by data-driven insights and customer-centric operations. According to the results, a comprehensive strategy that links technological advancements with organizational preparedness is necessary to boost BI and CRM operations. In anticipation of future research focusing on customer-centric financial services, this study discloses the digital revolution taking place in the banking sector.

Hynninen, R. (2024) researched cross-selling, internal multichannel challenges, and change management. The theoretical components are brought together in the study to form a framework for evaluating the degree to which employees adapt to change. In the empirical phase of the study, the framework is used to analyze how Company Oy's environment has changed over time. The purpose of analyzing the impact of organizational restructuring on the company's salespeople is to provide insights into change management approaches that help with the adoption of change across multiple organizational dimensions. Efficient sales and a focus on customers are at the heart of the company's transition process. An internal survey of salespeople is used to collect data regarding the company's structural change process. Organizational structure affects levels of cross-selling and internal multichannel conflict, according to the results. Although there is room for improvement in terms of transparency, the level of staff adaptation to structural change for Company Oy is strong. The findings highlight the significance of strong internal communication while introducing changes. Additionally, the findings show that businesses get an advantage over their competitors when they promote a change-friendly culture where change is seen as the norm.

Konovalov, et al. (2020) selected customer-centric service strategies employed by the leading Russian bank to lessen the impact of financial sanctions (2014–2019). We show how, in response to economic penalties and strict national regulations, this bank made customer service more flexible in order to attract more business from existing customers. The project was divided into three stages: (1) assessing requirements and developing "as-is" process states; (2) researching best practices and making process improvements with the client in mind while remaining flexible; and (3) implementing the new vision into a "to-be" state and conducting final verification. The third stage of our research involved evaluating the results of the bank's process improvement within a year using a set of approaches based on data envelopment analysis. These techniques provide a comprehensive view of processes and new scopes of customer value

profiles. Even in the first month of implementation, we saw that process reengineering may provide useful outcomes. Furthermore, we argue that firms worldwide could use the results to implement adaptable data-driven customer care and enhance customer-related procedures.

Li, et al. (2011) proposed a customer-response model that tracks how consumers interact with various items, the various ways in which cross-selling requests can be used for advertising, education, and promotion, and the various communication channels that customers prefer. To maximize the long-term profit of its current customers, a firm develops cross-selling campaigns as solutions to a stochastic dynamic programming problem. This problem takes into consideration the multistage function of cross-selling promotion and the evolution of customer demand over time. Using the right channel of communication to offer the right product to the right customer at the right time is a key component of the model's cross-selling strategies. By running the model using panel data including cross-selling solicitations from a national bank, the authors demonstrate that families' preferences and responses to these types of promotions can differ. Quickly increasing sales, cross-selling solicitations also aid households in moving up the financial spectrum (the instructional function) and foster goodwill (the promotion role). A decomposition study found that the educational advantage was 83% greater than the immediate promotional effect (2%), and the advertising effect was 15%. Immediate response rates rise by 56%, long-term response rates by 149%, and long-term profit by 177% as a result of the proposed framework's more personalized and dynamic cross-selling solicitations.

3. RESEARCH METHODOLOGY

3.1. RESEARCH DESIGN

To effectively test the present study's hypothesis of whether CRM systems contribute to cross-selling success in the banking sector, the mixed-methods research methodology is deployed. In this regard, the qualitative component studies attitudes and behaviors both from the standpoints of professionals in the banking sector and customers. Simultaneously, the quantitative component focuses on measurable influences, such as client retention rates and cross-sell ratios. This approach ensures complete understanding of the topic.

3.2. POPULATION AND SAMPLING

- **Population:** Focus on commercial and retail banks; aims to achieve clients who highly utilize banking services and bank workers who use CRM.
- **Sample Size:** A sample of 150 respondents will be selected. Participants will include:
50 banking consumers
100 banking professionals- particularly CRM managers, marketing executives, and customer relationship officers.
- **Sampling Method:** A purposive sampling technique will be used to ensure participants are familiar with CRM systems and cross-selling tactics.

3.3. DATA COLLECTION TECHNIQUES

Data was collected using mixed approaches for this investigation. It objectively and subjectively evaluates CRM cross-selling systems. Clients and employees will complete structured questionnaires and surveys to quantify the bank's CRM features, customer happiness, and cross-selling results. Responses will be measured using a 5-point Likert scale. CRM can also be measured by sales growth, customer retention, and cross-sell ratios. This study will collect qualitative data from semi-structured interviews of banking professionals about their experiences with customer relationship management technology, including their merits and drawbacks. Focus groups with consumers will help us understand CRM-driven interactions and tailored cross-selling techniques. A survey questionnaire with primary subjects and an interview guide with open-ended questions are research instruments. Quantitative data from SPSS and Excel and qualitative data from theme analysis with NVivo will help examine CRM's involvement in cross-selling.

3.4. DATA ANALYSIS

Using descriptive statistics (mean, standard deviation) and inferential statistics, we will quantify the data and examine the correlation between CRM utilization and cross-selling success indicators. We will code the information we gather during interviews and focus groups according to predetermined themes that reflect trends, challenges, and best practices in CRM adoption for our qualitative data analysis.

4. DATA ANALYSIS

Table 1: Demographic Profile of Participants

Demographic Attribute	Professionals (n=100)	Customers (n=50)	Total (n=150)	Percentage (%)
Gender				
Male	65	30	95	63.3%
Female	35	20	55	36.7%
Age Group (Years)				
20–30	25	15	40	26.7%
31–40	40	20	60	40.0%
41–50	25	10	35	23.3%
51+	10	5	15	10.0%
Education Level				
Undergraduate	40	30	70	46.7%
Postgraduate	60	20	80	53.3%

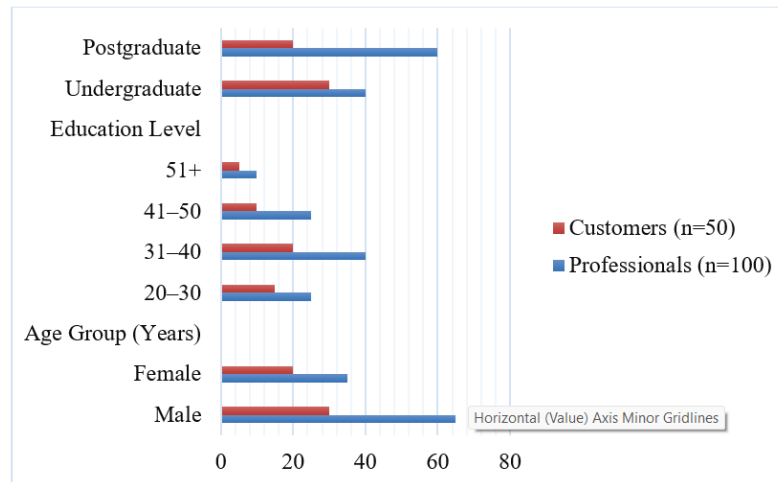


Figure 1 Demographic Profile of Participants

The demographic profile of the participants shows almost an even distribution of qualities. There are more male professionals (65) than female professionals (35), while 63.3% out of 150 participants are males, and the remaining 36.7% are women. Contrariwise, the customer group has 60% male participants and 40% female participants. 40 percent of the participants aged between 31 and 40 while 26.7% aged between 20 and 30 years. Only 10 percent aged above 51

years while 23.3% of the sample fell within the 41–50 age brackets. Concerning education level, 40 percent of professionals have a bachelor's degree, whereas 60 percent of professionals have a postgraduate degree. Customers have a far lower level of tertiary education than the banking experts, being undergraduates for 60%, and postgraduates for 40%. This demographic split does a good job of revealing some variability within the study sample so that what participants say about CRM and cross-selling tactics may really be influenced by such factors.

Table 2 Descriptive Statistics for Key CRM Metrics

Metric	Mean	Standard Deviation	Minimum	Maximum
Customer Satisfaction Score	4.3	0.7	2.5	5.0
Cross-Sell Ratio (%)	20.4	6.2	12.0	35.0
Retention Rate (%)	88.5	7.8	75.0	98.0
Perceived CRM Usability	4.1	0.8	2.8	5.0

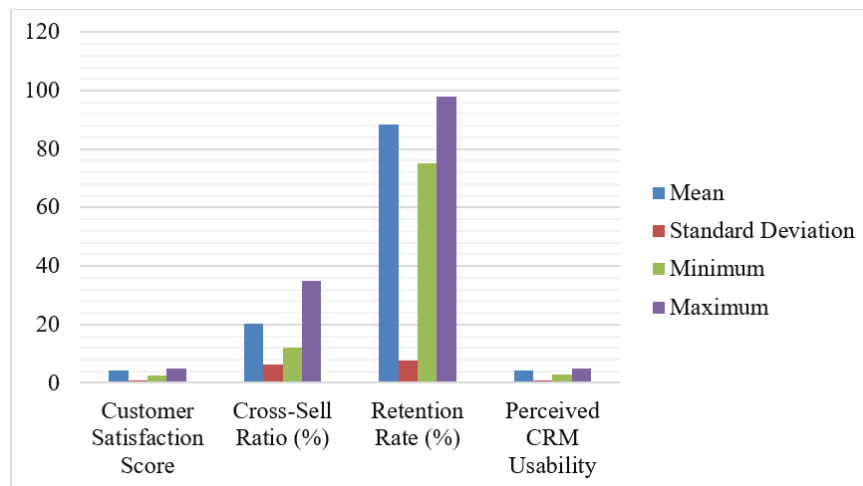


Figure 2 Descriptive Statistics for Key CRM Metrics

Table 2's descriptive statistics on key CRM indicators are very enlightening about how effectively CRM systems work in the banking industry. Customers are generally satisfied with CRM-led interactions with the banks; this is reflected by the relatively high mean of 4.3 and a corresponding modest standard deviation of 0.7 for the Customer Satisfaction Score. The scores vary between 2.5 and 5.0. The cross-sell ratio presents that, with a mean of 20.4% and a standard deviation of 6.2%, although cross-selling is somewhat a successful strategy, the effectiveness of this strategy differs by bank, with values ranging from 12% to 35%. While the retention rate is superb, with a mean value of 88.5% and a standard deviation of 7.8%, all four companies exhibit impressively high retention via their respective CRM systems, with retention rates between 75% and 98%. Finally, the mean score for perceived CRM usability is 4.1, meaning users generally think that CRM systems are useful to them. Although the standard deviation of 0.8 suggests that there is a slight variation in perceptions because usability values vary between 2.8 and 5.0, cross-selling results and system perceptions can well be improved. However, these numbers show that CRM systems are generally positively influencing customer satisfaction, retention, and usability.

Table 3 Customer Perceptions of CRM-Driven Cross-Selling

Perception Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean Score
Personalized recommendations improve trust	5%	10%	10%	50%	25%	3.8
CRM makes interactions more efficient	4%	6%	15%	55%	20%	3.9

CRM-driven promotions feel intrusive	15%	20%	25%	30%	10%	2.9
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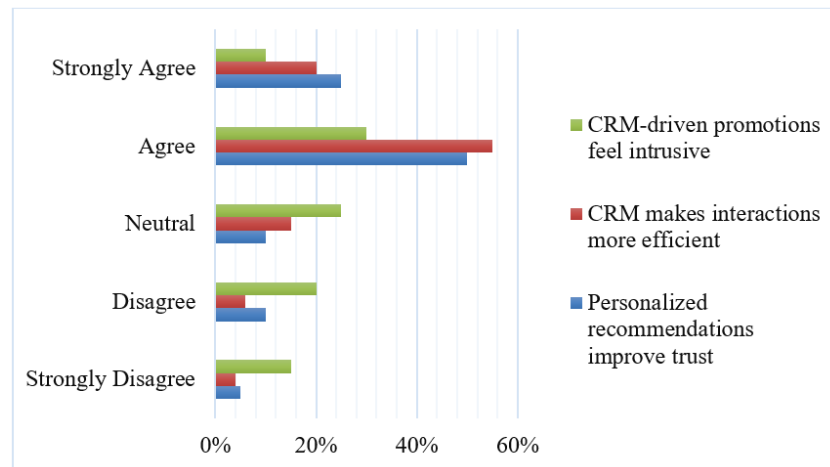


Figure 3 Customer Perceptions of CRM-Driven Cross-Selling

Information that can prove useful about how the customers view CRM systems and their effectiveness can be seen in table 3 on customer perceptions of cross-selling driven by CRM. The statement "Personalized recommendations improve trust" has a mean score of 3.8, given that 50% of the respondents concur and 25% strongly agree. With 55% of respondents agreeing and 20% strongly agreeing, the statement "CRM makes interactions more efficient" has a distinctly higher mean score of 3.9, suggesting that customers feel CRM systems are helpful in making interactions more efficient. A substantial percentage of respondents (15% strongly disagreeing and 20% disagreeing) were uncomfortable with the intrusiveness of marketing done via CRM, which made the statement "CRM-driven promotions feel intrusive" have a much lower mean score of 2.9. In general, the studies show that while customers appreciate targeted recommendations and the efficiency of CRM interactions, they are skeptical of the potential intrusiveness of promotional messages activated by CRM.

5. CONCLUSION

This research thus highlights how CRM systems are important in enhancing key banking outcomes in the form of customer retention, satisfaction, and operational effectiveness. With high noted satisfaction and good retention rates, the results depict that customers are generally approving of tailored recommendations and the effectiveness of CRM-driven interactions. The findings cited above hence reveal that CRM systems are useful instruments for cultivating enduring client connections and optimizing banking procedures. The report does, however also highlight challenges in particular with regards to cross-selling, in which results differ between banks and show only mediocre performance. Other customer concerns over the perceived intrusiveness of CRM-driven promotions are still prevalent despite these promotions being reportedly favored by customers. As such, this means that banks have an issue to address their personalization strategies for better cross-selling strategy execution. Banks can enhance their probabilities of success in cross-selling campaigns as well as the overall experience for customers by adopting a more customer-centric strategy and leveraging the optimal use of CRM systems. The review indicates that, if rolled out effectively and balanced with customer needs, CRM systems have the potential to significantly grow business success in the banking business. Still, ongoing strategy improvement ensures long-term growth and client loyalty.

CONFLICT OF INTERESTS

None.

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