ABSTRACT

Blue Print of CRM Application in Credit Card Operation Model
At Card Center Division, Bank “X”
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In today’s credit card market, five major banks like Citibank, Bank “X”, BCA, BII and HSBC are competing fiercely for the handsome profit opportunities offered by the credit card business. Given the intensity of the competition and the size of resources at stake, credit card management must really understand their market and their customers. Those who fail to do so would likely approach the market with the wrong strategy, wrong key processes, organization, and infrastructure. Scholars have recently turned to CRM concepts to answer this complex issue.

CRM (Customer Relationship Management) is traditionally applied only to promote loyalty and to customize offerings according to customers’ preferences. However, application of CRM concept also offers potentials to assist management build customer centric strategy, key processes, organization, and infrastructure. In other word, CRM provides valuable insights to create customer centric business blue print.

In this thesis, we will see that before applying CRM, Bank X Credit Card management does not pay special attention to the main contributors of their profit. After looking from CRM perspective, the Bank focuses its strategy to capture the most profitable segment in the market: rollovers (customers who do not pay in full) with good credit history. This new insight presents a set of important questions to Bank X Credit Card management: Is our strategy appropriate to capture this type of customers? Do our key processes meet target segment’s preferences? Have our organization designed in a way to best serve target segment? Do we have all needed infrastructure to capture the target customers?

To answer those questions, the writer collected data and information about customers that are previously not considered when developing business blueprint. Interviews with front liner and supervisors in key processes are also performed to better understand target customers’ needs and wants from their complaints, requests, and inquiries. Statistical tools are employed to analyze both internal and external data from primary and secondary sources.

This thesis concludes that applying CRM concept can result in significant profit improvements both in the short term and in the long term. Within just three months, modified strategy focusing on target segment increased outstanding balance and profitability by thirty percent – delivering full year profit sixty seven percent above target. Bank X Credit Card management has already refined their overall business blueprint accordingly.

CRM successfully applied as the overarching theme in management provides benefits beyond increasing loyalty by few percentage points. It offers the management broader insight on how to develop a highly competitive and solid business model – as seen in Bank X case.