

**REALISING INCREASED VALUE FROM USING KNOWLEDGE
MANAGEMENT TO IMPROVE CUSTOMER RELATIONSHIP
MANAGEMENT IN A RETAIL BANKING ENVIRONMENT: THE CASE OF
STANDARD BANK IN MALAWI.**

By

MARGARET KUBWALO-CHAIKA BSocSc (MW), CIM (UK), MSc (DERBY)

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Abstract

Retail banks globally are under the threat of reducing profitability driven by a harsh operating environment. They are facing many challenges including greater competition from non-banking entities, stricter regulatory requirements, more knowledgeable and demanding customers and speed of innovation in terms of new products and services. Customer relationship management (CRM) remains a recognised source of competitive advantage but questions still abound about how it can be deployed effectively and for the benefit of both the customer and the bank. Knowledge management (KM), on the other hand, is also a proven source of competitive advantage and this study uncovers how KM can be used to enhance CRM in order to improve profitability at SBM.

This study explored how KM can be deployed to enhance CRM as well as how this resulted in improvement of customer service and satisfaction indices as well as profitability, sales, customer retention and growth in customer base. The sales and customer service teams formed the primary subjects of this study and key productivity measures such as profitability; customer satisfaction as measured through NPS and CEBS, sales trends by segment and customer cross sell ratio by segment were tracked as the output. However, multi-disciplinary teams across Standard Bank in Malawi (SBM) as well as Standard Bank Group (SBG) were involved in designing the solutions to customer issues identified.

A framework that combines CRM and KM, the MKC Relationship Management was developed as part of this study through literature review. The MKC Relationship Management framework was then tested through cycles of action research where a plan was developed in the first cycle, tested in the second cycle and this was followed by planning for a third cycle. The results of each cycle were measured and tracked over a period of time before being reviewed for impact. The final planning cycle was undertaken to see how further improvements could be made to the framework. The study adopted a critical theory philosophy and the approach was deductive in nature because current theories of KM and CRM were applied to the specific situation at SBM. Qualitative data collection methods were used within the two cycles of AR which included: three in-depth interviews with the heads of the business units within PBB, two focus group discussions (with the business bankers as well as the service teams) and document analysis of past research and project documents were among the qualitative data collection methods used. The data collected from all these sources was analysed using the thematic analysis method.

The study resulted in a contribution to knowledge which was both conceptual and practical in nature. The MKC Relationship Management framework contributed to the ever growing theoretical knowledge of how KM and CRM can be integrated. Apart from this, the practical contribution was in the form of increased profitability in SBM Retail Banking, a structured manner of resolving issues that were resulting in negative customer experience. In addition to this, a thematic analysis approach to data analysis was applied in a banking research in Malawi. Further, a home grown IT system known as the I-serve system was commissioned at SBM and put to use to drive business results. The use of social media was also tested in order to take advantage of this growing technological revolution to drive business results using the mobile phone as a catalyst of knowledge sharing. This was among the first formally studied researches into use of such media for business in Malawi.

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List of Abbreviations

AfDB – African Development Bank
AR – Action Research
ASO – Account support officer
ATM – Autoteller Machine
BAM – Banker’s Association of Malawi
BB – Business Banking
BCPI – Business Culture Process Infrastructure model
BO – Branch Optimisation
BTL –Business Term Loans
CCC – Customer Care Centre
CEBS – Customer Evaluation of Branch Services
CEM – Credit Evaluation Management
CIB – Corporate and Investment Banking
CIN – Customer Information Number
CK – Customer Knowledge
CKM – Customer Knowledge Management
CKRM – Customer Knowledge Relationship Management
CoP – Communities of Practise
CRM – Customer Relationship Management
CSI – Corporate Social Investment
CVCA’s – Customer Value Chain Analysis
CVP – Customer Value Proposition
CVU – Central Verification Unit
DPC – Data processing centre
DTF – Deliver the Firm Ratio
EPM – Enduring Performance Management
EU – European Union
EXCO – Executive Committee
FGD – Focus Group Discussion
FTRO – Frontline Transaction Risk Officer
HSC – Head Service Centre
HSS – Head Service Support
IMF –International Monetary Fund
IOB – Institute of Bankers
IT/IS – Information Technology/ Information Systems
JD’s – Job Description
KM – Knowledge Management
KRA/KPI – Key Results Area/Key Performance Indicator
KYC – Know Your Customer
LC’s – Letters of Credit
MIS – Management Information Systems
MPOS – Mobile Point of Sale
MSE – Medium and Small Enterprises
Nbol – New business On-line
NGO’s – Non-Government Organisations
NIR – Non-Interest Revenue
NPL’s – Non-performing loans
NPS – Net Promoter Score
O/D - Overdraft
OJT – On the Job Training
OPC – Operations Processing Centre
PAR – Participatory Action Research

PAT – Profit After Tax
PB – Personal Banking
PBB – Personal and Business Banking
PBBA – Personal and Business Banking Africa
PDP – Performance Development Plan
POR – Point of Representation
POR – Point of representation
POS – Point of Sale
RB – Retail Banking
RBM – Reserve Bank of Malawi
RIE – Rapid Improvement Event
RM – Relationship Management
SBA - Standard Bank Africa
SBG - Standard Bank Group
SBG - Standard Bank Group
SBM - Standard Bank
SLA – Service Level Agreement
SME – Small and Medium Enterprises
SSO – Sales Support Officer
TAT – Turnaround Times
TLCS – Team leader customer service
TML CC – Team Leader Customer Consultants
UK – United Kingdom
UPL – Unsecured Personal Loans
US/USA – United States of America
VAF – Vehicle and Asset Finance
YoY – Year on Year
YTD – Year to date

Chapter 1 Introduction

1.1 Context of retail banking

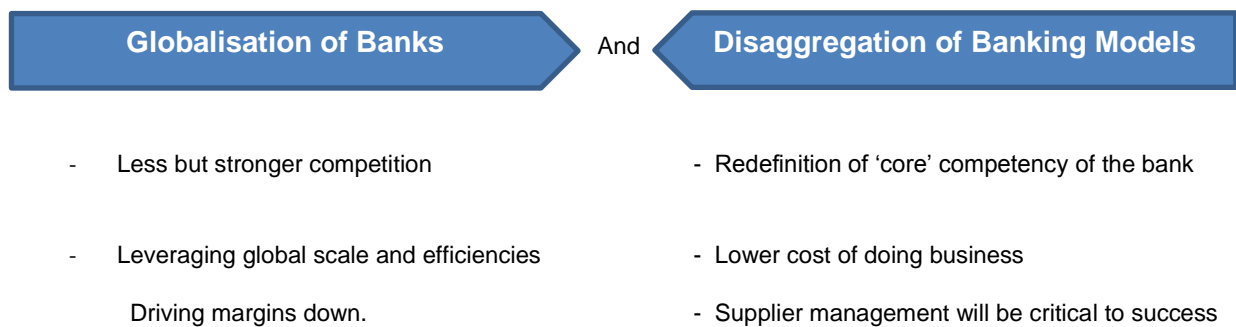
Nikonovich and Blomquist (2005) conducted a study in retail banking where bank executives and technology specialists were interviewed and the findings of the study agree with the findings of a subsequent study by Accenture (2009). According to Accenture (2009), the banking business has been adversely impacted by various changes that have taken place within the industry. These changes range from globalisation of banks; disaggregation of the banking model; more demanding customers; more self-sufficient customers; increasing prudential standards to banking through non-banks. The two studies conclude that banks need to move away from being merely transactional in nature to being more efficient and customer-centric through the use of technology. Figure 1 below illustrates how these forces are reshaping the banking landscape; which in turn have been impacted by core banking systems used by the banks as well as the human capital required to drive these systems. According to Accenture (2009), banks need to innovate to enhance customer experience, while driving change towards improvements in cost to income ratios (Peyper, 2016).

One of the major watersheds in the banking sector was the global financial crisis of 2008 and subsequent years where banks in the US and Europe collapsed and this has significantly changed the way banks are operated and regulated (McVey, 2013). Following this financial crisis, the banking industry came under major challenges which included lack of market growth, shrinking revenue pools, uncertain long term liquidity, huge loan losses, negative customer perceptions, tightening regulation and sluggish value creation (Berz et al, 2009). While SBM (Standard Bank Malawi) could be in a similar situation to other banks globally, the cause of this situation is not necessarily caused by the global financial crisis but more because of the macroeconomic environment in Malawi (Swart et al, 2015). All the same, the financial crisis brought issues of risk in banking to the fore challenging past models around how credit and operational risk management was being managed (Berz et al, 2009). SBM is equally impacted by the changes made to the frameworks for managing risk in banking through regulatory requirements such as BASEL II and BASEL III, which require banks to reserve more capital than was previously the case and limits the amount and type of risks that banks can take. The regulations have also reduced the liquidity among banks

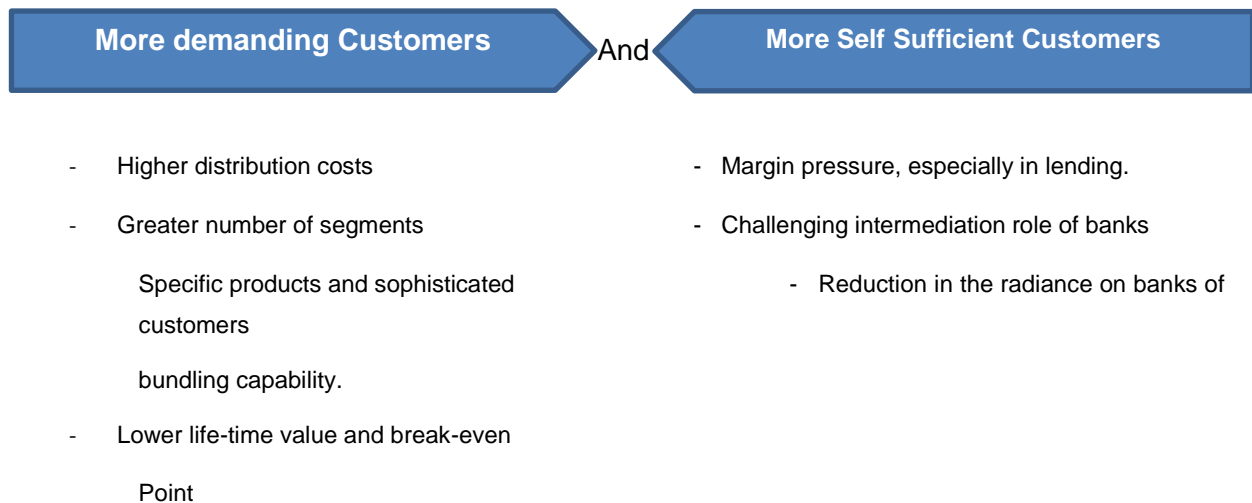
globally and one of the major consequences of this is a squeeze in profitability among banks, making customer focus even more important to enable preservation of profitability (Koch et al, 2010, Berz et al, 2009, Swart et al, 2015, Accenture, 2009, Peyper, 2016, Jooste, 2016).

Figure 1 Achieving high performance in banking (source: Accenture, 2009)

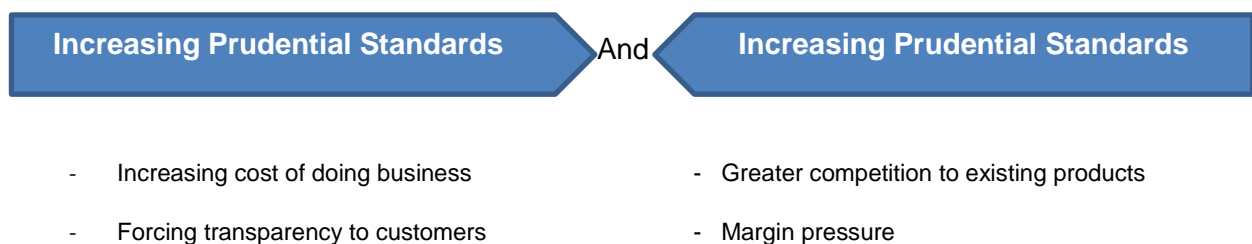
Exploding operating Model



Conflicting Customer Needs



Diverging Regulatory Requirements



While BASEL II was only implemented in Malawi in January 2014 and BASEL III being rolled out by 2018, banks in Malawi are still under regulatory cost pressure from the Reserve Bank of Malawi (RBM) to be more accountable and transparent to customers with higher penalties for compliance breaches and hints towards controlling the pricing on the non-interest revenue products such as transactional fees, internet and telephone banking fees, arrangement fees for loans among others as well as on interest rate spreads (Standard Bank Risk report, 2013). The implications of this are that banks in Malawi, like all banks globally need to become more innovative on how to safeguard revenue streams (Jooste, 2016).

Customer retention strategies and supporting technologies have been increasingly seen as the solution to getting the best value from customers through improved customer retention and customer experience (Accenture 2009, Berz et al 2009; Blomquist et al, 2005, Skinner, 2014). Retail banks are under more and more pressure to find technologies that will allow for better interaction with customers and the computer is enabling mass customisation through interactive and database technologies that enable organisations such as Amazon.com to “remember” customers when they purchase on the site and knows their reading preferences, credit card numbers as well as shipping addresses (Peyper 2016; Edelman et al, 2015). While CRM has been lauded as the silver bullet for customer experience and hence satisfaction and better value to the organisation, in the absence of employee knowledge of the customer; and also the adoption of the CRM technologies and practices at their disposal, it may continue to be a challenge to benefit from CRM investments (Hooven, 2013; Jooste, 2016). Knowledge management (KM), on the other hand, has been known to improve an organisation’s ability to achieve a shared vision and this study explored how KM can enable better success of CRM initiatives specifically within banking industry given the challenges this industry faces.

1.2 CRM and knowledge management in retail banking

Knowledge is evolving into one of the most important assets that contribute to an organisation’s success (Drucker, 1993; Denning, 2006; Herholdt et al, 2006; Omotayo, 2015). Knowledge as a concept has existed in society for many centuries though it has only recently become a discipline and a field of study (Wiig, 1999, Omotayo; 2015). Organisations have embarked on ways of managing what they know and this is known as Knowledge Management (KM) (Davenport, 1998). KM has to do with creation, capturing, sharing, distribution and utilisation of knowledge using systems and processes and it is all done within the context of a strategy (Kandadi, 2006). Various authors have brought together CRM and KM to come up with concepts and models such as Customer Knowledge

Management (CKM model) and the Customer Knowledge Relationship Management process (CKRM) (Garcia-Murillo and Annabi, 2002; Gerbert et al, 2003; Alryalat et al, 2008).

As far as the development of KM within the Banking industry is concerned, though limited literature exists about KM in banking in Malawi, there are several banks that are harnessing KM as part of their strategy. Among them is a study conducted by Rasoulinezhad (2011) where he tested the impact of knowledge management systems and knowledge management processes on the performance of banks in Iran. The study found that while there is a positive relationship between KM and the bank's performance, there is lack of understanding about KM in general as well as KM processes in particular among staff in the commercial banks in Iran. These findings are corroborated by those found by Bourini, Khawaldeh, Al-Qudah (2013) who studied the application of KM in banks in Jordan and found that there was need to train staff in KM practices since it was proven that KM indeed improves performance. In addition to this, both the African development Bank (AfDB) and the Asian development Bank (ADB) have frameworks that guides KM in the organisations and both acknowledge the critical role that knowledge plays in the development of their respective continents (AfDB, 2008; ADB, 2004). Other banks that take KM into consideration include UBS Bank, which has applied KM by formulating cross functional and cross geographical "wisdom networks" that have resulted in greater success when pitching for new business (Benton and Giovagnoli, 2006). These studies support the argument that KM can improve performance in a banking institution. .

1.3 Research Motivation

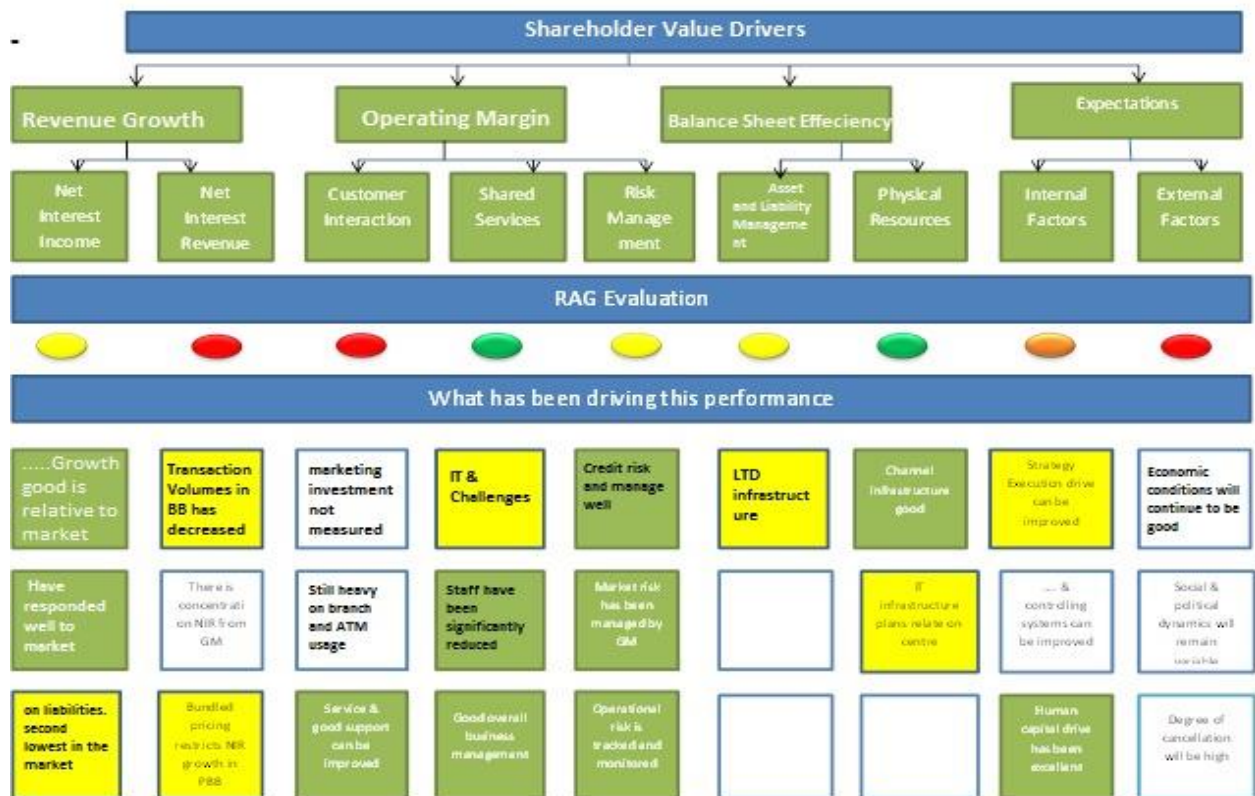
Standard Bank Malawi (SBM) is part of the Standard Bank Group (SBG), whose Head Office is in South Africa and has an on the ground presence in 20 African countries and a fit for purpose presence in 13 other countries outside of Africa. The Group aspires to be the leading African Financial Services organisation and currently has a total asset base of USD202bn and employs over 53,000 staff globally. The African Retail Division of the Group, Standard Bank Africa Personal and Business Banking (PBBA) has over 550 branches; 6m customers and over 4m bank accounts (Customer Channels, 2016). The entire Group is looking at the PBB business as a major source of profitable growth. The challenge given by the group of increasing the profitability through its retail banking division, makes acquisition and retention of profitable customers; process re-engineering that improves turnaround times; being a great place to work for all staff and attaining an excellent and consistent customer experience while focussing on growing the headline earnings the key focus areas for the business division. The need to change the core banking system is another key deliverable for the banking division in the immediate to medium term. This is so given that the bank's core banking system is old and not flexible enough to allow the bank to deploy

products as quickly as its newer competitors, as well as offer memorable customer experience to its customers; apart from being riddled with many workaround solutions making it complex for staff to use (Standard Bank Group, 2014).

In Malawi the bank has a PBB customer base of close to 200,000 customers who are serviced through 26 branches, 2 mobile vans with ATM's, 70 ATM's, internet/on-line banking as well mobile phone banking. The bank's customers are segmented into Business customers with commercial and small and medium enterprise banking (SME) forming part of this segment and personal markets comprising of the High net worth Individuals (Private Banking), Executive Banking, other salaried customers (Achiever segment) as well as the irregular income earners (Maziko). As at 2015 annual results, the bank was the second largest bank on the market, second to National Bank. SBMs vision states that it aspires to be the undisputed number one bank on the market by 2018. Even though SBM is second only to National Bank; First Merchant Bank (FMB) and FDH Bank have strategies in place that are specifically targeting the SBM position. This is evidenced by the bank's 2014 study which shows that smaller banks such as FMB, FDH Bank and Nedbank are targeting and have won over some key staff and customers of SBM. For example, the CEOs of both FDH Bank and Nedbank are former SBM senior managers who know the bank's strategies very well.

An analysis of SBM done by Swart et al (2015) states that while these external factors impact growth negatively, there are internal business challenges that can be addressed to poise the bank for growth going forward. The report states that the environment has been turbulent over the last three years and the macroeconomic situation in Malawi will remain stable, but highly dependent on environmental conditions and commodity prices (especially tobacco). As a result of this revenues and costs in the banking sector will come under pressure and Government intervention in interest rates (caps and floors) could further compound these pressures. The relatively small market for both Personal Banking (PB) and Business Banking (BB) clients is highly saturated and as profitability of banks comes under pressure competition is set to intensify further. The report further states that in the Private and Personal Banking segments, National Bank is seen as having the most attractive value propositions (based on client feedback and outside-in analysis); while for the SME Banking segment NBS's offering ranks best and for the Commercial segment National Bank's offering is seen as the best. SBM is not perceived by its customers, therefore, as offering a compelling value proposition. SBMs customer value proposition (CVP) across PBB appears to focus more on closing the gap with competitors rather than targeting the needs of customers directly – this has meant that customers are not fully experiencing the value that SBM can offer them and the bank is limiting its profitability as a result of this gap. Figure 2 shows part of the findings described below.

Figure 2 SBM Shareholder value drivers (source, Swart et al, 2015)



Given the foregoing, there is opportunity for PBB to harness what is known about the customer in order to improve the customer relationships. A lot of information already exists within the bank about the customer in the form of feedback from customer complaints given during customer visits or logged through other channels, customer satisfaction surveys and mystery shopper results, sales trends among others and this knowledge can be used to improve CRM and drive the profitability that the bank requires to become the undisputed number one bank in Malawi and also contribute to the greater SBG group vision of improving profitability through retail banking.

The strategic importance of profitable customer retention and growth to both SBG and SBM makes this research study imperative as the study seeks to find the best way to improve the profitability of the retail banking business in SBM. An opportunity has been identified to improve profitability through CRM and KM and the motive of this research is to test whether improving CRM by using KM can drive greater profitability.

1.4 Research Problem

Given the foregoing, this study seeks to find how KM can be deployed to improve CRM in order to achieve a more profitable end in the retail banking business of SBM and to fulfil the

broader strategy of growing profitability through retail business of SBG. The SBG retail banking is currently not performing at its peak given that the customers do not view them as offering the most compelling offering across all the segments in PBB. While CRM and KM require support through some IT systems, there are limitations of IT/IS within SBM given that the bank has an old core banking system that cannot be easily manipulated to enable the bank to offer fully automated customer-centric solutions. This study was undertaken within this limitation and IT/IS was used together with manual processes in order to enable improvements in CRM to take place by harnessing KM.

Therefore, the main research question of this study was:

“How can a retail bank in Malawi improve its focus on the customer and achieve greater profitability by using knowledge for and about customers to enhance CRM using the MKC Relationship Management conceptual framework and with limited IT/IS investment?”

1.4.1 Aim and Objectives

The aim of this study was to explore the possibility of increasing profitability in retail banking at SBM using a framework that uses Knowledge Management (KM) – (knowledge for and about customers) to enhance Customer Relationship Management (CRM) and customer service. The objectives of the study were as follows:

- To develop a conceptual framework based on current literature in the fields of CRM and KM that can be used to enhance customer value and profitability at SBM.
- To understand the current CRM and KM practices at SBM and how these relate to the conceptual framework.
- To test the framework over two cycles of action research followed by planning for a third cycle and assess how this impacts on the profitability of retail banking at SBM.
- Based on the outcome of the two cycles of action research, review the conceptual framework developed in the first objective into one that can become a blue print for use in SBM retail banking.

1.4.2 Research Methodology

This study was change and action oriented in that it endeavoured to find a solution to the problem of increasing value and profitability at SBM by using KM to enhance CRM. It adopted the critical theory philosophy and the approach will be deductive in nature because current theories of KM and CRM were applied to the specific situation at SBM. Qualitative data collection methods were used within AR which included: in-depth interviews, focus group discussions, and document analysis. Data was analysed using thematic analysis.

1.4.3 Research Focus and Boundaries

This research sought to develop a practical framework for SBM that uses KM to enhance CRM in order to improve customer value and profitability. While the framework was tested within SBM it could benefit other service industries within Malawi or other retail banking businesses across the continent or in other similar environments across the world even though it may be applied with some variations to take into account the context and issues at hand.

Related subject areas

Subject areas such as current issues in banking on a global scale, customer relationship management, knowledge management, organisational culture, customer service, business processes, and information systems management were studied in the course of this thesis in order to improve the theoretical base of the study.

Framework adaptability

While the framework was tested within SBM it could benefit other service industries within Malawi or other retail banking businesses across the continent or in other similar environments across the world since the theory used to develop it is well researched and is not limited to Malawi only but also to banking globally as well as CRM and KM concepts that are from different parts of the world.

Key research assumptions

One of the key assumptions of this study was that the business value/profitability that was brought about by the framework was measurable within a short space of time given that this research was an action research. In addition to this, it was assumed that improvements in profitability were attributable to the CRM and KM initiatives as they were being applied in the study. Other factors that came to play and impacted on profitability were not discussed as part of the findings.

1.5 Structure of the Research Project

The illustration below outlines the structure of the project:

Formulation of research problems, goals and objectives



Literature review and specific research questions



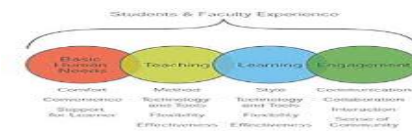
Conceptual framework development



Selection of research paradigm



Research methodologies



Two cycles of Action Research



Data analysis



Findings and critical discussion and development of the practical framework



Conclusions and further research work



1.6 Thesis Structure

1.6.1 Literature Review

Chapter 2 consists of literature review. It begins by looking at literature that relates to retail banking then customer relationship management and knowledge management. Books, journal articles, newspapers, annual reports, research reports, internal reports, memos, emails and retail banking as well as economics magazines will be used as sources of information for the literature review.

A conceptual framework is developed based on the findings from literature and this chapter seeks to set the baseline for the start of the action research.

1.6.2 Research Methodology and Design

Chapter 3 discusses the various options of research methodology and design and the best fit for the kind of study to be undertaken is selected and justified.

1.6.3 Findings and Discussion

Chapter 4 discusses the findings.

1.6.4 Recommendations

Chapter 5 provides recommendations and makes suggestions of areas for further study.

1.6.5 Conclusions and Contribution to Knowledge (Chapter 6)

Chapter 6 concludes and summarises the study and contribution to both the academic and the business world is also highlighted. Areas for further research are explored here with recommendations around how this framework can be used in another similar organisation.

1.7 Summary

The introduction chapter has set the scene of the research giving a brief outline of the challenges that are faced by the banking industries that have resulted in reduced profitability of the industry as a whole. Various studies were cited in this chapter that show that banks need to move towards being customer-centric while leveraging technology. However, making the transition to become customer-centric through use of technology is easier said than done particularly in the context of SBM where deploying fully fledged technology to support the customer is not as easy and affordable and also where employees need to manage what they know about the customer in order to manage their relationships with them better.

The motivation for the research was, therefore, outlined based on the foregoing and this was followed by a brief outline of what is contained in each chapter of the study.

Chapter 2 Literature review

2.1 Introduction

Given that the subject of this research study is to explore how KM can be applied to enhance CRM practices within a retail banking environment, this chapter will critically review existing literature in the fields of retail banking, KM as well as CRM. Firstly, literature about retail banking concepts as well as the relevance of the literature to Malawi will be reviewed to gain in-depth knowledge of the key drivers of this industry in general and in particular Malawi. Secondly, CRM concepts will also be reviewed with a view to obtain an understanding of the value that can be derived from CRM and also establish if the CRM concepts are adequate to ensure effective delivery of improved profitability in a retail bank. Finally, KM models will be examined in as far as they can be related to CRM in a retail banking environment in Malawi. Having reviewed the existing literature, the views derived from literature will be used to develop a conceptual framework that can be tested as part of this study.

2.2 Retail Banking

Retail banking (RB) is the provision of banking services by financial institutions to individual customers and businesses as opposed to larger companies, institutions or other banks. Retail banking in the sense that it is known today, began as savings banks, building societies and credit unions which were helping clients to buy houses and furniture and one had to save first in order to borrow. Banking was for the privileged few who had access to money, unlike today where people need financial services even to access social security benefits (Croxford et al, 2005). The Bardi and Peruzzi families dominated banking in the 14th Century and opened branches in many cities in Europe. The most famous bank of old is the Italian Bank: Medici Bank established by Giovanni Medici in 1337. From Italy, banking then spread to Amsterdam in the 16th Century and London in the 17th Century. The proliferation of telecommunications in the 20th century enabled banking to spread much faster (Lambert, 2012; Gascoigne, 2001).

In Malawi, the first Commercial Bank was opened in Malawi in 1901 by the Standard Bank. However, Standard Bank exited the market and returned in 2003 when it acquired Commercial Bank of Malawi that had been established in 1969 (Standard Bank, 2013). The financial services sector in Malawi consists of twelve (12) banks and one Discount House with the latest entrants in retail banking being First Discount House (FDH) Bank Ltd in 2008 and an investment bank, Continental Discount House (CDH) Investment Bank (CDHIB). CDHIB is part of CDH Holdings Limited, a fast growing financial services group with investments in Malawi and East Africa and has only two outlets in the major cities of Blantyre and Lilongwe. CDHIB opened for business in April 2012 following the successful conversion

from Continental Discount House Limited (CDH) which had operated in the financial services sector for 14 years since August 1998. Other players include Ecobank which is a pan-African bank with operations in 35 countries across the continent; First Merchant Bank (FMB) currently conducts its banking business through a countrywide network of 27 Branches and Agencies. FMB also has a 38.43% shareholding in Capital Bank Ltd., a Botswana registered company which has been granted a commercial banking licence by Bank of Botswana. Indebank, Opportunity Bank (OIBM), National Bank of Malawi (NBM) which was formed in 1971, NBS Bank which was formally a building society, Nedbank which is part of the Old Mutual Group as well as Malawi Savings Bank (MSB) which is wholly owned by the government are among the banking sector players in Malawi (Institute of Bankers, Malawi, 2013).

The banking industry in Malawi is regulated by the Reserve Bank of Malawi (RBM) which was established under an Act of Parliament in July 1964 (caption 44:02) and started its operations in June, 1965 in Blantyre (RBM, 2013). The banking industry in Malawi has an association known as the Bankers Association of Malawi (BAM) established in 1995 and is a grouping of all the 12 commercial banks and discount houses and all financial institutions licensed under the Banking Act of 1989. The main objectives of BAM are to enhance the professionalism of banking in Malawi through providing training and monitoring a code of ethics among bankers in the country (IOB Malawi, 2013).

2.2.1 Influences of banking business operations

According to Dokelman et al (2013), the current pre-occupation of banks is how to avoid another financial crisis and other scandals such as the mis-selling practices, the manipulation of the LIBOR rate among others. Banks globally, though to different extents, need to improve their public image (Dokelman et al, 2013; Westlake, 2012; Global risk regulator, 2012; Chofaras, 2012;). Dokelman et al (2013) argue that four competing stakeholders need to be explored in order to appreciate what influences the banking sector business strategies and how each impact on profitability. These are: shareholders, regulators, employees and customer. The following paragraphs discuss these various competing stakeholders in turn.

a) Shareholders

A bank that primarily seeks to satisfy the shareholder would typically seek to deliver greater return on investments at any cost. Prior to 2008, banks pursued strategies that focused on improving the shareholder return at the expense of the other stakeholders. This was mainly achieved through a combination of reducing costs, developing new products, opening new markets and creating a greater sales focus – leaving employee and customer satisfaction

out in the cold. This was achieved because of limited regulation and the absence of collective customer power. Thus banks sought short-term profits to the detriment of the customer (Dokelman et al, 2013). In pursuit of high shareholder returns, there was a proliferation of investment products that were highly risky and this was possible because the financial sector had limited regulation. Most investors placed their funds in high yielding, high risk products that failed to pay off at the end of the investment tenor because most of the funds had been loaned out long term into mortgages that liquidate after many years. Some of the exotic loans offered by banks at that time were:

- Interest Only (IO) – where customers were allowed to pay only the interest component of the loan until a further date
- Alt A – low or no documentation loans; here the lender collected very little information about the borrowers' indebtedness elsewhere. They also did not take information regarding their income to facilitate the decision to lend
- Option adjustable-rate mortgages (ARMs) – allowed borrowers to select how much they wanted to repay per month from a very low amount that might not have even covered the interest portion of the loan.

These exotic loans resulted in a situation where the loan book was increasing rather than reducing on a monthly basis and this is known as “negative amortisation” in banking (Koch et al, 2012).

Following this crisis, regulators have been putting tougher measures on banks to ensure that consumer deposits are safeguarded when banks fail (Koch et al, 2010; Chorafas, 2012; Cooley and Walter, 2011). The role of risk and liquidity management has become significant in light of the shift in the global financial sector and has pushed the regulator into playing a more significant role. The impact of which was to raise the cost of offering banking services and reducing the profitability of the banking industry thus raising the need to find new ways of growing revenue for banks (Shah, 2013).

b) Regulators

As alluded to in the previous section, the regulator constantly drives up the cost of compliance impacting on the bottom line of a banking business. The Basel Accord is a principle regulation that was introduced in 1988 to guide the conduct of the banking sector worldwide and that seeks to ensure that a balance is reached between capital held by a bank and the inherent operational risk that the bank takes. The accord has been revised in line with the changes taking place in the banking sector and in response to the alleged

recklessness of banks in the manner risk was managed prior to 2008. Breaches in compliance have resulted in fining of banks very punitively for non-compliance to set regulations (Jorion, 2007; Cooley et al, 2011; Ghosh, 2012). For example, an estimated provisional amount of \$16bn for payment protection insurance alone has been made in the USA. Such regulations have resulted in Banks being more prudent around:

- How their products are designed and sold
- Whether they are acting with the customer's best interests at heart
- Whether the products were designed and explained to staff in a manner that that made it easy for them to sell and for the customers to understand (Dokelman et al, 2013).

On the one hand, the cost of compliance to regulations increases costs on financial institutions through capital charges on assets, operational risk under BASEL II and III and this has further potential of limiting growth. Some banks could choose to respond to this by cutting costs. However, such an approach could result in a failure to exploit opportunities that require investment for further revenue growth (Ghosh, 2012; Cornford, 2013, Shapshak, 2016). Sir Suma Chakrabarti (2013), President of European Bank for Reconstruction and Development (EBRD) argues that the Bank has extended reach to the southern and eastern Mediterranean where the money markets, legal and regulatory frameworks still require development. In these markets credit was traditionally extended to well-connected large businesses at the expense of larger segments of the population such as the small and medium enterprises (SME's). With only 5-7% of SMEs having access to loans and other credit lines (Chakrabarti, 2013). This demonstrates that it is essential that all opportunities be identified and exploited where possible in order to increase profitability. Richard Ping and Tan (2013), head of the Wells Fargo International Group takes a slightly different view to the argument stating that while banks have a fixed cost that supports its basic transacting business, the growing percentage of funds invested to meet the increased regulations leaves little funds available for product development. Ping and Tan (2013) states that the successful banks are those that will effectively balance between risk requirements while improving the customer experience.

The literature on the regulatory environment on banks therefore gives insight to the fact that risk management is an important capability that banks should have but this needs to be balanced with investment for future growth (Flint, 2013; Yorke 2013; Chakrabarti, 2013). However, current literature does not show how a bank in a developing country like Malawi, which depends on donor funding can make calculated investment into areas that will result in increased profitability while managing risk. The literature that looks at risk management mentions the customer (Dokelman et al, 2013, Yorke, 2013, Flint 2013) but the customer is

viewed as a source of revenue rather than the primary reason why the bank exists. A key stakeholder whose interest is barely considered when it comes to managing regulators is the employee. The employee is seen as an executor of regulatory compliance and one who serves the customer rather than a stakeholder in the outcome of the organisation's profit ambitions. The following paragraph will look at the role that the employee plays in an organisation and how this impacts profitability of banks (Hubbard, 2016; Vough, Bataille, Sargent and Lee, 2016).

c) Employees and organisational culture

The employee for the most part seeks greater job satisfaction and the culture of the bank, which is driven by the employees matters because this impacts how the various facets of the organisation play out. Dokelman et al, (2013), Bataille et al (2016) maintain that organisational culture evolves from a cocktail of policies and governance which emanates into: the types of employees recruited; the targets and rewards available; the leadership style and the motivation. Each one of these four factors will be discussed below:

The type of employees recruited - Recruitment offers an opportunity for an opportunity to hire people with the right attitude and values that enable the organisation to move forward. Assessment tools are employed to test for these traits as they cannot be tested or seen by simply looking at the academic qualifications of an individual. There is need to exercise rigor in recruitment because recruiting people with attitudes that are contrary to what the organisational culture calls for could potentially change the culture of the organisation over time (Bataille et al, 2016; Buckingham and Goodall, 2015).

The targets and rewards available - Organisations that drive performance have robust ways in which performance is managed and rewarded. While terms such as sales culture or service culture are mentioned often within the context of an organisation, it is important to match these with staff performance measurement and staff remuneration and reward. These components are considered important in organisational culture literature (Daval, Hofstede, Neuijen, Sanders and Sanders, 1990; Schein, 1992; Kandadi and Oliver, 2006; Cameroon and Quinn, 1999, Buckingham et al, 2015; Bataille et al, 2016). At SBM there is a performance management framework referred to as Enduring Performance Management (EPM) and the philosophy is based on ensuring reward for staff that perform over and above the call of duty in the course of work by providing for stretch targets that are expected to be achieved within the bank's values (SBM, Human Capital, 2015).

If an organisation has a credible reward system that staff can trust, this can be a powerful tool for driving performance, changing behaviour and hence in shaping the organisational culture. In this study, the organisational culture is directed towards harnessing knowledge

about the customer towards improving the customer relationship as well as customer service (Peyper, 2016).

Staff incentives can be used to encourage staff to work harder and improve profitability but these need to be well managed and aligned to the overall strategy of the business or even to address a one off business challenge such as customer service during a peak periods like the Christmas holiday season (Ramarajan and Reid, 2016).

Shared goals and teamwork – Teamwork should also be inculcated into the entire organisation so that everyone can work towards a shared goal. Deutsche Bank in Asia Pacific insists on recognizing team members for their performance and this makes a difference in driving their performance. In fact, this Bank believes that teamwork is so important that it can actually result in competitive advantage (Tan 2013).

Empowerment and customer oriented staff - The Swedish Bank, Svenska Handelsbanken has registered a higher than average return on equity growth in an industry that is shrinking over several years and was ranked one of the world's strongest banks by Bloomberg for 5 years running as at July 2015. While the regulatory environment that tightly controlled lending growth and the bank's selective customer acquisition strategy helped this business model; a focus on customers not products, on profitability at a unit level and on long term relationships rather than short term gain helped to drive its success. Branch managers are the banks' main decision-makers, following what is known internally as the "church-tower principle"—namely, that you should do business only as far you can see from the local church tower. Responsibility for all credit decisions rests with the branches and no loans can be extended over the heads of branch managers though larger sums also require approval from higher authorities.

An in-depth study into the credit losses of the bank reveals that 30% of the credit losses have to do with the initial decision to extend the credit while 70% has to do with changes in the borrowers' circumstances and how the bank responds to them. When loans go sour, the job of re-examining the loan is dealt with at the branch where a good understanding of customer circumstances is found. Similarly decisions and responsibility around cost management, salary levels, product offerings and new branches are left to the branch and a regional management team. The bank further does not pay out bonuses as it believes in driving long term sustainable relationships with customers than in short term gain – instead opting to pay portions of profit in good years into the bank's pension scheme. This method of remuneration drives staff to look at the long term as well (The Economist, 2009; Bloomberg, 2015; Daval et al, 1990).

Leadership, trust and structure - Management needs to “walk the talk” and lead by example on any initiatives in order to drive the team to adopt the practices that grow the business. (Coyne, Eckl, Hooper and Sicchitano, 2014). Management of the organisation must not only be committed to the development of CRM strategy but also ready to invest time, effort, and resources for the implementation of the strategy. Leadership should hold values in high regard. At the most, Andrew Fay (2013), Head of Wealth at Close Brothers Asset Management in the UK argues that the trust deficit usually greater than the trust credit and this trend should be reversed. Honesty and transparency are also important to customers as these are considered more than the actual financial return.

The importance of organisational structure and its influence on employees should not be overlooked as this has the potential to influence productivity among employees who watch leadership actions and take further cues from the incentives or lack thereof provided by the organisation to reinforce culture and drive performance (Coyne et al, 2014).

d) Customers and competitive environment

While staff require the right organisational culture to perform, customers demand better customer satisfaction through more convenient, cost effective services that meets their needs (Ramarajan et al, 2016; Jooste, 2016).

From the example of the Swedish Bank, Svenska Handelsbanken, and the success registered in profitability compared to its peers in that environment, it is clear that this bank’s business approach took into account the needs of all four stakeholders, the regulator – by slowing down on lending in line with regulation, the shareholder by being more profitable than the market, the employees by empowering them as well as the customer by being close to them, choosing the right customers and understanding their needs and changed circumstances. One key observation is that the business model put the customer rather than any other stakeholder first (Economist 2009; Bloomberg 2015; Wilson, 2013).

On a different note, efficiency and deployment of technology in serving customers and meeting their ever increasing demands has resulted in innovation around the customer channels used to serve their needs. Banking channels have moved from being branch based only to Autoteller Machines (ATMs), Internet Banking, Mobile phone banking, Mobile Banking using vans with tellers and ATMs (King, 2012). The journey from analogue to digital money began when Bank of America introduced the first credit card in 1958 and after a short pause the journey of digital money continued through internet shopping and Paypal. The innovation of money is broad with UKs rapidly growing peer-to-peer money transfer business challenging bank’s dominance with the biggest player across Europe being Transferwise. The most extreme form of digital money is the Bitcoin – a currency traded online. Dave

Birch, one of the leading thinkers in the future of money said at a Digital Money Conference in New York in September of 2012:

“we are at the beginning of post-industrial revolution using pre-industrial currency”

To the customer’s advantage, banks are being challenged by competitors who are not traditionally in the banking business. PayPal, Bitcoin and others are only part of the challenge that banks have to contend with as well as disintermediators that include Funding circle, Zopa and Kickstarters who provide win-win propositions for both investors and borrowers (King 2012; Skinner, 2014; Birch and Adams, 2013). The competition offered to banks by these is real and UK government has accepted especially after observing that \$171.6m has been channelled through this platform. Innovations such a google wallet are also leading in the mobile payments solution space just as M-PESA in Kenya is offering banking solutions to otherwise would be unbanked populations (Laven, 2013). Closer to home Airtel mobile money and the equivalent offered by TNM Malawi are moving \$8m per month and this money would have been transacted outside of the formal banking sector (RBM, 2016)

Overcoming competitive moves from non-traditional financial players is real not only for banks in Malawi but worldwide. A survey held by a consumer rights organisation found that not one of the “Big 4” UK banks (HSBC, Lloyds Banking Group, Barclays Bank and Royal Bank of Scotland) scored above average for overall customer satisfaction despite accounting for over 80% marketshare. This demonstrates that there is still need for a fundamental shift in banking culture from banking for bankers to banking for customers. 85% of international payments are being made through banks on archaic infrastructure developed in the 1970s and is supported by manual processes that are prone to mistakes.

While banks remain behind in embracing latest technology, customers are demanding change. Stoddart (2013) argues that consumers are looking for payment solutions that cross the boundaries of physical and digital; fixed and mobile. The report by the Office of Fair Trading is quoted by Stoddart (2013) as showing that 41% of 16-24 year olds use mobile banking technology and the number is set to grow as new entrants into this age bracket have grown up in an age of e-commerce. The UK Payments Council shows that 10 years ago, 75% of retail purchase were cash but now this is just over 50%. Consumers are looking for a future where they will not have to share bank details in order to effect payments and while new payments companies are trying to take this place, a research by PricewaterhouseCoopers suggests that 61% of consumers still trust banks with money over the new entrants into the payments space (Stoddart, 2013). This shows that while there is

still strong competition for banks from non-traditional competitors, there is still opportunity for banks to improve the customer experience and service to be able to compete with these new entrants.

Given the foregoing, today's managers need to focus more on attracting and retaining customers through sales and service than was the case in the past and this focus drives transactional revenue (Russ, 2006, Appell et al, 2014). Transactional revenue from value added services has become an important source of income as opposed to dependence on interest income and transactional revenue in retail banking is dependent on transaction volumes which in turn is a factor of a large base of transacting customers. As a result, banks such as HSBC have moved to aggressive growth strategies. HSBC has over 80 million accounts and estimated 45million retail customers globally (HSBC, 2016). Given such volumes of customers, CRM becomes important as it enables banks to increase efficiency and effectiveness and by extension customer satisfaction while reducing costs (Croxford et al, 2005, Sahaf, Qureshi and Khan, 2011, Al-Eisa et al, 2009).

SBM, while much smaller when compared to HSBC, is arguably the largest Bank in Malawi by customer deposits and has just over 200,000 retail customers serviced through 28 branches and 76 ATMs, point of sale and internet banking. The total teller transactions is over 240,000 transactions per month while through other electronic channels is estimated at 130,000 transactions per month across ATM and other electronic channels (Standard Bank Malawi, 2016). While these numbers are small in comparison to HSBC, SBM still requires effective CRM systems and strategies in order to ensure that customers are serviced to their satisfaction and also to operate profitably.

In summary, having reviewed the four competing elements, it is can be argued that banks are forced by shareholders to ensure they cut cost and improve revenue as well as efficiency. On the other hand, the regulator threatens banks by imposing punitive fines as well as possibly withdrawing banking licences from them. As far as employees are concerned, banks are in a dilemma of ensuring that they have a culture that encourages employee engagement and that also encourages excellent customer service. The first two elements of satisfying the shareholder and the regulator will be taken as a necessity for all banks to continue operating. The customer satisfaction element is the one that seems to be gaining attention given the challenges that banks have to remain competitive. The relationship between employees and service cannot be separated because it is engaged and motivated staff that can deliver a positive customer experience (Sahaf et al, 2011, Frei et al, 1998, Malik, 2011 and Kim et al, 2004). This means banks need to get the fine balance

between management of risk, cost control and capital allocation while elevating the customer relationships and making the customer a priority (Ping, 2013).

The face of banking today is fashioned around lessons learnt from the crisis, technological advancement especially the internet as well as the mobile phones with multiple functionalities, the tablet computers as well as the competitive environment which now includes non-banking institutions offering financial services (Skinner, 2014; King 2012). This in turn has had repercussions on the profitability of banks. In Malawi specifically, profitability of banks over the past two years has mainly been impacted by both international and local developments. Internationally, the stricter regulations that came as a result of the global financial crisis have now also been introduced in Malawi with the introduction of BASELII effective 1 January 2014 (RBM, 2013). Locally, political decisions have impacted on how donor support, which accounts for over 40% of the country's budget flows into the country. The lack of donor support resulted in scarcity of both local currency and foreign currency liquidity and this tended to drive up the cost of funding. Basel II roll out also impacted on some banks in that they became under-capitalised as a result. Reserve Bank of Malawi, on the other hand, has been tightening monetary policy to achieve low inflation rate in the year and has also introduced the Lombard facility to assist banks that are struggling with liquidity (RBM, 2014).

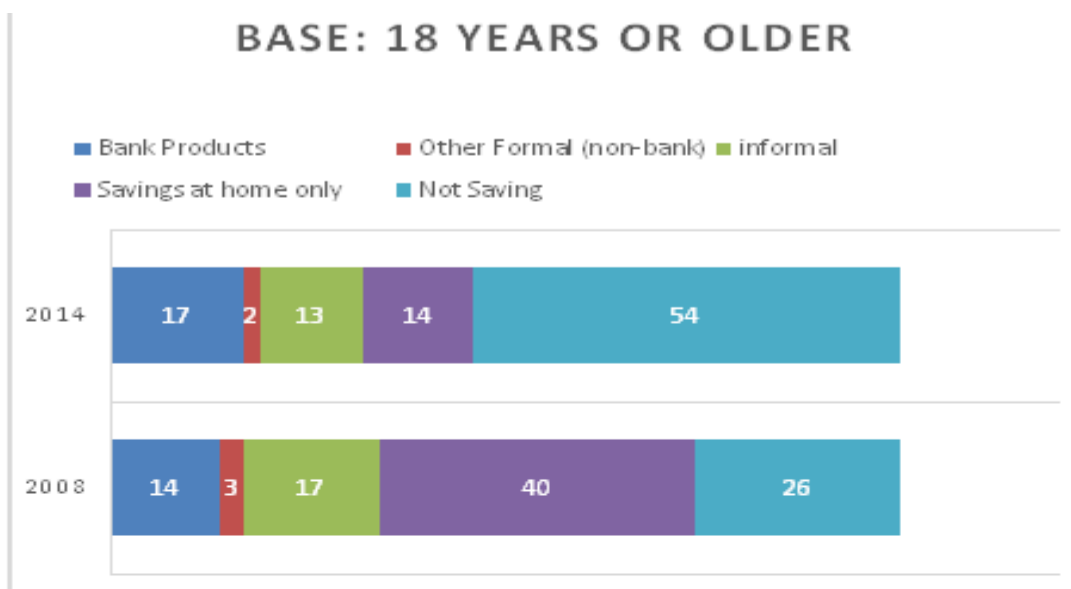
As a result of the challenges in the Malawi economy that has mainly impacted on corporate companies, opportunities to grow the bank lie within the top tier segments of commercial banking and personal markets (Genesis analytics, 2015). The extent of opportunity in the retail banking segment is big given that the IMF (FSAP Report) suggests that only very few Malawians have access to financial services with over 50% of the Malawian population living below the poverty line and 25% being food insecure. The FinScope (2014) study supports this finding and in its findings outlined that:

- 40% of adults (18 years and older) are formally served by either a formal bank or other formal (non-bank) financial products/services. This is a significant increase from only 26% in a similar study in 2008;
- 33% are banked through the formal sector, an increase of 19% in 2008;
- 24% have/use other formal (non-bank) products/services, this is an increase from 15% in 2008;
- 28% have/use informal mechanisms to manage their finances. This is a slight increase from 25% in 2008.

- 46% neither use nor have access to financial products/services to manage their finances. If they save, they keep their money at home, and if they borrow they only rely on family and friends. This is a decrease from 55% in 2008
- 25.3% of people use the informal sector including community based organisations (CBO), Buyer credit shop credit, loan sharks among others.

Figure 3 below shows the financial access status in Malawi as at 2014 as explained above.

Figure 3 Malawi Financial Access Strand (source: Finscope,2014)



46% of adult's save
(mainly at home/secret place)



Malawians mainly save:

- To cover living Expenses (41%)
- To Keep the money safe (19%)
- For farming purposes (14%)
- To cover medical expenses/
- Emergencies (13%)

54% of adult's save
(26% in 2008)



Malawians Do not save mainly due to monetary Reasons (affordability):

- No money left over after living expenses (71%)
- Do not have any income (17%)

The Finscope study supports the argument by Genesis Analytics that the bigger opportunities for banking in Malawi lie in the higher segments of personal markets and commercial banking because more people have little savings. In the higher segments, the competition among banks is high making customer focus important in order to retain market

share (Genesis Analytics, 2015). The ensuing sections will explore customer focus by looking at CRM in greater detail with a view to find out how this can be useful to SBM.

2.3 CRM and profitability

2.3.1 Why manage customer relationships?

Some authors believe that the core of a banking operation should be the ability to manage risk and regulatory compliance (Chorafas, 2012; Cooley et al, 2011; Ayadi et al, 2015). However, others believe that it is how the bank satisfies the needs of its customers that brings increased profitability even though compliance enables the bank to retain its right to continue doing business by preserving the banking license and avoiding undue penalties (Koch et al, 2010; Chofaras, 2012; Appiah-Kubi, Doku, 2010; Jopling, 2001; Kotler, 2005). Managing customer relationships has the ability to improve performance of a Bank through customer retention and acquisition, development and retention as illustrated in a study by Pricewaterhouse which revealed that a 2% increase in customer retention has the same impact as a 10% reduction in overheads (Murphy and Murphy, 2002). This study is corroborated by several other studies (Gummerson (2002), Groomroos (1997) including one by Bain and Co (*Financial Times*; 1/11/96) which shows that a 5% increase in customer retention can increase banking deposits by 25% (Yeshin, 2003). Woodstock (2000), similarly found a correlation of as high a 0.80 between how well a company manages its customers with business performance and Accenture (2001) found that an improvement of 10% in selected CRM capabilities can boost performance by up to 0.5%. More recently the *Harvard business review* (Edelman and Singer, 2015) through research and consulting on customer journeys found that organisations that are able to skilfully manage the end to end customer experience reap enormous rewards such as enhanced customer satisfaction, reduced churn, increased revenue, and greater employee satisfaction. In addition, such organisations also discover more-effective ways to collaborate across functions and levels, a process that delivers gains throughout the company

While CRM is not a simple concept to execute, its benefits are well documented such as the improvement of profitability discussed in the foregoing paragraph as well the improvement of competitive advantage by being the best at understanding, communicating, and delivering to customers. It is also about developing existing customer relationships, forming new relationships as well as retaining these newly formed customers. An effective CRM strategy aims to personalise the customer's experiences across all organisation touch points. CRM enables an organisation to:

- accurately target prospects,

- improve sales productivity,
- decrease the sales cycle and cost of sales,
- increase sales due to better opportunity management,
- enlarge loyal customer base,
- ensure high customer service standard,
- better reporting capability facilitating better decisions,
- ensures that the whole system becomes process driven and not personality driven,
- increase sales force productivity (for non eCRM systems),
- provide support and develop customer loyalty and hence
- increase the revenue base and profitability (Sahaf et al, 2011; Harrison, 2000:231)

This, therefore, means that lack of focus on developing a loyal and satisfied customer base and failure to focus on developing advocacy to drive results in customer experience could result in erosion of revenue. Customer experience, therefore, needs to be coherently orchestrated and managed. The bank also needs to clearly understand its primary customers as opposed to detractors and passive customers because once the latter two categories of customers begin to dominate the customer base, both revenue and memorable customer experience especially for the primary customers begins to fall (Reichheld, 2003; Edelman and Singer, 2015). A survey research conducted in the United States (US) in 2012; which considered aspects similar to those that motivated this thesis especially around the challenges of increasing profitability in a market that is challenged by economic and other factors; uncovers some insights that are relevant to the objectives of this study as stated in the introduction. The environment in which the study is conducted is challenged by a combination of a sluggish economic recovery and increased regulation which slowed the pace of revenue growth for banks in 2012 and beyond in the US and elsewhere. As a result, the top priority of financial institutions shifted from acquisition and origination to share of wallet by delivering a perfect customer experience in every interaction across all channels. Delivering a perfect customer experience in the study was defined as a concept that requires a deep understanding of what customers need, want and expect. The study found that generally, satisfaction with and likelihood to recommend one's primary bank goes hand-in-

hand with other measures of customer satisfaction. Customers' satisfaction with their primary financial institution was at 62%, generally better than had been anticipated at the study's onset. This result strengthens the argument for investing in CRM and the study further reveals that customers are eager for their banks to approach them with a cross-sell opportunity to strengthen their ability to manage their finances appropriately. The study asserted that by better understanding the differences in customer preferences and attitudes, financial institutions can more effectively tailor products, services, pricing, sales and communication to customer needs. This more targeted approach allows banks to maximize share of wallet and develop deeper customer relationships based on segmentation. Banks can focus on the segments that they are well positioned to serve and that may offer the best opportunity for growth. However, fewer respondents agree that their primary bank proactively suggests financial products (Edelman and Singer, 2015). Banks therefore have opportunity to increase their penetration per customer simply by giving more financial advice to their customers.

While this study reveals the need for CRM and the value it can add to the profitability of a bank and even goes further to propose the different ways in which a bank can deepen its relationship with customer through giving advice, the study does not specify what type of advice is required and how a relationship manager can go about finding this out. This therefore still leaves a gap in knowledge that this research study sought to fill by finding a way of managing what employees of a bank know about a customer and how this knowledge can be used to enhance the customer relationship and thereby become more profitable.

The ensuing discussion considers various examples from global organisations that have been successful at using customer focus to improve profitability. In the case of Deutsche Bank, improved year-on-year growth in profitability and launch of several innovative products in Asia Pacific was achieved simply by focusing on the customer. Once again, the literature does not specify how the focus on the customer was achieved but simply goes on to state the results which were that the Bank saw increased client activity; diversification of revenue streams by also taking advantage of growing inter- and intra-regional trade and capital market flows to grow volume of business. This happened in an environment where generally trade volumes were declining yet trade revenues and gross margins increased. The challenge was to do more of what they do well and to do it quicker. Once it had been done quicker it then was expected to become the norm and therefore build a culture of performance and innovation. Making CRM a culture was, therefore, key in the Deutsche Bank example (Tan, 2013). An opportunity to explore how knowledge about the customer was used to improve CRM still exists and therefore this study remains relevant to enable more specific and practical ways of how customer focus can be achieved.

Marks and Spencer took advantage of the historic trust in the brand and customer experience to launch a checking account backed by HSBC and at that time planned to open 50 branches in the UK within a period of two years with a view to compete with the big 4 UK Banks; Lloyds Banking Group, Royal Bank of Scotland PLC, Barclays PLC and HSBC – in the wake of them being accused of not lending to personal markets (individuals) customers following the financial crisis. While Metro Bank (UK's first new retail Bank in 100 years) is targeting to grow its customer base and is on track to make a profit by 2014. However, critics have argued that while these new players may not have the necessary financial capability to unsettle the big players, they will eat into their market share and thereby affect their profitability (Colchester, 2012).

Other retailers that banks can learn from are: Virgin, Disney, Southwest Airlines, Ritz-Carleton Harley-Davidson, Amazon.com and First Direct. These organisations have some characteristics in common that could possibly give insight into the type of characteristics required to achieve sustainable profitability through CRM. These characteristics are as follows:

- strong leadership – the founders/ senior directors share an approach to business that is uncommon in their respective industries
- strong brands and well differentiated offering and are competitive
- either enthusiastic customers that they know and understand well
- or proud employees who have their own unique way of doing things and are not driven by what they do but why they do it
- deliver a “great brand experience”. They are consistent, passionate and unique
- Reach customers in multiple channels such as facebook, twitter, linkedIn etc (De Mers, 2013)

From the foregoing, it is clear that having the right customer facing staff is one of the key characteristics required of an organisation that registers success through focussing on the customer. This is a major challenge for banks because historically staff in banks were recruited for processing transactions. Over time, processing work moved out of the branches, the branches were re-designed but the staff remained the same though their roles had changed. Everything else but the staff culture had changed and this impacted on the

customer experience (Frei et al, 1998). This phenomena was evident at SBM and in 2010, as part of a branch banking transformation process, the bank assessed all customer facing staff with a view to leaving only those staff with customer facing profiles in the frontline. The results were that 23% of the staff were retrained, redeployed to other roles because their profiles did not match the profile of a customer facing individual. During this period, it was discovered that good service is more than just politeness, efficiency, timeliness and satisfaction – these are the minimum expectations of the customer. Customers, however, also expect organisations to think about their businesses from the customers’ point of view and to:

- Achieve the basics every time
- Anticipate their needs
- Listen to them
- Empower staff within a framework so they can assist them better and
- Have processes that meet their needs (Project Transform, 2010).

Apart from ensuring the right customer facing staff, the Harvard study conducted in 2004 on the “Blue Ocean Strategy” concept also calls for consideration of the role of strategy in CRM. The Blue Ocean Strategy, which set out to establish if it is possible to make the competition irrelevant and how best to build value for which customer might pay especially amidst increased onerous regulation and profitability reduction; a challenge faced by banks across the world. The study revealed that only those organisations with strategies that allow them to create new markets, demands, innovation are those that will remain sustainable. Given the challenges that banks face today, there is need to deploy blue ocean strategies and the approach taken by this study to find ways of enabling better CRM through KM for increased profitability would be in line with having new thinking to how the business of banking is approached. Companies need to continuously build and rebuild themselves and the many companies that have remained in business over several decades are those that regularly re-examined their strategies and reinvented the businesses (Kim et al 2004). While the notion of managing customer relationships has been around for decades, it is only with the convergence of information technology, telecommunication and internet that the whole concept of CRM really came alive and emerged as a discipline (Frei et al, 1998; Apiyah-Kubi et al, 2010; Buttle, 2004)

Given the above literature, the cost of compliance; coping with the needs of a growing customer base and meeting their expectations; competition – even from non-traditional competitors; people matters (staff and leadership); technology; culture and strategy are all driving banks and other organisations into paying more attention to CRM and customer experience (Malik, 2011; Kim et al, 2004). However, there is still a gap in literature around how exactly this can be deployed in the world of banking especially as far as how knowledge sharing can add value to the world of CRM.

2.3.2 What is CRM?

Before discussing CRM further, it is important to point out that CRM means different things to different people (Peng, 2005). The definitions and also the works of various authors conceptualize CRM as either a business philosophy or a software product. The former views considers CRM as a firm's continuous process of learning about a customer with each interaction whereas the latter thought defines CRM as a database product that collects necessary and timely data about customer with a purpose to use it for business decisions within an organisation (Gordon, 1998; Reichheld, 1996; Payne, 1997; Gamble et al, 2000; Cross et al, 1996).

Given the two schools of thought, it is imperative that a search through literature to find a working definition of CRM be undertaken. Literature shows varied definitions of CRM which are discussed briefly below:

“CRM is a process by which a seller or a service provider manages customer expectations to ensure a long-term relationship and ongoing alignment with dynamic customer needs.” (Kholi et al., 2001)

While this definition acknowledges CRM as a process that is of long term importance and places the customer at the centre of it, it does not take into account the fact that systems may need to be deployed for this to happen efficiently. The resources for managing customer expectations are not defined neither is the long term aim of doing this clear.

Another author, Dyche, 2002, defines CRM as:

“The infrastructure that enables the delineation of, and increase in customer value and in the correct means to motivate valuable customers to remain loyal – indeed, buy again”

Dyche's (2002) definition over-emphasises the importance of infrastructure to ensure increased customer value and loyalty but under plays the customer's role as the primary source of defining the customer needs. This is an inward focused view of CRM which may

result in a highly efficient organisation that does not provide what the customers really needs. Couldwell (1998) whose definition is quoted below, on the other hand losses focus of the end game of CRM; that is to make profits and increase customer value in a sustainable manner.

“Customer Relationship Management is a combination of business process and technology that seeks to understand a company’s customers from the perspective of who they are, what they do, and what they’re like”

(Couldwell, 1998).

Given the gaps observed in the definitions of CRM above, for purposes of this research, a combination of the definitions discussed above together with others were adopted in order to appreciate CRM more holistically. Therefore, CRM is defined as a strategy for managing an organisation’s interaction with customers, clients and sales prospects using technology to organise, automate and synchronise business processes. It enhances an organisation’s ability to retain, attract, find and win new customers. This is done while reducing the cost of marketing and servicing them (Bose et al, 2003 ; Couldwell, 1998, Dyche 2002, Kohli et al, 2001, Anderson et al, 2002; Bennani et al, 2007; Corner et al, 2002; Sahaf et al, 2011).

The definition implies that there is need to have a solid understanding of the needs of customers as an essential step in determining what needs to be done to improve customer experience. This study advocates for such an approach as it sought to find what happens when employees share their knowledge about customers with a view to improving the customer relationships and service to them. According to the co-founders of Find Invest Grow; King and Hanington (2013), satisfying customer needs is particularly challenging for banks and they advocate that banks should:

- **Stick to what you know** – banks should stick to what they do best – banking. A functional, flawless, fault-free account coupled with banking expertise will improve the customer experience
- **Get personal** – people bring a touch to a relationship that computers cannot necessarily do. The fact that banks are increasingly interacting with customers through the computer is destroying the ability of the bank to truly assess risk and customers actually find this to be very inflexible and impersonal. An example of this is the SBM SME Quick loans product that was launched at SBM in 2011 and whose parameter allowed for loans to be granted based on a computer calculated credit score. The product seemed successful at first as it grew to K1bn within under six months of launching but

the non-performing book quickly grew as well to in excess of 40% within under a year of launching. This was because there was no mechanism of verifying the customers who took the tests nor the facts that they provided into the model. The product was suspended as a result and may be replaced with one that has more intuitive decision making (that includes verification) built into it.

- **See the bigger picture** – banks have been criticized for not listening to other stakeholders such as investors, third party experts and customers when assessing finance options. Bankers should learn to speak to suppliers, economists and accountants because businesses exist within an identifiable ecosystem and banks should engage this ecosystem as well (Hanington et al, 2013). This proposal is aligned to the thinking around sharing knowledge about the customer in order to improve the customer relationship.
- **Be proactive** – banks should proactively manage the financial world of their customers. For example, when a customer is about to overdraw their account, the banker should call them and either propose a credit line or encourage them to fund their account before the account is in unauthorised overdraft. Small payments and paperwork should also be followed up by the bankers and while this may come at an extra cost, it is a cost that businesses should be willing to pay (Hanington et al, 2013).

Hanington et al (2013) argues that business owners are willing to pay for banking services that are tailor made, flexible, instant and a banker who is knowledgeable and caring about each and every customer that is on their portfolio. In an economic environment that offers opportunity for startups, getting good old fashioned banking basics right will greatly impact on customer experience and improve the chances of building revenue. This argument strengthens the need for better CRM to be deployed in banks in view of the current profitability challenges.

The views of Hannington et al, (2013) are aligned to those of Peppers et al, 1999 who state that when an organisation is looking to implement a CRM initiative, there are four basic steps that need to be followed. These are: identify, differentiate, interact and customise.

Identifying the customers

In order to have a relationship, one needs to know the person they intend to have a relationship with first (Peppers et al, 1999). In the same way that Deutsche Bank, ANZ and

BNY Mellon in Asia Pacific are very clear about their targeted customer segments, it has been proven that clearly identifying your customers and building products and capabilities for them is a key deliverable to driving profitability (Peyper, 2016). This, at SBM is achieved through the KYC process which enables the bank to fulfil not only the compliance requirements but also gathers critical information about birthdays, employment details, income bracket among others. SBM has also defined its customers in the personal markets as salaried individuals and therefore all systems, capabilities and strategies are built around salaried individuals. The process of identifying these individuals through the KYC process enables SBM to identify the various individuals that compose the client base. Similarly, clear definitions have been made in the business banking segment by dividing the customers into commercial as well as small and medium enterprises.

Sometimes in trying to compete in the market, a bank may realise the need to redefine its customer segment simply because it is finding too much competition or limited opportunity in its initially developed strategy. An example of this is the China Minsheng Bank which was formed in 1996 with the initial aim of serving the micro- and small enterprises (MSE). The bank started off serving the private small and medium (SME) segment comprising mainly high tech enterprises. Following a few failed strategies, this bank transformed its management framework, organisation and business structure as well as its IT platforms to cater for MSEs and high-end retail customers in 2009. By 2013, the Bank was serving 1.26 million MSE customers compared to 7,000 big enterprises prior to the transformation. It also has 20 million retail customers with savings deposits making up 23% of their total deposits and non-interest income only accounting for 25% of its total revenue. The bank realises that MSE loans are small, frequent and short term and need to be managed differently and they do this through sub-branches and a credit factory has been built to keep costs down. The bank went on to do another transformation to re-examine at its risk management and cost control capabilities (Ping, 2013). This is a clear example of how chosen markets determine the rest of the business operation in terms of the calibre of people employed, the systems and processes used as well as the overall business model.

SBM PBB redefined its focus in the business banking business unit to pay more attention and grow business within the commercial banking segment rather than the SME segment following the losses it witnessed in 2012/13 as well as the cost of managing such a risky business segment which mainly goes towards the collections and origination capabilities.

Once the customer needs are established, a memorable positive customer experience and in line with the working definition of this research can now be put in place and this requires that CRM systems and processes be applied. There are a host of CRM systems that can be

employed in order to support the management of the entire customer experience as well as all the components that drive revenue growth (Dickie, 2006).

Differentiating the customers

Not all customers are the same and, therefore, an organisation would find it a challenge to satisfy customers using generic products and services (Peppers et al, 1999). It is this realisation that motivated SBM to differentiate its customers into different segments. How well this differentiation meets the customer's expectations may in turn drive customer behaviour to spend more with that organisation and therefore drive profitability. The current reality at SBM is that while the realisation and differentiation criteria exists, it is not applied fully in such a manner that truly serves the customer and encourages increased purchase and thereby profitability (Genesis Analytics, 2012). An opportunity for this study to resolve this problem at SBM exists since the employees in the bank know about the customers and can use this to differentiate them and serve them better. Currently the situation is known but has not been resolved and it relates to the second objective of the study where the current CRM and KM practices at SBM are reviewed against theory.

Interacting with the customers

Once the customers have been identified and differentiated, it is important to interact with them in a manner that displays full knowledge of the customer. Customers are delighted when they are identified by name, told about products and services that are relevant to their business or life cycle and acknowledged for what they are worth to the organisation (Frei et al, 1998; Peppers et al, 1999). At SBM customers are organised into portfolios to enable this interaction to happen in a meaningful manner.

Customising the offerings to suit the customers' needs

Organising customers in a differentiated manner such as in portfolios; enables the customisation of customer offering. While customers can be in the same segment each customer's needs are different and some customers require more of a given service than the other. The process of identifying customer needs and matching these with their requirements is critical in CRM and while mass customisation can be achieved for lower segments, as customers' needs get more complex, mass customisation becomes even more challenging. This is the reason why the Relationship Managers in the upper segments of PBB have fewer customers to manage than the lower segments.

Having established the importance and need for CRM within banking as a way of ensuring increased profitability and in assessing the steps of establishing CRM as outlined in the foregoing, SBM has the foundations of CRM and yet still falls short of being the market leader. This shows that while the steps highlighted above are important, there is need to do

more than just the steps. There is need for the employees to understand the customer's needs, share what they know about the customer and use it to enhance the customer offering as well as the relationship. There is, therefore, a need to understand how the concepts presented above can be made operational since CRM, as stated earlier is not a simple concept to implement not only because of the various stages one needs to follow in implementing it, but also because the concept itself can be implemented with varying levels of complexity. Buttle (2004), argued that CRM can operate at three levels in an organisation – strategic, operational and analytical. This approach is shared by Sahaf et al (2011), who also argue that CRM operates at operational, analytical and collaborative levels. The discussion below examines the levels of CRM.

Table 1, below shows the customer value propositions across PBB; clearly stating the products, channels and pricing strategies for each segment. The various offerings enable the bank to realise the most value from each customer segment.

2.3.3 Levels of CRM

Buttle (2004) proposed that CRM at a strategic level calls for the development of a customer-centric business culture while operational CRM is more about automation of customer facing parts of the business. On the other hand, analytical CRM involves the exploitation of data to enhance both the customer and the organisational value. An organisation employing CRM manages the 'relationship' with its customers through the manipulation of information about them. The information is shared and transformed into knowledge. Knowledge enables the company to understand the customer and his needs and expectations, and this information in turn is used to enhance the organisations capabilities in order to deliver better value to customers. To optimise the value of a firm's market offering through customer relationships, CRM makes use of specialised tools, technologies and integration is vital to ensuring that the full benefits of CRM are realised and that there is full integration of processes across all points of contact between the customer and the organisation. By integrating CRM, the chances of improving customer satisfaction and revenue are increased. This assumption is based on the premise that, the fact that customers are satisfied makes them want to continue to come to the organisation. Organisations use tools such as WAP, help-desk software, e-mail organisers and web development apps to personalise online customer experience and using gamification aspects as part of the customer experience. An example of such an organisation is mBank, a Polish Bank which was launched as a greenfield venture in the year 2000 and is leading the way in terms of creating an exciting customer centric-experience (Biggs, 2013).

Table 1 Product Offering (source: SBM, PBB, 2012)

	Priority	Achiever	Classic/Maziko
Income band	<350,000>600,000	<100,000>350,000	<20,000>100,000
Size of market opportunity	43,000 pple/K10,230bn	62,000 pple/K4,65bn	1m pple/K24,6bn
Acquisition Strategy	Mining CIB/BB relationships & competitor banked, customer events, strategic partnerships-usage based incentives	Mining CIB/BB Professional graduates, schemes, customer events, strategic partnerships, usage based incentives	Group Schemes Commission based salesmen, market experiential activations
Distribution Channels	Branch, POS, Full ATM, Internet Banking, Mobile banking, virtual lounge	Branch, POS, Full ATM, internet Banking, Mobile Banking	Branch, POS, Mini ATMs, Mobile Vans, Mobile Money
Product Offering	Transactional; homeloans, VAF, VISA, Storecards, money transfer, bancassurance, O/D and loans, investment	Transactional, homeloan, VAF, Storecards, money transfer, Bancassurance, selected O/D, investment	Transactional, savings, consumer loans, limited bancassurance
Pricing Strategy	Bundled/ pay as you transact Value based pricing , Competitive lending rates and a bundled and unbundled option.	Pay as you transact Introduce bundled and unbundled option, value based pricing	Pay as you transact Value for money(customer centric)
Marketing/Communication Strategy	TV, brochures, e-mail, sms, newspapers, urban billboards, specialized magazines/journals	TV, brochures, e-mail, sms, newspapers, urban billboards, specialized magazines/journals	Radio, vernacular rural billboards, targeted CSI
Target Marketshare	30%	35%	30%
Service Index (CEBS)	9	8.5	8.5
Dormancy Ratio	>8%	>9%	>10%

In fact banks will have to effectively manage all customer communication channels including telephone, e-mail and branch/retail outlets through to call centres including speech recognition and the emerging channels such as interactive TV in order to meet customer expectations (Jooste, 2016). CRM is trying to resolve some of the problems associated with “data silos”. Therefore, the outlook of the traditional CRM is being changed simply by incorporating technology solutions into business processes to make it market responsive and efficient. This integration of business processes and technology has resulted in CRM as it is now known and the level of investment in technology drives the level of CRM (Sahaf et al, 2011).

Table 2 Segmentation (source: SBM, PBB, 2016)

	Commercial	SME Tier 1
Revenue Band	USD2,000,000 and above	USD500,000-USD2,000,000
Size of market opportunity	200	300
Acquisition strategy	Skilled and qualified relationship managers to sell full range of BB products and services according to customer's needs. Catering for Bancassurance, lending and investment, foreign exchange etc	Business Banker to offer full set of SME offering including core banking products and additional products based on customer's needs Cross sell at origination.
	RM works with the support of chanel and product teams. RM has regular client visits as well as entertainment.	Client visitation and entertainment
Distribution channels	Regular visitations and calls by RM Multi-channel delivery to provide access anytime and anywhere including nBOL, ATM, POS etc	Known point of contact at loal branch, business banker customer on core and secondary channels, offers advice on products, services and va;ie added solutions Multi-channel delivery to provide access anytime and anywhere including nBOL, ATM, POS etc
Product offering	Business Current accounts, nBOL, overdrafts, investment products, VAF, various long term and short term loans, specialised products such as trade, foreign exchange and treasury, property finance, cash management, bancassurance	Business Current accounts, nBOL, overdrafts, investment products, VAF, various long term and short term loans, specialised products such as trade, foreign exchange and treasury, property finance, cash management, bancassurance
Pricing Strategy	Risk based pricing	Risk based pricing

This study will focus on improving the operational CRM and introducing some analytical CRM and enhancing this through KM in order to give the best benefit to the customer. This is because collaborative CRM is very system intensive and it may not be possible for SBM to invest in these elaborate systems at this point in time.

a) Operational customer relationship management

This level of CRM is supported by systems that are barely integrated and do not do much to support the customer experience but make it easier for the salesperson to do their role. This level of CRM is so basic that it tends to produce a lot of data that is never fully harnessed for

maximum value. In the absence of further IT investment, this challenge becomes difficult to overcome. Standalone CRM systems such as Salesforce operate at this level and require further integration into the core systems of the business. At SBM, the current state is that there are a lot of standalone systems such as Salesforce (for relationship managers to input interactions they have with customers as well as sales leads); E-CAT/PAS (for branch sales staff designed to manage workflow of personal loan applications); and Cognos as well as data store that store customer transactions and data. These systems are not interlinked and information about a customer resides with the relationship manager who does not always share this information to enable better service nor understands the full picture of the information held about the customer within the bank (SBM, IT Department, 2014).

b) Analytical Customer Relationship Management

Analytical CRM supports a better understanding of customer behaviour e.g. data warehousing and data mining solutions. Analytical CRM is powered by technology and helps to optimise operational CRM by analysing all the data that is created from this level of CRM and this analysis enables decision making. This is also a level of CRM where data generated about the customer is converted into knowledge about the customer and therefore enables an organisation to take timely decisions about what to offer to the customer and be more relevant in the customer life cycle.

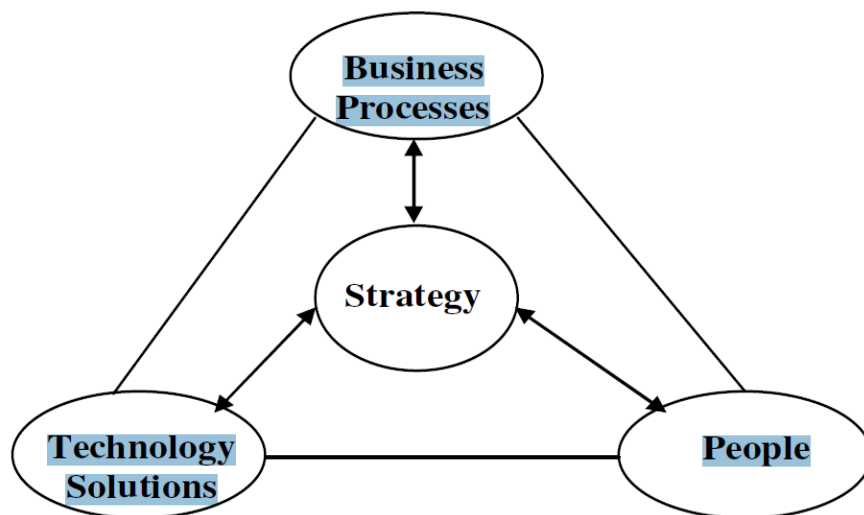
The biggest drawback of this level of CRM is that it does not integrate across all the areas in the business. Therefore product development is done independent of knowledge known by the system and so does development of new business processes. While an organisation that uses this level of CRM has knowledge about the customer, this knowledge only becomes meaningful when it impacts on the overall customer experience and not just on the sales and business process. This is why it is important to realise that CRM extends to more than just the software but it is an integral part of all activities that the organisation does (Appiah-Kubi, 2010; Buttle, 2000, Buttle 2004, Sahaf et al, 2011).

The people in the organisation should be capable of harnessing the systems for this benefit. For this reason, Sahaf et al (2011) argue that CRM should form a key part of an organisation in harmony with business strategy, processes, technology and people. The customer remains the focal point of any CRM initiative and as such marketing, sales and customer service should all be well aligned and this should be harnessed into a culture for the

organisation. The study by Sahaf et al (2011) is aligned to this study because of the considerations made to systems, strategy, process and people in driving a CRM strategy.

Figure 4 below illustrates this:

Figure 4 Relationship between technology, strategy, business process and people (source: Sahaf et al, 2011)



c) Collaborative Customer Relationship Management

Collaborative CRM enables management and synchronisation of customer interaction points and communication channels e.g. e-mail, telephone and web. This is a situation where the customer can interact with an organisation through multiple channels and each time they switch to a new channel, they start off from where they left from in the channel they used previously (Sahaf, 2011). This level of CRM will not be used in this study.

Challenges of CRM and gaps in literature

As alluded to earlier, CRM initiatives are very complex and resource intensive. A study estimates that 30-40% of tactical CRM studies fail while 60% of CRM projects that attempt strategic focus fail too (Woodcock et al, 2001). Studies such as Sahaf et al, (2011) and Buttle et al (2002), Appell et al (2014) have given guidance on how to ensure CRM projects are successful, but there still remains the key assumption of cause and effect; that success registered in the companies deemed successful is all attributable to CRM, yet CRM on its own cannot achieve much as Frei et al (1998) point out. CRM projects need to be enterprise-wide. The projects should also consider other factors in the organisation such as knowledge sharing and how the initiative is interacting with the people (culture), process and technology components of the organisation.

The second drawback of CRM projects is that, being enterprise-wide, they typically take long to implement and to register the results and even when the results have been realised, the third drawback is the actual measures of success (Buttle et al, 2002). Furthermore, Appell et al (2014) argues that there could easily be scope creep where critical project deliverables and “nice to have” all become part of the project outcome as well as project fatigue where the implementation team (staff and vendors alike) become less engaged in the project over time. Given these factors, the actual success is difficult to measure and hence Buttle et al, (2002) and Appell et al (2014), propose that it is important to determine upfront what success will look like. CRM outcome performance indicators can be measured through:

- Financial indicators such as return on assets and profit on sales.
- Customer indicators such as numbers of customers, average customer value, customer satisfaction, customer retention, share of customer wallet
- Process results such as customer acquisition cost, speed to market (new products),
- Complaint resolution
- People indicators such as percentage cross-trained and employee satisfaction
- Staff retention, suggestions per employee etc.

Appell et al (2014) go on to argue that for CRM to be successful it also requires that there should be a:

CRM Vision – that outlines what cannot be seen immediately but what will bring excitement of a better future to the entire team in the organisation.

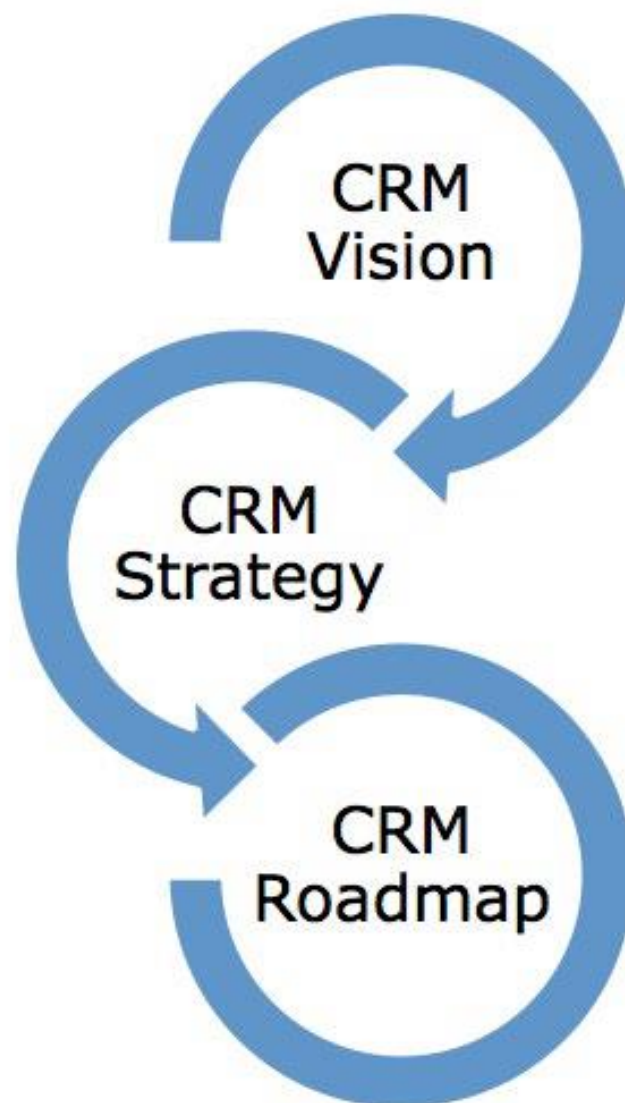
CRM Strategy – that relates to how the organisation operationalises the vision and this includes the communication strategy to keep staff engaged in the project; the processes that will be used; how the CRM systems will connect; analyse and learn from the information gathered in CRM. This means having a business case that outlines how CRM will make an organisation smarter and more effective at delivering its vision.

CRM roadmap – this is a set of tactical documents that outline how the vision and strategies will be achieved. Below, Figure 5 is a diagrammatic representation of the same.

The proposals for overcoming some of the challenges related to CRM implementation made by Appell et al (2014) imply that there is a need for some information sharing across the organisation and this is a form of KM. KM is lauded as an organisational competence that can bring competitive advantage just like CRM (Appiah-Kubi, 2010). However, no clear link

has thus far been made to demonstrate how KM would impact on the outcome of CRM initiatives where staff knowledge for, about and from customers and processes can be harnessed to improve and even compliment the investment in IT that is typical in the first two levels of CRM. The following discussion considers various KM concepts and explores the possibility to applying them to enhance CRM and hence profitability/value in a retail banking organisation.

Figure 5 The three stages that relate to the aspirational, strategic and practical aspects of the CRM (source Appell et al, 2014)



2.4 Knowledge Management

In the literature relating to CRM, it is evident that successful CRM projects are those that are enterprise-wide and require the entire organisation across sales, marketing, production and executive leadership to rally around the CRM initiatives (Frei et al, 1998; Sahaf et al, 2011) .

This implies the need for some form of knowledge sharing in order to bring the entire organisation to a place of shared vision and aligned action and collaboration (Nonaka and Takeuchi 1995; Oliver et al, 2006; Appiah-Kubi, 2010). Knowledge sharing is not only important for aligning business goals and strategies; it also plays an important role in driving change and socialising the culture of CRM across the entire organisation (Appelle et al, 2013). Besides, the challenge of CRM according to Dickie (2006), of under-utilisation and adoption of CRM systems could potentially be improved by an environment where knowledge is shared because employees in the organisation share their experiences on how to use the system and also on how best to apply what has been learnt. This study sought to go even further in exploring this claim made by Dickie (2006) by studying how sharing of knowledge about customers as well as key processes could improve CRM and profitability, which is a key objective of most business, and specifically at SBM. This is more so given that Frei et al (1998) argues that as IT systems increase, the need for knowledge workers increases as well. This is the reason why IS/IT plans should be an important part of the entire strategic planning process given that it is impacted by the CRM strategy which in turn impacts recruitment, training and knowledge management. In addition to this, knowledge sharing by the KM experts in an organisation directly impacts the strategic planning for IS/IT systems especially given that IT is a significant business enabler (Lee, Pai and Yeh, 2010)

Since it takes up to five years before the results of CRM can be truly measured (Frei et al, 1998), knowledge transfer could potentially be beneficial to pass on both tacit and explicit knowledge (Nonaka et al, 1995). More so in organisations where there is high staff turnover and people do not stay for as long as the project runs or the teams constantly change and as a result of this there isn't effective knowledge transfer. It is important to have in place robust exit procedures that ensure handover has been done effectively and effective transition plans are in place (Douthwaite, 2013). The employee components of an organisation are proving to be an important component in this study given that within retail banking it was established that the type of employees required in banking has changed and there is need to have competent staff who are more customer oriented (Dokelman et al, 2013). Knowledge also resides within the individuals in the organisation and they form a key component of knowledge sharing. Given the potential that exists to improve CRM by adopting some knowledge sharing best practises within an organisation, the ensuing sections will explore literature in KM in detail with a view to discover if synergies between CRM and KM can be found.

2.4.1 Knowledge management and the customer

Knowledge as a concept has existed in society for many centuries though it has only recently become a discipline and a field of study (Wiig,1999). To begin with, it is imperative that knowledge and knowledge management definitions be explored. For purposes of this research knowledge will be considered as....

“..... information that changes something or somebody – either by becoming grounds for action, or by making an individual (or an institution) capable of different or more effective action” (Drucker, 2003)

The above definition alludes to the fact that once knowledge is acquired it influences, changes or improves action. However, it does not talk about how such change, improvement or efficiency in action could possibly be made in such a way that it becomes more sustainable and perhaps even beneficial. The knowledge will need to be managed in such a manner that whatever benefits are achieved can be harnessed.

Kandadi (2006), defines KM as follows:

“KM has to do with creation, capturing, sharing, distribution and utilisation of knowledge using systems and processes and it is all done within the context of a strategy.”

This definition will be adopted for purposes of this study given that it encompasses important aspects relevant to CRM as well as to this study which include knowledge sharing and utilisation. It also covers the four aspects that are important to CRM which are systems, processes, strategy as well as people involvement through knowledge sharing, creation and utilisation.

There is limited literature on KM within banking. However, UBS Bank has applied KM by formulating cross-functional and cross geographical “wisdom networks” that have made pitching for new business more efficient and successful using codification to exploit existing knowledge (Benton and Giovagnoli, 2006). In Portugal, banks do not have a Chief Knowledge Officer; periodic reports on knowledge; nor annual reviews on KM yet there is evidence of knowledge exploitation with people being recorded as a key component of intellectual capital as opposed to internal or external structures (Curado, 2008). Social media has become a key influence in communication and financial institutions are simply struggling to adapt to this change. As early as 2010, a study done by three academics, Johan Bollen, Huina Mao and Xio-Jun Zeng, showed a correlation between the mood on Twitter and the Dow Jones Industrial Average. They even went on to demonstrate that they could predict the direction of the Dow three days in advance simply by assessing Twitter with 87.6%

accuracy. The joint data presented by both Twitter and Facebook can be used by financial institutions to their advantage to make decisions around markets and investments and even simply to get customer feedback (Bollen, Mao and Zeng, 2013).

It is important to note that knowledge is viewed differently in different cultures and the concept of knowledge workers and knowledge work could be viewed differently across particularly the Japanese and Western cultures (Nonaka et al, 1995). The succeeding discussion investigates these two cultural differences in knowledge:

a) Western approach to knowledge

There is a fundamental difference between the manner in which knowledge is approached by Western and Japanese Managers mainly because of the differences in their cultures. Epistemology is the philosophical enquiry of knowledge and in the western culture there is rich epistemological history because of the tendency of separating the known (object) from subject that knows. In the Japanese context the two are not viewed separately. The two approaches are both very important towards determining the understanding of knowledge. In western philosophy, there are two epistemological traditions: rationalism and empiricism. Rationalism argues that true knowledge is a result of some ideal mental process rather than sensory experience and is produced deductively. An example of this kind of reasoning is mathematics. On the other hand, empiricism argues that there is no priori knowledge and sensory experience is the only source of knowledge and this type of knowledge is derived deductively from the sensory experience. Experiential science is a typical example of this epistemology. Despite the differences between rationalism and empiricism, western philosophers agree that knowledge is “justified true belief” and this concept was first introduced by Plato. However, since there is always a doubt about what we believe, the western approach to knowledge is always laden with scepticism prompting philosophers to continue searching for the truth about knowledge which has no doubt (Nonaka et al, 1995).

The explanation of knowledge which splits the subject from the object, also known as the Cartesian Split has been challenged by the twentieth century philosophers such as Heidegger who argues that knowledge is determined through an active relationship between the known and the subject studying it. Maurice Merleau-Ponty a French phenomenologist, on the other hand, rejects the Cartesian split, arguing that perception is a bodily action aimed at something and that the body cannot strictly be a subject or an object but could actually be both. William James, an American philosopher introduced the pragmatism standpoint which argues that if an idea works, then it is true and can be said to be meaningful if it brings cash value to life. (Nonaka et al, 1995).

b) Japanese Approach to Knowledge

Unlike how knowledge is viewed in the west, there are no widely known philosophical traditions around knowledge though a “Japanese” approach to knowledge exists that integrates Buddhism, Confucianism and other western philosophical thoughts. There are three fundamental distinctions of the Japanese intellectual tradition: The oneness of humanity and nature, the oneness of body and mind as well as the oneness of self and other. The next few paragraphs will discuss each of these in turn:

The oneness of humanity and nature

The Japanese perception is more attracted towards the objects in nature that are subtle but visual and concrete. This is reflected in the Japanese language and expressions because they tend to think visually and manipulate their thinking into tangible images (for example, the tall boy concept which was used in designing a car which had more room but was still compact). The language makes no time distinction as everything is in the present (here and now), and the art is not restricted to a single viewpoint. This viewpoint allows the Japanese to deal with emotional movements without being stuck to a particular viewpoint (Nonaka et al, 1995). This phenomena is important to watch for during the duration of the study and this particularly makes careful observation a key component of this study.

The oneness of body and mind

Buddhism regards life as the unity of the physical and the spiritual and asserts that these two aspects are inseparable and are of equal importance. This is in sharp contrast to the views held by the materialists who claim that it is only the physical world that can be touched and measured which forms “reality”. In oneness of body and mind, a person’s inner state is revealed in his physical appearance (Nichiren, 1999; Nonaka et al, 1995). This is relevant in the study particularly because during action research it may not be easy to separate the physical manifestation of the subject’s actions with what is going on in the mind. The researcher, therefore, needs to constantly be aware of this especially given that there is no guidance as to how this phenomenon can be observed.

The oneness of self and other

The Japanese view reality in the physical interaction with nature and other human beings. This is in contrast to the western view that the thinking self seeks the eternal ideal as a detached spectator. They still view subject and object, mind and body rather than as all aspects complimenting each other. Like the other two views above, this view of knowledge needs to be born in mind during the course of this study (Nonaka et al, 1995).

Japanese organisations are renowned for their success and this has been mainly attributed to their ability to create organisational knowledge and as a result of these western organisations have been taking a more keen interest in studying knowledge (Nonaka et al, 1995). Knowledge is evolving into one of the most important assets that contribute to an organisation's success (Drucker, 1993; Denning, 2006; Herholdt et al, 2006). As such, in a society based on knowledge, a "knowledge worker" is the single greatest asset. A "knowledge worker" can be described as a resource in the organisation who knows how to deploy knowledge to productive use in the same way that a capitalist knew how to deploy capital for productive use (Drucker 1993). Within the context of this study, the employees of SBM are knowledge workers who deploy what they know to produce value for SBM. The calibre of employees is, therefore, very important particularly in the more senior roles where a combination of professional training and experience are considered important for the bank. According to Davenport (1998), organisations have embarked on ways of managing what they know and this is known as KM. The subject of this study which is to use KM to enhance CRM at SBM for increased profitability is aligned with the thinking presented in these KM theories.

Since it has been established that KM is important for this study, it is imperative that the understanding of knowledge be further clarified at this point. What mainly distinguishes Japanese view to knowledge is the understanding that whatever is expressed in words and numbers only represents a tip of the iceberg of what is known while the West believes that knowledge is only what can be explicitly presented. For the Japanese, understanding and sharing the context of the organisation, its goals and how to reach these are critical to organisational success. This view embraces intangible aspects of knowledge such as values, emotions, beliefs, culture as well as symbols and images. For purposes of this study, it is critical to acknowledge knowledge at both levels and with more emphasis on knowledge as viewed according to the Japanese rather than to the Western view of knowledge mainly because of the fact that this study intends not only to understand the hard facts of what is known but to go deeper into understanding the values, emotions, beliefs and culture of staff that drives behaviour when it comes to knowledge sharing. A brief look at the difference between the two would be beneficial at this point.

Explicit knowledge - is the knowledge that is represented in words and numbers while tacit knowledge is the knowledge that is not easily expressible and is difficult to formalise, communicate and express. This is the knowledge that the Japanese mainly harness (Nonaka et al, 1995). Table 3 below shows the difference between tacit and explicit knowledge.

Table 3 Two types of knowledge (source: Nonaka et al, 1995)

Tacit Knowledge (subjective)	Explicit Knowledge (objective)
Knowledge of experience (body)	Knowledge of rationality (mind)
Simultaneous knowledge (here and now)	Sequential knowledge (there and then)
Analog knowledge (practice)	Digital knowledge (theory)

Tacit knowledge - can be divided further into dimensions: technical dimension and cognitive dimension. Technical dimension has to do with informal knowledge/skills that are not easy to pin down and can be expressed as “know-how”; for example, the type of knowledge that is gained through apprenticeship. On the other hand, cognitive dimension is the schemata, mental models, beliefs and perceptions that are taken for granted because they are so deeply ingrained (Nonaka et al, 1995).

Sveiby (1999) in his observation of knowledge management as a subject of study also divided knowledge into similar categories - namely “hard KM” and “soft KM”. These were distinguished as expressed below:

- **“hard KM”** - nested on IT/IS tools whereby knowledge is perceived as an ‘object’ and as “management of Information”. This can be easily aligned to management of explicit knowledge and the sharing of such information is simple. While,
- **“soft KM”** - where knowledge is considered as a process and is people/organisational-centric; focusing on “management of the people” and can easily be aligned to management of tacit knowledge. This type of knowledge is not easy to share and attempting to share can result in explanations that are not very logical and are complimented by expressions.

This is because both culture and process are encompassed in “soft KM”, while infrastructure will be discussed in as far as how it can enable “soft KM”. “Hard KM” aspects will be the data that we have got from customers already in the form of their personal information as well as the feedback received in past customer surveys. The next few paragraphs will consider how “soft KM” or tacit knowledge can be created, captured, transferred, stored, shared and used. More specifically, since this research is discussing knowledge management in as far as it

relates to the customer, the discussion that follows will look at the different ways in which knowledge management can be related to the customer.

2.4.1 CRM and Knowledge creation

Japanese industries have succeeded by converting knowledge creation into competitive advantage through continuous innovation. They follow a process of making tacit knowledge explicit and this involves everyone in the organisation – front-line staff, middle and senior managers and all this is done for the benefit of the customer. These three groups interact in a manner that creates invaluable knowledge. While the front-line staff know the details of the day to day work, the meaning of the insights they gather may be accepted differently depending on the context since they have a narrow and short term view. It is then the role of senior managers to provide conceptual frameworks that link otherwise incoherent insights into meaningful knowledge while the middle managers link the vision with the details (Nonaka et al, 1995; Homkes, Sull and Sull, 2015).

Nonaka et al (1995) argue that there are three distinct characteristics of how knowledge creation can be achieved:

- Firstly, in order to express what could otherwise be inexpressible there is a heavy reliance on symbolism and figurative language.
- Secondly, the knowledge has to be shared from one individual to the other if knowledge is to be disseminated.
- Finally, new knowledge emanates from ambiguity and redundancy.

The three characteristics will be discussed in turn below.

a) Reliance on symbolism and figurative language

This characteristic can best be seen in action by using the example of Honda when in 1973 the company set out to develop an urban car which would be an improvement to Honda Civic and Honda Accord. The product development team devised terms such as “man-maximum, machine-minimum”; or “tall boy”. These figurative metaphors resulted in the development of a roomy, tall car that was cheaper than other Honda vehicles but was roomier and more comfortable. The analogy bridges the gap between imagination and logical thinking; clarifying how different objectives or ideas are both alike and not alike at the same time.

b) Ambiguity and redundancy

Ambiguity as used by the Japanese to create knowledge offers a new sense of direction and fresh thinking. Giving clear objectives can limit the thinking of individuals and in chaos, new knowledge usually results. Redundancy is usually associated with ineffective use of resources in the Western sense. However, there are arguments that state that since employees hold overlapping information, redundancy actually encourages dialogue and sharing of information. In many Japanese firms, the concept of redundancy has been adopted to such an extent that they can have two different product development teams working on the same project and they allow the groups to argue the pros and cons of their approaches and eventually the two teams merge their idea into one which is then adopted (Nonaka et al, 1995).

c) Converting personal knowledge to organisational knowledge

Knowledge usually starts with an individual and then it is amplified or crystallised at group level through dialogue, discussion, experience sharing and observation. The dialogue can involve some considerable conflict and disagreement and it is this very conflict that pushes individuals to challenge the status quo. This process facilitates the transformation of knowledge from an individual to a group and subsequently an organisation. This concept leads into the discussion around knowledge sharing for the benefit of the customer.

In the context of this research, knowledge creation as advocated by Nonaka et al, (1995) could benefit CRM in that the frontline can provide the knowledge about the customer that they gain through interactions with them. In the case of Standard Bank this knowledge is converted from personal to organisational knowledge about the customer through the daily reflection meetings that are held at each branch in the morning and soon after closing doors to customers. Key learnings from what happened each day are incorporated into the way business is done at that branch. There is need for the knowledge, once gained to be shared and transferred both with the teams in the immediate vicinity as well as the greater PBB team.

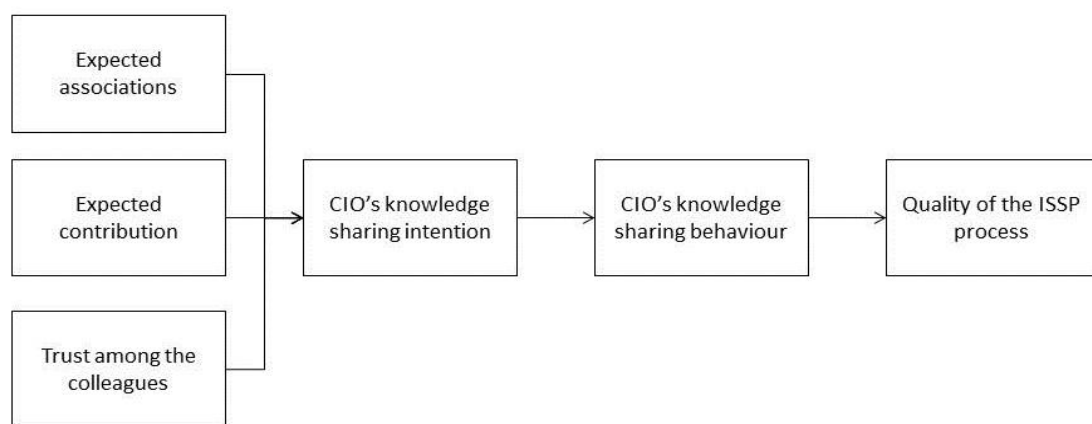
2.4.2 CRM and Knowledge sharing and transfer

Knowledge needs to be shared once acquired in order to maximise the benefits that can be derived from it. It is, therefore imperative that this study considers the concept of knowledge sharing (Hooven, 2013). Knowledge sharing is particularly important for organisations to cultivate because the world is operating in a knowledge based economy where knowledge is applied for productivity in the same way that capital was applied during the capitalist

economy (Drucker, 1993; Ramarajan, 2016). In addition to this, knowledge enables organisations to achieve competitiveness (Gordon et al in Morey et al, 2002).

According to Yeh et al, (2010), knowledge sharing behaviour in planning a strategic initiative influences the planning quality and effect of the initiative. However, stakeholders in an organisation have different professional knowledge and power which they regard as personal to them and can interfere with their willingness to share knowledge. It has, however, been proven that where such knowledge is shared, the quality of a project improves significantly. How this works is explained in Figure 6 below.

Figure 6 Planning and knowledge sharing (source Yeh et al, 2011)



While knowledge sharing is important for all people currently working in an organisation (knowledge sharing), of equal importance is the need to ensure that knowledge is passed on from employees as individuals move on to different roles or leave the organisation (knowledge transfer). This fact is important because the era where information is power is gone and now information should be readily available to all who need it. The more information is accessible to staff in an organisation, the more innovative they become and on the other hand if information is readily made available to customers, the competence of the organisation also improves (Kandadi, 2006). As discussed in 2.4.1 above, knowledge can either be tacit or explicit. Given this fact, the manner in which these two different types of knowledge are shared and transferred differ in that tacit knowledge is the more subjective knowledge held by individuals and is more difficult to transfer while explicit knowledge is contained in documents, systems or as part of the organisational culture (Benton et al, 2006). Wisdom and intuition is a form of tacit knowledge that needs to be regarded if full exploitation of knowledge is to be realised (Emery, 1994). Intellectual Capital, borne by individuals in organisations, is also a key asset to managing in a knowledge organisation (Curado, 2008). The challenge of transfer of tacit knowledge and wisdom and intuition has been tackled in studies by Allee, (1997); Herholdt et al, (2006); Mahesh and Suresh, (2006);

Oguz and Sengun; (2010;) Acar et al, (2010) and Jakubik, (2010). Sharing of knowledge can be done using technology such a salesforce can help store, transfer and share explicit knowledge and it may be converted to good business use using tacit knowledge of each business owner (Hooven, 2013). The use of technology in disseminating information introduces complexity to the job of the staff in the organisation and as the complexity of knowledge required increases, the type of employees required in an organisation also begins to change and calls for more knowledge workers (Davison, Liang, Ou and Zhong, 2010).

The type of knowledge shared and transferred in this particular study is the knowledge for, from and about customers. The staff members dealing with higher level customers particularly those in the private banking and commercial banking segments are usually those highly trained staff with deep knowledge in both banking and CRM. The ensuing discussion will take a closer look at this type of employee.

a) CRM, the knowledge worker and communities of practise

According to Drucker (1993), the knowledge worker is key given that the world is now operating in a knowledge economy where knowledge has now become an economic resource. For the knowledge worker, the substance of work is not driven by the product but by the process. In other words, as the production system becomes more specialised, the demand for informational labour capable of handling and creating new knowledge increases and the space for traditional work that can be replaced by automation reduces (Pyoria, 2005).

While no clear definition of the knowledge worker has been universally accepted, there are some themes that relate to the knowledge worker which are widely accepted and these are include a high level of education and skills as well as the use of information technology as an integral part of the informational labour. However, use of technology on its own is not enough, knowledge has to be deployed intellectually with flexibility, inter-disciplinary cooperation and rapid learning in order to use knowledge creatively (Pyoria, 2005).

Table 4 below describes the notion of traditional and knowledge work and how it can be distinguished by characteristics such as the education levels, the skills one would require to do the job, the nature of the work, the organisation as well as the medium of work. As illustrated in Table 4, the more complex and higher level the education, skills and nature of work are the more it becomes knowledge work. In terms of the nature of the organisation, a self-managing team with symbols and/or people being used as a medium of work, the more likely it is to be knowledge work. As stated earlier on, the nature of work at SBM requires

knowledge workers and the type of employees at SBM have an implication on what they know and how they share it for purposes of improving CRM for profitability.

Table 4 The Ideal types of traditional work and knowledge work (source: :Pyoria, 2005)

The Ideal types of traditional work and knowledge work

	<i>Traditional work</i>	<i>knowledge work</i>
Education	Requires some formal education and on-the-job learning	Requires extensive formal education and continuous on-the-job learning
Skills	Strictly defined skills	Transferable skills
The nature of work	High level of standardization, involves working with physical matter either directly or indirectly through electronic interfaces (e.g control of production processes)	Low level of standardization, involves working with abstract knowledge and symbols (e.g. design and planning of production processes)
Organisation	Ranges from bureaucracy to teams, fixed roles and positions, knowledge as a secondary production factor	Ranges from professional bureaucracies to self-managing teams, job and task circulation, knowledge as a primary production factor.
The medium of work	Physical materials and/or people	Symbols and/or people

Knowledge workers in the same field can benefit from each other if they share knowledge about their specific area of expertise (Davison et al, 2010). Lave and Wenger (1991), Wenger and Snyder (2000), Chu and Khosla (2012) agree that “communities of practice” (CoP) are beneficial to an organisation that is seeking to harness the knowledge of its workforce and for bringing innovation. Snyder et al, (2000) argue that learning takes place within a framework of participation rather than in individual minds.

In addition to this, Chu and Khosla, (2012) argue that IT enabled knowledge hub for knowledge workers enhances the innovation for an organisation even more. In the process of knowledge sharing within a CoP, an individual not only learns about a practice but becomes a practitioner conforming to a common set of implicit and explicit rules, regulations and a shared way of thinking. CoP’s are good for putting together people in the same profession/job with a view to providing a forum for them to share best practice. This is where people are allowed to form networks and interact outside of the formal organisational structure. The fact that CoPs do not follow the formal organisational structure means that they span across geographies, business divisions, professions and organisations. Sales,

customer service and problem solving are some of the areas that have benefitted immensely from CoPs. It is usually better not to formalise CoPs but to leave them as self-governing because formalising them restricts their freedom to share informally and unprompted (Wenger and Snyder, 2000).

Staff, for purposes of this research, are considered to be knowledge workers. The term knowledge workers is defined by Wenger and Snyder (2000), as individuals who produce value for an organisation through their knowledge. These can be IT specialists, executives, management or any individual with specialised skills. In the case of this study, the heads of the business segments, the relationship managers, branch sales and service teams, the supporting teams across customer channels and business process improvement and IT as well as operations teams at SBM are the knowledge workers referred to. The Japanese consider all employees in a production line a knowledge worker because there is a form of tacit knowledge required even for the most routine of jobs (Davison et al, 2010). Having created, shared, transferred knowledge through knowledge workers and communities of practise, it is imperative that the knowledge be stored in such a manner that it can easily be retrieved.

b) Knowledge storage

Storage strategies should be aligned with business needs. At Ernest and Young; an audit firm, codification strategy makes sense as users can easily access information for better access to past audit documents produced and knowledge contained in a system while at Bolton Consulting Group; a consulting firm, personalisation makes sense as the knowledge is specific to individuals and gives better collaboration for the work produced by the different consultants (Smith, 2004). There are a myriad of tools that are available that enable the storage of knowledge and that make it easier for knowledge to be retrieved and shared especially among dispersed organisations. How knowledge is stored is very critical to how it is then retrieved and transferred (Jasimuddin, 2005).

This chapter has so far defined knowledge as well as knowledge management, broken down the different components of knowledge management and how these relate to CRM. The components of knowledge discussed so far are relevant to the study in that the relationship between KM and CRM has been established; the cultural context of knowledge is understood and this study will use a Japanese approach to knowledge with emphasis on tacit knowledge and will use mainly knowledge workers as well as communities of practise to achieve the aim and objectives of the study. KM and CRM are no longer viewed as mutually exclusive but as complementary given that knowledge about and for the customer can be held by an organisation and deployed for profitable use. The exact nature of how this can be

deployed is the subject matter of this study (Gerbert et al, 2002 ; Maroofi and Dehghani (2013). At this point, it is important to go deeper into the different types of knowledge that can be acquired in relation to the customer before exploring how the two subjects can be brought together and deployed in order to increase profitability.

Moreover, KM needs to be understood as a process that incorporates; Knowledge for customers, Knowledge from customers and Knowledge about customers (Alryalat et al, 2008).

2.4.3 Knowledge for, about and from customer

Knowledge can either be gathered for, about or from the customer. These three, while related are different in several ways that will be discussed in more detail below, CRM helps an organisation to understand and consolidate knowledge about the customer through a customer database, while KM supports the management of such knowledge with a key objective to leverage off what is known and keep costs down while bringing about efficiency. Customer knowledge (CK) is knowledge that is in the mind of the customer and different customers have varying knowledge depending on the organisation, product and industry they interact with (Gibbert et al, 2005). Customer Knowledge Management (CKM) is a term used by Garcia-Murillo and Annabi (2002) and involves incorporating customer insights into product development and throughout the entire product life cycle can be extremely invaluable. While the differences and interaction between CRM, KM and CKM will be discussed briefly below, it is important to realise that the focus of this study is on CRM and KM rather than on CKM. However, because they are related, it is important to understand the difference but to also highlight that incorporating CKM aspects into this study will significantly change the scope and focus of the study since it is more internally focused and is looking at the knowledge that resides within the organisation and with the employees rather than that which is held by customers and that can enable customers to input into product development and customer experience.

While it is clear that there are distinct differences between CRM, KM and CKM they all interact with each other and need to be understood in this way. For example, the database that is derived out of CRM would require a KM strategy to ensure that the knowledge is shared and efficiencies are derived from it. CKM if introduced to the process will provide useful input into the actual customer experience which would in turn inform product and process development that would help retain the customer base – a key metric in CRM. With CRM, KM and CKM, one feeds into the other as shown in Table 5 below.

Table 5 Relationship between KM, CRM and CKM (source: Gilbert et al, 2003)

	KM	CRM	CKM
Knowledge sought in	Employee, team, company, network	Customer Database	Customer experience and creativity
Axioms	'if only we know what we knew'	'retention is cheaper than acquisition'	'if we only knew what our customers know'
Objectives	Sharing knowledge about customers among employees	Mining knowledge about the customer	Gaining, sharing and expanding knowledge of (inside) the customer Individual or group experiences in applications, competitor behavior, possible future solutions, etc
Role of customer	Passive, recipient of product	Captive, tied to product by loyalty schemes	Active, knowledge partner.
Recipient of Incentives	Employee	Customer	Customer
Corporate role	Lobbying knowledge hoarding employees	Captivate customers	Emancipate customers
Business objectives	Efficiency and speed gains, avoidance of re-inventing the wheel	Customer base nurturing, maintaining our customers	Collaboration with customers, joint value creation
Conceptual base	Customer retention	Customer satisfaction	Customer success, innovation, organizational learning
Business metrics	Performance against budget; Customer retention rate	Performance in terms of customer satisfaction and loyalty	Performance against competitors in innovation and growth; Contribution to customer success

From the table above, it can be noted that CRM, KM and CKM differ in several ways ranging from:

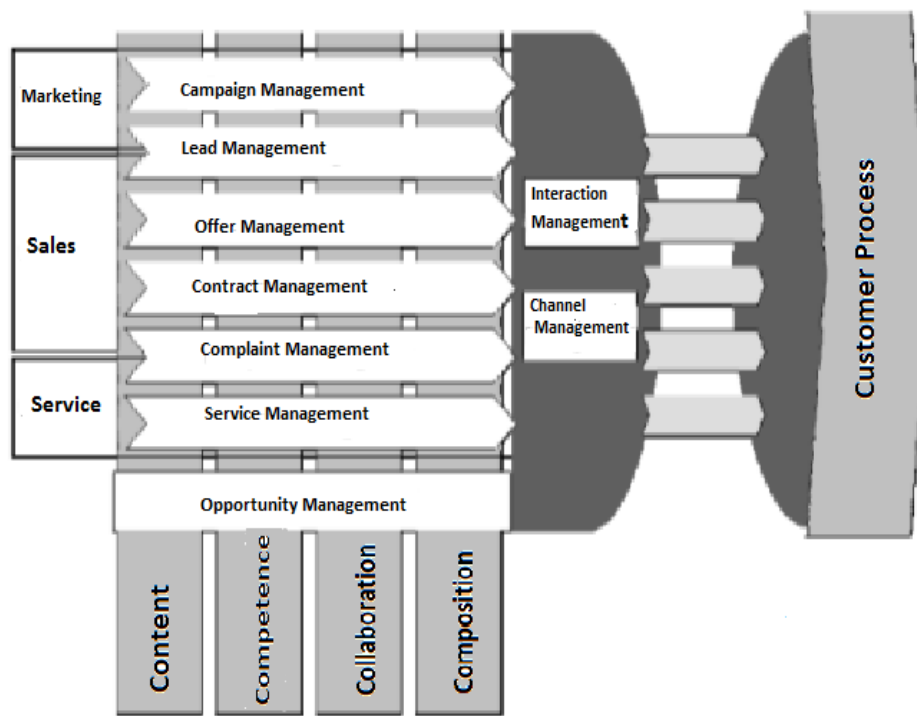
- The type of knowledge sought - KM seeks information for employees, CRM; about customers, CKM about customer experience and product/service innovation
- Axioms – KM seeks insights from past experience, CRM seeks to retain customers while CKM seeks to know what customers say and experience
- Rationale – KM integrates knowledge for efficiency; CRM mines customer knowledge from internal sources; gaining direct knowledge from customers
- Objectives – KM's objective is to avoid re-inventing the wheel and cost cutting; CRM is for maintaining the customer base while CKM is for collaboration with customers

- Metrics – KM is measured against budget; CRM is measured using customer satisfaction while CKM measures performance against competitors and contribution to customer success
- Benefits – KM improves customer satisfaction; CRM customer retention while CKM benefits the organisation by way of organisational learning
- Recipient of incentives – KM benefits employees; CRM benefits customers just as CKM does
- Role of the customer – in KM the customer is passive, in CRM customer is tied to product/service by loyalty schemes while in CKM the customer is active and participates fully in value creation
- Corporate role – in KM the organisation encourages employees to share their knowledge among each other; in CRM, the organisation builds lasting relationships with customers while in CKM the organisations allows customers to be co-creators of value

CKM, KM and CRM have been brought together by researchers such as Zanjani et al (2008), Alryalat et al (2008) and Gebert et al (2002), and their primary concern was to look at a way of using KM to support a systematic Customer Knowledge Management (CKM) process that enhances CRM. Some of the models that are direct outputs of these studies are the Customer Knowledge Management (CKM) model (Zanjani, 2008) and the Customer Knowledge Relationship Management (CKRM) process (Alryalat et al, 2008). These, however, simply demonstrate that CRM, KM and CKM can be brought together into models that seek to improve organisations but do not show how KM can add value to CRM with a view to improving profitability particularly at SBM. It is, important, therefore to focus on the components that are key to this research study. This research is mainly concerned with increasing profitability through CRM and finding ways of overcoming the weaknesses of CRM by deploying some KM concepts. It is mainly driving the customer profitability by harnessing and sharing knowledge (KM) about the customer (CRM). The work by Gerbert et al (2002), found that KM is a service provider for CRM in that information for and about customers that is generated through marketing, sales and service activities such as campaign management, contract management and complaint management can be used for interaction and channel management and thereby adding value to the entire customer process in an integrated manner. In the sense inferred by Gerbert et al (2002), this CKM model as presented in the Figure 7 below could be beneficial for this research in that CRM

information is used to enhance the customer process without necessarily engaging the customer to get the information but acquire such information during the sales, service and marketing processes. In addition to this, the study is relevant in that it was conducted using AR methodology which could be a relevant research method for this study and will be considered in more detail in the methodologies chapter.

Figure 7 Customer knowledge management (CKM) model (source: Gerbert et al, 2002)



The concepts in this particular CKM model will be used in the study and is relevant to the study in that it does not advocate that actual customer interviews be carried out but rather that the information gathered from customers through the sales, service and marketing processes be used. For purposes of this research, such information will be composed of the results from research surveys such as the Customer Evaluation of Banking Services (CEBS) and the feedback gathered through the customer feedback registers as well as the experiences of customer facing staff. However, the model in itself does not enable the full resolution of the problem that this study seeks to resolve and this is the problem of how this effort can result into a more profitable end for SBM and how aspects of IT/IS challenges can be addressed. In addition to this, it still remains untested in terms of its practical application in resolving the problem that exists at SBM.

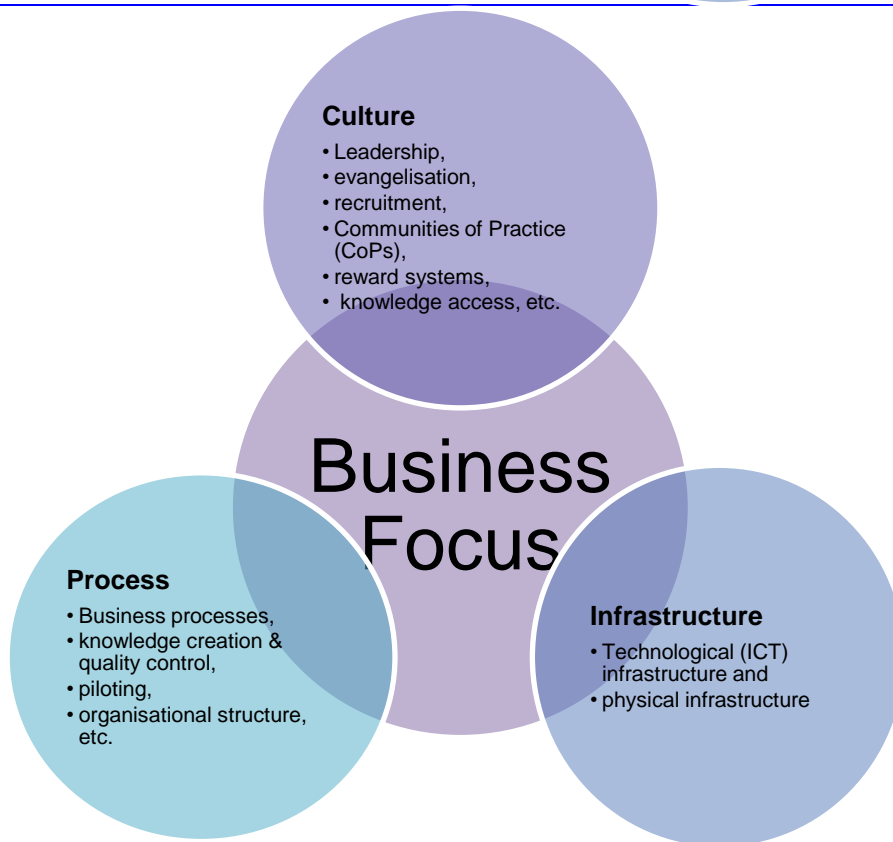
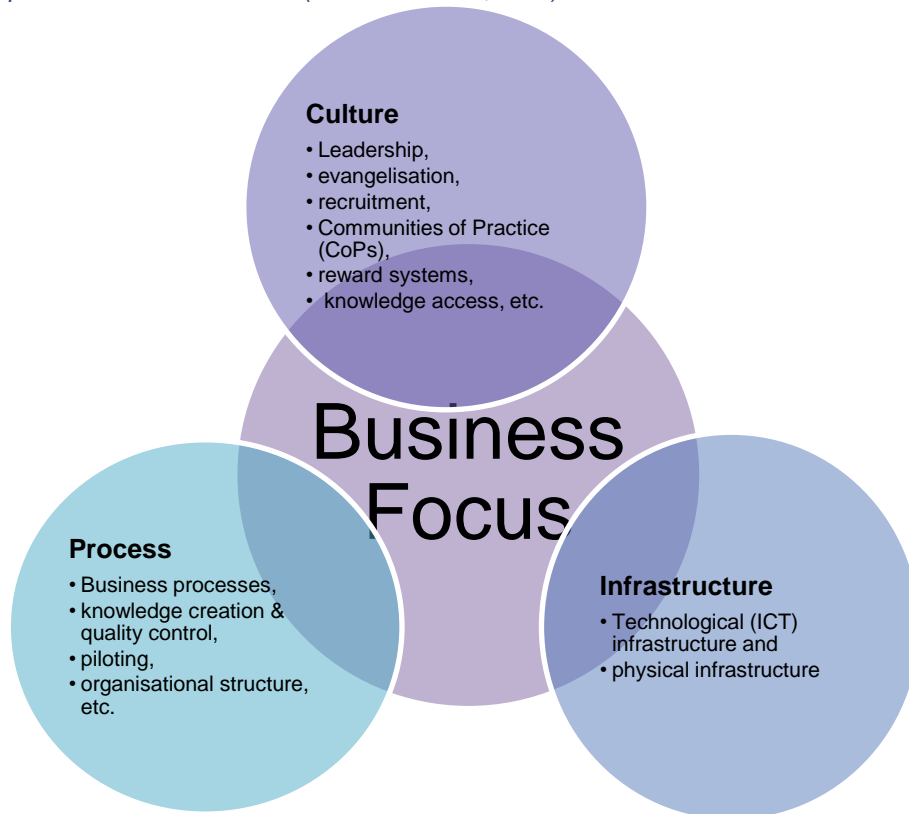
Another model that could be useful to this research is the work by Liew (2008) who developed a model that links CRM, KM and strategic planning with a view to ensuring organisational success by integrating CRM and KM activities at a strategic level. This approach ensures that organisations give strategic importance to CRM and KM activities

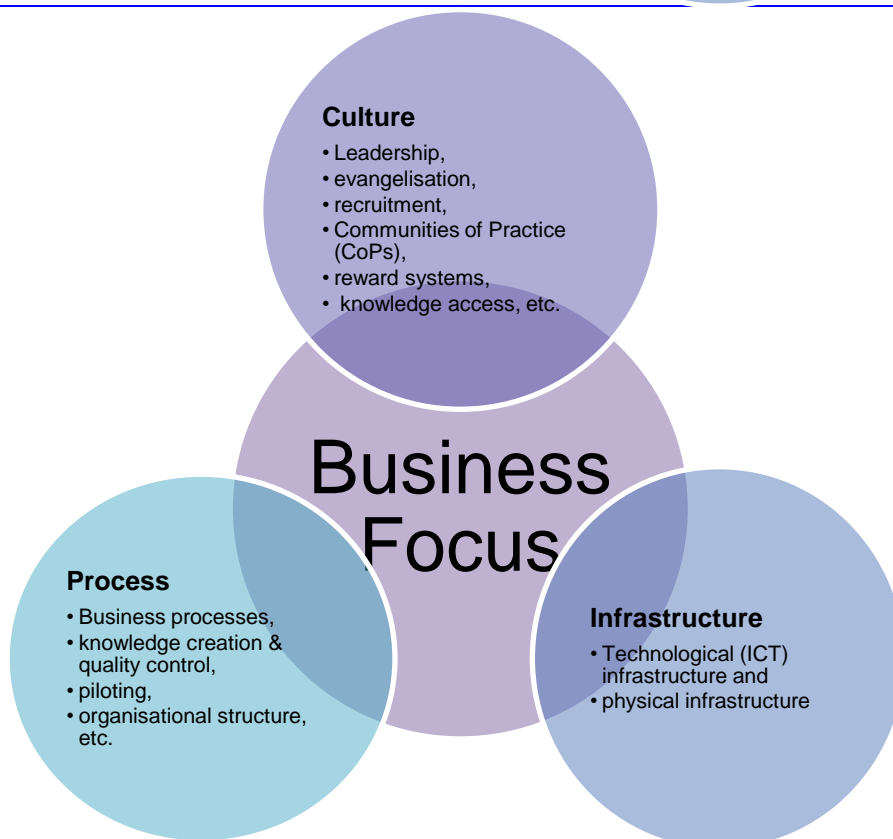
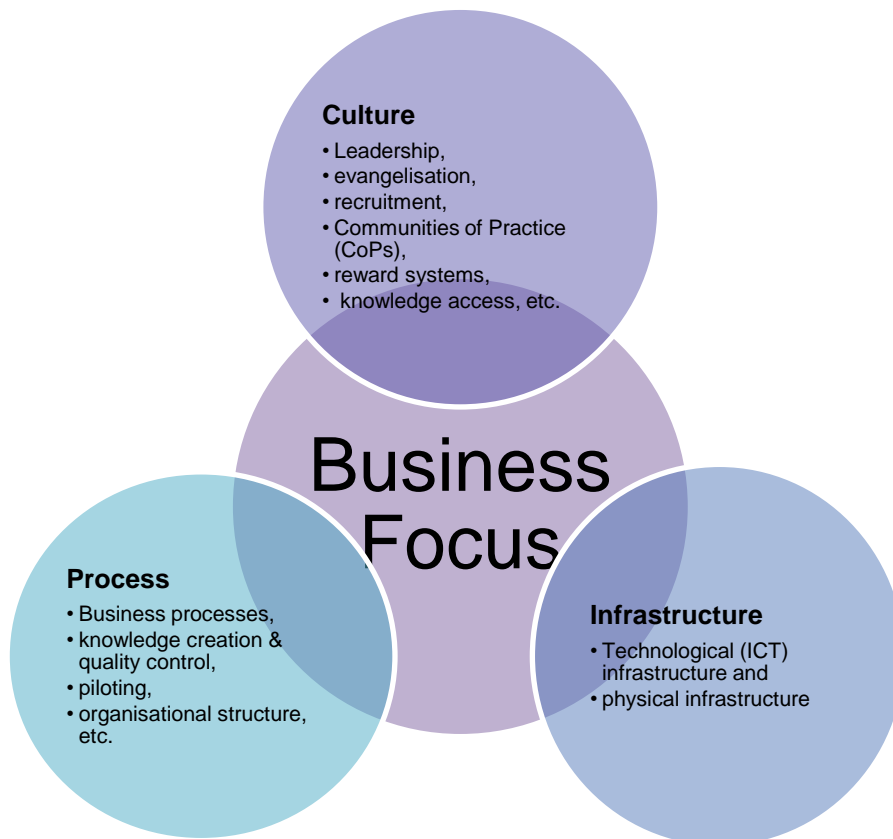
while developing the core competencies that support them. Liew's (2008) views are aligned to the work considered above by Sahaf et al (2011), Appiah-Kubi (2010) and Frei et al, (1998). The model is useful as far it proposes that CRM and KM should be incorporated at corporate planning level and this is a concept that will be used in this study as the model claims that it helps CRM and KM initiatives to be more successful. A weakness of this model however, is that it does not guide the actual CRM and KM strategy and how it can be implemented to improve profitability. More models will therefore be explored.

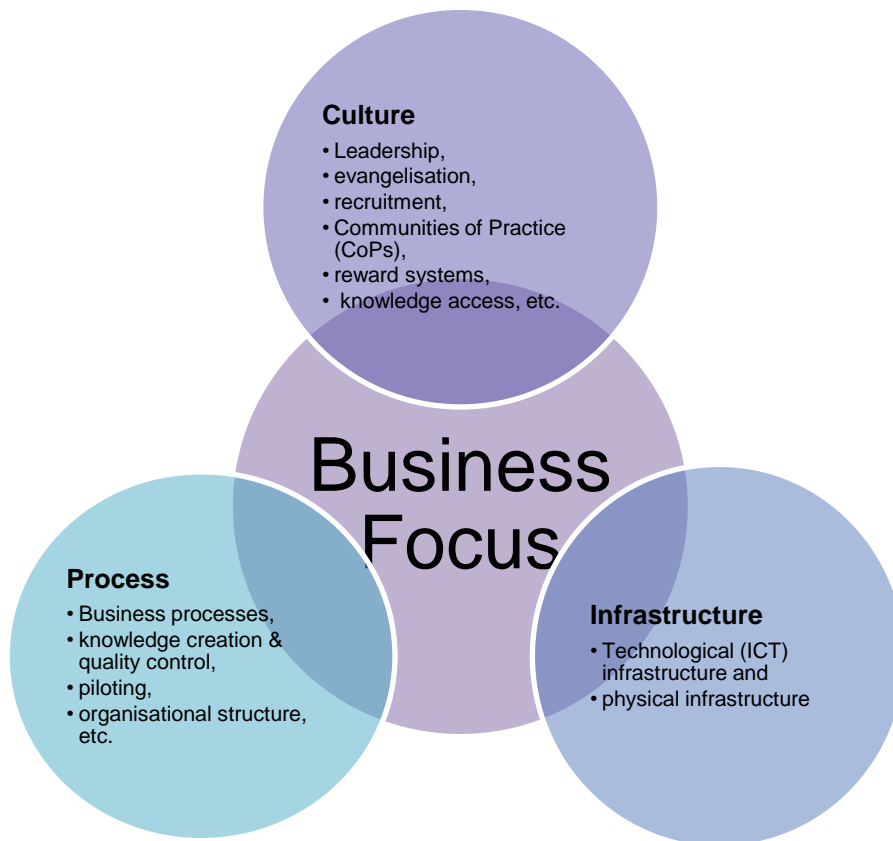
Dehghani et al (2013), set out to develop a structural equation model using data from 306 Iranian hotels looking at the relationships between KM and CRM prosperity. The results of the study show that when the KM abilities, the CRM technology and the customer-centric direction are integrated into and internalised by the whole organisation, the organisation can indeed create an organisational capability in CRM that is difficult to copy and reproduce and hence a source of sustainable competitive advantage. This study gives credence to the study at hand and while it provides a model, this model is more theoretical than practical and is based on historic data rather than real life and current data as can be developed in a research that uses AR as a mode of study. Further to this, the model was developed in the Iranian hotel industry as opposed to the Malawian banking industry, specifically SBM which is the subject of this study. It would be useful to compare the findings in the study just discussed with those found in the practical framework proposed in this study. However, this is an area that needs further exploration.

The final model considered in this study is the KM model, Business process, Culture, Process and Infrastructure (BCPI) developed by Kandadi (2006) and is presented in Figure 8 below. The model also stresses the importance of incorporating KM concepts at a strategic level. The BCPI model aligns well to the thread of components that have emerged in literature relating to RB, CRM and KM; these are people, process and systems. In addition, it was developed using a case study methodology in six distributed organisations across Germany, India and the UK. The model groups the 25 elements that impact on KM and these are divided into four core organisational dimensions: Business focus; culture, process and Infrastructure (BCPI).

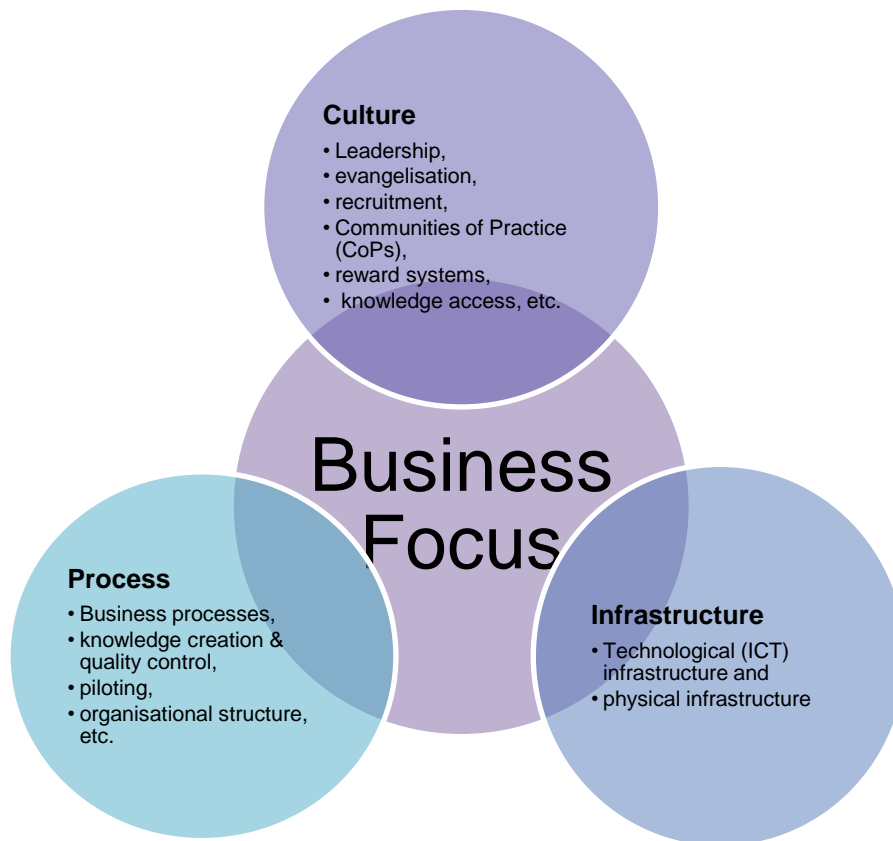
Figure 8 Components of Business Focus (source: Kandadi, 2006)











Distributed organisations face challenges due to cultural, operational and other business challenges. The motivation for the study that developed the model was driven by the fact that we are in a knowledge economy where the knowledge worker now employs knowledge in the same way the capitalist employed capital for business returns during the capitalist economy phase (Dalkir, 2011). Managing knowledge is becoming even more important for organisations and yet because it is such an abstract subject area, bringing all elements of the subject area under a single study can prove to be a challenge. The fact that the BCPI model was able to identify and crystallise various elements of KM that impact a dispersed organisation makes it an ideal model to use in developing the conceptual framework together with other models identified and discussed above. Besides,, the model was designed having studied a dispersed organisation which is similar to SBM branches. The discussion that follows looks at the elements that make up each of the dimensions of the BCPI and how each of these impact on KM.

Business Focus

Porter (1985) claims that for an organisation to have sustainable performance that is above its competitors, it needs to have competitive advantage and without some form of competitive advantage, an organisation will decline and eventually fail. For Porter (1985) and Homkes et al (2015), sustainable competitive advantage is so important to an organisation that it without it, an organisation will eventually fail. For competitive advantage to be

sustained, an organisation needs to develop the ability to duplicate the benefits of its strategy and the strategy needs to remain relevant over time as the industry they operate in change as well as respond appropriately to competitor action. The whole concept of competitive advantage can be proven when customers continue to do business with the organisation even in the face of competition and if it does this while still registering growth in profit then competitive advantage would have been achieved. This, therefore, means that each company must find ways to attract and retain profitable customers. Some organisations believe that the latest developments in technology would provide the firms new sources of competitive advantage. However, this is not the case because in today's technology dominated world, technical advancements have made duplication and substitution of processing technologies, systems, and resources in a very short time period a reality. These advancements enabled competing firms to acquire/duplicate the resources that provide competitive advantage to leading firms, and thus, are making key competitors more and more alike (Sahaf et al, 2011).

Given the above, the extent to which an organisation spends time articulating its business focus and strategy, the more likely it is to achieve competitive advantage. It is in line with this thinking that Kandadi (2006), proposes that all KM initiatives must be aligned to a business need and the objectives must clearly address a business problem otherwise the investment is not worthwhile and is of little benefit to adding value to the organisation. Among the elements contained in the business focus dimension are:

- **Knowledge dispersion** – This element is especially relevant where people in the same organisation are working in different geographic locations. This element is relevant for this study because SBM is scattered across multiple locations albeit, all of them are in the same country.
- **Employee turnover** – when turnover is too high, particularly at levels where most of the knowledge that makes the organisation competitive is concerned, then slowly the organisation loses competitiveness unless there is a way of retaining such knowledge. For reason discussed earlier explicit knowledge is easier to retain than tacit knowledge yet tacit knowledge is more critical to an organisation's competitiveness than explicit knowledge (Nonaka et al, 1995). Explicit knowledge is readily available especially given the internet has information relating to any subject matter in good detail (Sahaf et al, 2011). Within the context of this research employee turnover bank wide is most within the retail banking division and is more pronounced at lower levels that are not critical to strategy execution but are important for service and customer experience. This is more

so considering the time and cost it takes to train such staff and get them to operate at levels of efficiency expected as part of the strategy.

- **Market environment** – KM initiatives take place in the context of the market conditions and both the macro-economic and micro-economic fundamentals are important considerations that need to be made. These factors include globalisation, customer demands, the knowledge economy, the need for business collaboration and the influence of the regulators particularly within the banking sector.
- **Virtual working** - Given that a bank operates from various branches and locations and that it is not always possible to meet face to face, this parameter requires consideration and deep understanding. Virtual working tools such as e-mail, teleconference, instant chat among others are key to ensuring virtual work is flawless.
- **Innovation** – Truly learning organisations are highly innovative and reward staff for creating new ways of adding value to the organisation be it through process efficiency (new ways of working) or new products altogether (Senge, 1990)
- **Value addition** – One of the key criticisms about KM in practice is the difficulty with which value addition can be proven to an organisation. With the BCPI model argues that KM does add value but it is more long term and comes in the form of innovation. However, some short term value can be realised from KM from savings in training costs and innovation that has immediate impact.

2.5.3 Culture

Hofstede (2011) argues that culture is:

“the collective programming of the mind that distinguishes the members of one group or category of people from others”

In the model “Six dimensions of National Culture”, Hofstede (2011) argues that how people resolve the dimensions in this model determines their culture. The six dimensions are:

1. Collectivism versus Individualism
2. High Power distance versus low power distance
3. Femininity versus masculinity
4. Strong uncertainty avoidance versus weak uncertainty avoidance

5. Long term orientation versus short term orientation
6. Indulgence versus resistance

Culture exists at a national as well as organisational level and organisational culture should be a focal point in all KM initiatives (Hofstede et al, 1990; Kandadi, 2006). Organisational knowledge culture is described:

“as a way of organisational life that enables and motivates people to create, share and utilise knowledge for the benefit and enduring success of the organisation.” (Oliver and Kandadi, 2006)

This study is focussing on organisational rather than national culture since KM is internal to an organisation. For successful implementation of CRM while leveraging KM, Sahaf et al, (2011) argue that for the successful implementation of CRM, a firm needs to pay attention on the following:

- Customer-centric culture - A firm that intends to implement CRM must change organisation culture from sales-driven to relationship oriented. In fact, an organisation needs to develop customer-centric culture across the essential areas of business like human resources management and marketing.
- Management of the organisation must not only be committed to the development of CRM strategy but also ready to invest time, effort, and resources for the implementation of the strategy.
- CRM involves a change not only in the way of thinking about how the business is run but also in many business processes that fall within the scope of marketing, sales and customer service. Therefore, CRM calls for organisation-wide change. An organisation must be ready for such a transformation before it thinks to implement. It can, therefore, be argued that CRM and KM strategic changes should be made within an environment that is prepared to make this cultural shift.
- Both KM and CRM cannot prove of significance unless it addresses every customer contact point and every mode of interaction. Therefore, the firms must integrate CRM as widely as possible across their organisations (Sahaf et al, 2011; Kandadi, 2006).
- As there is some level of automation in KM and CRM strategic initiative, practioners in these fields need to have a working knowledge of in these areas in order to adopt to the new ways of working easier. To impart such knowledge to these specialists, firms must organise training programmes, workshops and seminars for them.

- Most organisations do not have adequate infrastructure required for successful implementation of CRM and KM strategy. Therefore, firms must develop such infrastructural facilities within their organisation that are capable of providing support to CRM and KM applications.

The companies must make necessary arrangements within and outside their organisations to ensure a perfect integration between strategy, business processes, and software product(s) towards a common goal which is a key factor in the success of CRM. (Sahaf et al, 2011). The internal climate of the organisation matters in determining how it operates and specifically within the context of KM. How well an organisation adopts KM initiatives depends on aspects such as:

- **Leadership** – there are different styles of leadership and while there is nothing wrong with any of the leadership styles, the way management adopts a leadership style to suit a situation is what is critical. This is known as situational leadership. SBM invests heavily training managers and team leaders in order to ensure that there is a solid leadership capability that can drive strategic initiatives in the organisation. An environment that breeds trust among both the employees and customers is more likely to be successful and leadership is a critical facet in building trust. Leadership should hold values in high regard.
- **Knowledge accessibility** – the era where information is power is gone and now information should be readily available to all who need it. The more information is accessible to staff in an organisation, the more innovative they become and, on the other hand, if information is readily made available to customers, the competence of the organisation also improves (Kandadi, 2006).
- **Recruitment** – recruitment offers an opportunity for an opportunity to hire people with the right attitude and values that enable the organisation to move forward. Assessment tools are employed to test for these traits as they cannot be tested or seen by simply looking at the academic qualifications of an individual. There is need to exercise rigor in recruitment because recruiting people with attitudes that are contrary to what the organisational culture calls for could potentially change the culture of the organisation over time.
- **Employee learning** – Getting same levels of organisational learning across an organisation that is dispersed can be a challenge and the geographical setting of an organisation can influence what the individuals learn in that locality. It is important

that the organisation strives to bring all staff to the same level of knowledge even though this can be a rather complex endeavour.

- **Reward systems** – if an organisation has a credible reward systems that staff can trust, they can be a powerful tool for driving performance, changing behaviour and hence in shaping the organisational culture.
- **Time allocation** - Employees need to have adequate time in their working day to be able to create, learn and share knowledge and this should encourage both formal and informal information sharing.
- **Change management and evangelisation** – A learning culture needs to be cultivated within an organisation and this can take time. Effective change management that is led from management should be adopted and pursued. Changing employee behaviour and attitudes is probably one of the most complex and challenging aspect of KM and it is critical to realise that KM strategies are long term in nature and are deeply nested in the individual's willingness to adopt the new culture. Evangelisation, where employees are constantly taught about the benefits of KM programs are critical to embedding success of the strategies in this area.
- **Communities of practice (CoP)** – CoP's are good for putting together people in the same profession/job with a view to providing a forum for them to share best practice. This is where people are allowed to form networks and interact outside of the formal organisational structure. The fact that CoPs do not follow the formal organisational structure means that they span across geographies, business divisions, professions and organisations. Sales, customer service and problem solving are some of the areas that have benefitted immensely from CoPs. It is usually better not to formalise CoPs but to leave them as self-governing because formalising them restricts their freedom to share informally and unprompted.
- **Events** – one off events in the organisation can have lasting effects and create opportunities for people in an organisation to network and interact. Time, cost and travel restrict such events from happening often especially where employees are working in different locations. Events can also be virtual where there are challenges that restrict travel.

2.5.4 Process

The greatest promise of sustainability comes from business process advantages and not technology. In fact, competitive advantage flows from a holistic view of interdependent well-

functioning sub-systems that are difficult for competitors to emulate. Therefore, competitive advantage stems from the combination of Information Technology, Information System and well-trained and motivated employees capable of effectively utilising systems and technology. However, as the industry gains institutional experience, technology advantage would not be a sustainable one, but the ones based on unique and efficient business processes, and motivated and productive staff would remain sustainable (Sahaf et al, 2011). Under business process, the following elements should be taken into account:

- **KM strategy and alignment** – Processes need to be well aligned to the KM strategy as well as aligned to the expected outcomes. In the absence of a strategic KM initiative that is driven across the entire organisation, it may be difficult to adopt and benefit from this initiative. Customer orientation, employee connectivity, divisional integration, quality improvement, cost reduction and innovation among others are all very key considerations in a KM strategy.
- **Organisational structure** – The structure should also enable the process to happen seamlessly. Authorizing authorities must logically be the administrative managers or supervisors of the initializing individuals in order to ensure processes are smooth and that the objectives being pursued are not in conflict and are priorities for the department. KM jobs must also be well integrated across the organisation so that maximum benefits can be realised.
- **Piloting** – It is important that processes are piloted so that any bottlenecks that exist are eliminated and that the process runs flawlessly. Initiating very large KM projects before piloting has been pointed out as one of the reasons why KM initiatives fail. KM initiatives must be launched in a carefully selected business division and such initiatives need to be well integrated with all other existing projects so that the staff do not feel overwhelmed.
- **Knowledge creation and quality control** – an organisation that innovates better than its competitors is one that constantly creates new knowledge and knowledge creating initiatives are a key factor in this. Good quality knowledge is easy to use and, therefore, can be adopted swiftly within the organisation. The quality of knowledge created needs to be controlled in terms of quality, quantity, artefacts and the process of creation. Making it compulsory to write good quality reports after each training or learning experience is a good way to generate knowledge.
- **Content management** – Given the large volumes of information that is available, content management is critical to support streamlining of knowledge and retention of the

most relevant knowledge from what has been created. This knowledge may be dispersed across different geographies, professions and systems therefore content management must be organisation wide in order to realise some efficiency. Awareness of who has certain content, where it is stored and how it can be retrieved should all be taken into account.

- **Knowledge sharing and reuse** – The processes adopted in an organisation should ensure that it is easy for anyone who is seeking information to find it easily. Testimonials, reports, white papers, stories and sales proposals are among the commonly used artefacts in knowledge sharing. Best practices must be shared in a manner that makes accessing of such information more easily available.
- **Business process** – Sales, marketing and product development are considered as very knowledge intensive properties. Business process optimisation is a major avenue for achieving enterprise KM. However, such projects across business divisions and geographies are complex, expensive and time consuming. Effective management of the process knowledge can provide immediate value that is both tangible and sustainable. Some business processes may be impacted by external stakeholders and these include processes such a cheque book and ATM card delivery and this needs to be factored into the business process.

2.5.5 Infrastructure

Infrastructure is a key variable in this banking/CRM and KM debate because according to the CEO of Currency Cloud, Mike Laven (2013), the time has come for money to go digital. Non-bank-based financial platforms can deliver a better service at lower cost and improve the customer experience. In the same way that music went digital, money is moving in a similar direction and these efficiencies are being passed on to the customer with the benefit of lower cost.

Collin (2013) calls for banks to exercise caution when looking to invest in new technology as some technology may simply be a fad. Infrastructure on the other hand, takes time to put in place and can last decades. It is, therefore, important that infrastructure and investment in technology is aligned to the vision of the institution.

- **Technological infrastructure** – This facilitates KM through storage, content management, sharing and tracking as well as monitoring. Employee collaboration can be greatly improved by the intranet, portals and other platforms that also come with the added benefit of reducing communication costs.

As far as CRM is concerned, it is a customer-centric philosophy, therefore, an organisation needs to first of all develop customer strategies, review its business processes, and identify its information requirements before designing a system and acquiring the relevant software. However, it is critical that the focus of CRM should be on CRM systems and procedures rather than on technology and software. In fact, research has shown that, the most productive CRM systems are usually 'Low Tech', relying upon a combination of manual procedures, telephone, fax machines, and rudimentary information technology networks. The CRM systems should not only be easy to use, intuitively designed, and quick to adapt to changes, but should also provide requested information about the customers almost instantaneously. Therefore, an effective CRM System development and implementation, should always start from its customers' perspective (Sahaf et al, 2011).

- **Physical infrastructure** – The design of the physical work environment, availability of meeting rooms and common staff meeting areas where people can interact formally as well as informally all play a critical role in promoting KM. Internet accessibility within the physical work area can also be enhanced through availability of Wi-Fi across the entire work environment. Other elements such as maintaining an open door policy in the organisation can also make a difference in terms of enhancing knowledge sharing.

2.5 **The relevance of strategy, people/culture, process and systems in RB, CRM and KM**

CRM involves a change not only in the way of thinking about how the business is run but also in many business processes. An organisation must be ready for such a transformation before it thinks to implement. It can therefore be argued that CRM and KM strategic changes should be made within an environment that is prepared to make this cultural shift (Sahaf et al, 2011).

People

Should the KM components be incorporated in this study to enhance the outcome of a CRM project, the people aspect of the study becomes critical because knowledge resides in people. Considering the case of Canadian Imperial Bank of Commerce (CBIC), since considering employees as a critical component in delivering CRM, the bank learnt that a 5% increase in employee commitment resulted in a 2% gain in customer loyalty which in turn drove profits up by 2% (Appiah-Kubi, 2010).

In the study by Frei et al, (1998) with the National Bank in the USA, the complexity of implementing a CRM project was enhanced by time and space where each unit was keen to

implement the initiative in their own understanding and in accordance with the local market. Fortunately, the different teams were quickly pulled together to enable a cohesive implementation under one team. The level of change management and coordinated implementation should not be underestimated in determining the success of a CRM initiative. In some instances, projects fail because of lack of anticipation of the need for re-skilling and retrenching staff. This may not only sabotage the project but also drives the cost up (Buttle et al, 2002). As the IT investment increases; so does the need for knowledge workers and IT experts. This in turn is likely to increase the need for outsourcing which brings with it the related complexities of supply chain management (Frei et al, 1998).

A critical part of the people considerations in CRM projects is the ability of managerial leadership to drive cultural change (Appiah-Kubi, 2010). The assumption in the literature reviewed acknowledges the need for change management and that people will need to be managed through the change, yet if KM elements are introduced, they can become part of the change. A learning culture needs to be cultivated within an organisation and this can take time. Effective change management that is led from top leadership should be adopted and pursued. Changing employee behaviour and attitudes is probably one of the most complex and challenging aspects of KM and it is critical to realise that KM strategies are long term in nature and are deeply nested in the individual's willingness to adopt the new culture.

Strategy

Where CRM is being adopted at a strategic level, CRM is at the core of the business strategy and the entire organisation puts the customer at the centre of all activities (Liew, 2008; Appelle et al, 2013; Hooven, 2013) However, this strategy could potentially compete with other core business strategies. Such a strategy can be deployed successfully as in the case of Royal Bank of Canada (RBC) which started a CRM drive in 1995 and no longer take CRM as a program but a core strategy with heavy investments into it. The bank has been rewarded for focus on CRM with revenue growth of 10-15% per annum and profit growth of 25%. 22% of commercial customers in the market RBC operates in change banks every year, yet they have grown their marketshare while others shrunk (Buttle, 2006).

Given the foregoing, one of the key areas that should be considered in the study should be how embedded in the strategy the CRM and KM concepts are within SBM. While the literature emphasises the importance of strategy and embedding CRM and KM concepts at this level, it does not show how this can be done. This is even more so given that there is limited ability for a bank like SBM to invest heavily in the IT/IS systems that enable CRM. This study therefore should answer this gap in the literature.

Technology

As stated earlier, while the importance of CRM has been established in the foregoing discussion, organisations that have invested heavily in CRM technology have not reaped the expected benefits because of challenges relating to project management failure and underutilisation of the new systems (Dickie, 2006, Davey, 2013). An additional reason could be the fact that organisations tend to view the concept as more of a system driven than strategically driven initiative (Frie et al, 1998; Buttler, 2002). For example, banks have invested heavily in core banking systems that have CRM capabilities but have expected the technology to manage the customer relationships without realising that there is need for this to work within the context of a specific strategy and that some processes need to complement this (Fitts, 2014)

Adoption of technology by banks is determined by the level of adoption of an IT culture within the country. Ali (2011) compared the level of adoption of an IT culture in UK and in Pakistan and compared the same with the level of technology in the banks and found that in UK, where there is a stronger IT culture, banks had more robust IT driven products than in Pakistan where the IT culture is less entrenched.

Technology plays a critical role in determining the performance of banks and the expenditure on this line is significant with most bank in the United States spending around 20% of non-interest expense on IT and this number is growing yet it is difficult to see the payoff of this growing expense. The challenge for most banks is the fact that the banking systems were built to process information by product and transaction rather than by customer hence making it challenging to have a single view of the customer. Banks need to invest in core banking systems that enable revenue enhancing innovation as opposed to cost-saving technology (Frie et al, 1998; Jooste, 2016)

Jopling (2001), argues that technology should be deployed to enable CRM and not to cause CRM. People still want to interact with people to even over the telephone as opposed to machine manned helpdesks when they have a problem. Appiah-Kubi (2010) supports this view stating that CRM becomes a failure when it is conceptualised as a technological tool and software solution only. The challenge is, therefore, to find the appropriate balance between technological investment and knowledgeable staff.

Process

A successful CRM strategy calls for a perfect alignment between strategy, processes, technology and people (Sahaf et al, 2011). In banking, which is a service industry, the customer experience and innovation lies in the process (Frei et al, 1998; Buttle et al, 2002; Sahaf et al, 2011). The gap that has been identified in the literature in as far as process is

concerned has to do with the regulatory processes and their impact on the customer experience. To what extent do surveys such as the UK's Retail Distribution Review (RDR) guide regulation and would policing achieve intended goals as opposed to embedding service into the processes and culture? The outcomes of RDR, according to the Fay (2013), show that there should be clarity in advice given to consumers, transparency of fees and charges, and raising of standard of qualification held by the advisors. This survey has been lauded for its success as a policy that actually guides behaviour standards. However, even then regulators are still only interested in matters relating to pricing and quality of advice but do not necessarily cover the actual quality of service of the customer. While this study is not necessarily focussing on the regulator alone, it was important that the activities of the regulator be understood in as far as the regulator impacts on CRM and KM. In Malawi, the Reserve Bank has introduced the Consumer Protection bill which makes it compulsory for banks to disclose their pricing before any adjustments are made and to report all customer queries dealt with by the bank to the regulator.

The greatest promise of sustainability comes from business process advantages and not technology. In fact, competitive advantage flows from a holistic view of interdependent well-functioning sub-systems that are difficult for competitors to emulate. Therefore, competitive advantage stems from the combination of Information Technology, Information System and well-trained and motivated employees capable of effectively utilising systems and technology. However, as the industry gains institutional experience, technology advantage would not be a sustainable one, but the ones based on unique and efficient business processes, and motivated and productive staff would remain sustainable (Sahaf et al, 2011).

Similarly, the sales processes need to continuously reflect the market conditions; if customers are no longer coming to branches, then more innovative channels like the tablet computer sales people need to be employed in order to reach customers where they are (Skinner, 2014; Shapshak, 2016).

Processes need to be well aligned to the KM strategy as well as aligned to the expected outcomes. In the absence of a strategic KM initiative that is driven across the entire organisation, it may be difficult to adopt and benefit from this initiative. Customer orientation, employee connectivity, divisional integration, quality improvement, cost reduction and innovation among others are all very key considerations in a KM strategy (Homkes, 2015). The structure should also enable the process to happen seamlessly. Authorising authorities must logically be the administrative managers or supervisors of the initialising individuals in order to ensure processes are smooth and that the objectives being pursued are not in

conflict and are priorities for the department. KM jobs must also be well integrated across the organisation so that maximum benefits can be realised (Habbard, 2016).

It is important that processes are piloted so that any bottlenecks that exist are eliminated and that the process runs flawlessly. Initiating very large KM projects before piloting has been pointed out as one of the reason why KM initiatives fail. KM initiatives must be launched in a carefully selected business division and such initiatives need to be well integrated with all other existing projects so that the staff do not feel overwhelmed (Sahaf et al, 2011, Storey and Barnett, 2000).

A successful CRM strategy, therefore, requires a combination of processes that take into account the regulatory intervention, strategic focus, managerial commitment, cultural change and a combination of resource and technology to achieve the needed result (Appiah-Kubi et al, 2010). While literature guides what can be done to have a comprehensive CRM strategy, it still does not show how. Therefore all these concepts will be taken into account in the study and actually seek to test the same in practise.

In terms of process improvement, there are various tools that can be used to improve business processes because processes evolve over time and become more complex and less efficient (Webber and Wallace, 2012). A rapid improvement event (RIE) is part of the lean toolkit and can better be described as a quick win methodology of transforming business process whereby:

- Small isolated areas within the business are selected as the scope for improvement,
- Root cause analysis performed with key branch staff on the processes to understand critical issues negatively impacting performance and customer experience,
- Solutions are generated to rapidly impact root causes identified
- A task teams from the business is formed to own solutions and pilot within a selected site
- Measurement of pilot performance is achieved
- Agreed solutions are implemented in all impacted areas for maximum benefit realisation (Wallace et al, 2012; Dunbar-Reid and McCormack, 2010)

Infrastructure

Infrastructure is a key variable in this banking, CRM and KM debate because according to the CEO of Currency Cloud, Mike Laven, the time has come for money to go digital. Non-

bank-based financial platforms can deliver a better service at lower cost and improve the customer experience. In the same way that music went digital, money is moving in a similar direction and these efficiencies are being passed on to the customer with the benefit of lower cost (Laven, 2013; Skinner, 2014).

Collin (2013) calls for banks to exercise caution when looking to invest in new technology as some technology may simply be a fad. Infrastructure on the other hand, takes time to put in place and can last decades. It is, therefore, important that infrastructure and investment in technology is aligned to the vision of the institution. In this study, initiatives that will include technology will only be those that can be delivered within the duration of the study and will be those that are aligned to delivery of improved profitability using KM to enhance CRM.

Technological infrastructure

To impart such knowledge to specialists, firms must organise training programmes, workshops and seminars for them (Sahaf et al, 2011; Ramarajan, 2016). The insights provided by Sahaf et al (2011) and Ramarajan (2016) will be used in the study in as far as focusing on CRM systems that are low on technology and rely on manual procedures. However, the study by Sahaf et al (2011) does not state how KM can be used to improve CRM for improvement in profit neither does it show how this can be done practically.

Having explored all these models and concepts, the research questions posed in this study still remain unresolved. This therefore means that the study still has to resolve the research questions posed while taking into account all other studies available. Before going into this further, the following section will explore whether it is indeed worthwhile to integrate CRM with KM.

2.6 Advantages of integrating CRM and KM concepts and practices

Integrating CRM and KM concepts and practices can result in long term benefits for the organisation according to Hooven (2013). Among these are:

- a) Greater customer insight and knowledge – allows for deeper knowledge of the customer through analysis of buying interactions and flagging problems that arise from queries
- b) Improved response time – due to knowledge already gained about the customer
- c) Increase in customer satisfaction – driven by proactive action taken on knowledge gained to resolve customer issues
- d) Up-selling and cross-selling opportunities –opportunities are harnessed and managed in such a way as to assist the salesperson to improve ability to identify cross-sell and up-sell opportunities

- e) Reduced time to market – this is because the management of knowledge decreases the time taken to learn as learning happens in the process of serving customers
- f) Fewer escalated queries – queries are resolved by the primary customer facing staff since knowledge required to resolve the customer queries is readily available.

To ensure that integration takes place smoothly, Hooven (2013) proposes some steps that must be considered among them are:

- a) Formalising the ad-hoc approach to KM in order to ensure that KM is streamlined into the business as usual processes and procedures.
- b) Taking a sophisticated approach towards integration. This advocates for investment in IT systems to enable this to happen.
- c) Fine tuning reporting capabilities in order to have readily available and analysed customer information that enables quick and relevant decision making.
- d) Factoring in social media since this is a critical catalyst of KM both internally as well as externally. KM needs to be managed across the board.

The biggest drawback to the proposals given by Hooven (2013) is that they are very technology intensive and for an organisation like SBM with limited resource to invest in complex IT systems to support this proposal, an alternative solution should be explored.

2.7 Gaps identified in current CRM and KM models

Getting back to the studies that have integrated KM and CRM, it is still unclear exactly how this can be done in practical terms within a bank like SBM and there is still an underlying reliance on IT systems as a key and primary enabler (Hooven, 2013; Kandadi, 2006). In addition to this, all the studies that have been reviewed so far have given different elements of KM and CRM and how these can be blended but none of the studies have combined them in such a way that captures the essence of this study. In fact combining the different elements identified in the various studies could prove both comprehensive and beneficial. There is also still limited literature in banking that integrates CRM and KM and that further goes to use of action research to test a theoretical framework developed from literature. This is the gap that this study sought to fill.

Given the weaknesses of existing models that bring CRM (knowledge about the customer) and KM (knowledge for the customer), the BCPI model by Kandadi (2006) will be used to assess the state of KM within Standard Bank in collaboration with knowledge about customers that is currently known by the staff. This model was developed to address the

challenges of managing knowledge particularly in distributed organisations due to cultural, operational and other business challenges. A retail bank can be argued to be a distributed organisation given that it has branches that are spread across different geographies. SBM, for example, has 26 branches as well as Head Office and a regional office where staff operate from.

2.8 Conceptual framework – The MKC Relationship Management model

It has been established that CRM helps an organisation to understand and manage customer relationships better while KM supports the management of such knowledge with a key objective to leverage off what is known and keep costs down while bringing about efficiency and increasing profits (Hooven 2013; Dehghani et al 2013). Gerbert et al (2003) argue that CRM is a service provider of KM while Liew (2008) advocates that CRM and KM should be a critical part of planning at a strategic level. Sahaf et al (2011) supplement the arguments on CRM and KM by stating that some of the best CRM systems are those that are not heavily dependent on technology but have a mixture of both manual and IT systems. Dehghani et al (2013), on the one hand, assert that indeed KM and CRM can be integrated to increase profitability, while the BCPI model on the other hand, outlines a framework that can be used to understand the various pillars of KM with a view to covering as many aspects of this abstract subject as possible. All these concepts are brought together to come up with the MKC Relationship Management model, a conceptual framework developed as part of this study and that will be tested to validate its usefulness.

SBM has a challenge because profitability is under threat and there is need to harness the very source of profitability – the customer through a powerful resource in this knowledge economy – KM. An opportunity therefore presents itself to find a way of improving profitability through customers using KM and doing so within the context of the analytical tool of BCPI. In building the model, the systems theory has been considered to be the most appropriate one for the study where CRM is taken as an input, KM is taken as the process and is viewed within the context of BCPI and profitability which is seen as the key objective is seen as the output. The logic of this has been borrowed from Gerbert et al (2002) where he considers CRM as a service provider (input) of KM (process). While in the case of Gerbert et al (2002), KM might have been seen as the output, in this study it is seen merely as a process because the aim of the study is to have KM improve CRM for an improved profitable end. The BCPI model as developed by Kandadi (2006) is used as the process part of the framework where the input from CRM is processed through the four pillars of BCPI. The planning and implementation of this framework is done at a strategic level in SBM in line

with the arguments posed by Liew (2008). The arguments by Sahaf et al (2011) are incorporated in the study in as far as using minimum technology complemented by manual processes to reach an improved profitability through CRM and KM. Dehghani et al's (2013) work is used to buttress to the fact that KM and CRM integration has been proven to result in profitability. The next sections will provide detail around how these concepts come together into a new model.

CRM as an input

CRM in the context of the model is the existing information that the relationship managers and other customer facing staff as well as the organisation have with relation to the customers. This information includes customer feedback, meeting minutes, past trends of sales as well as past ratings that customers have given to the organisation with regards to customer experience among other measures of how long it takes to provide various services to customers. All these insights gathered about the customer are fed into the next stage of the system which is KM (the process).

Getting customer feedback and planning for customer needs in advance can prove profitable because based on the current literature, getting customer service right is important for customer value. A Harvard Business School (2002), notes that an increase of 5% retention results in 35% increase in profitability. The existing CRM data within SBM can be put to good use in developing the baseline for this model and in understanding where we are currently as far as customer growth, retention and profitability or lack thereof are concerned.

SBM also has regular customer discussion forums and conducts meetings with customers that fall under the relationship management based portfolios. In addition to this, the bank has many years of data that come from the annual Customer Evaluation of Banking Services Surveys (CEBS). An analysis of the main issues that customers have raised during customer meetings, forums as well as CEBS reports show that while ATM and branch footprints as well as other factors raised above are important to the customers when choosing a bank, their expectations of SBM are that the bank should be able to improve in terms of its service particularly in relation to:

- Card turnaround times
- Cheque book turnaround times
- Resolution of customer queries
- Quicker responses to loan applications and facilities

- Knowing the customer deeply and having a clear understanding of their needs and businesses then offering services that suit these needs

This study will focus on the five components of the customer relationship above, and monitor to see if there would be a corresponding growth in the number of products per customer (cross-sell or share of wallet); the customer satisfaction ratio as shown in the CEBS and mystery shopper surveys and the profitability as measured through the financial performance.

The use of KM as a Process

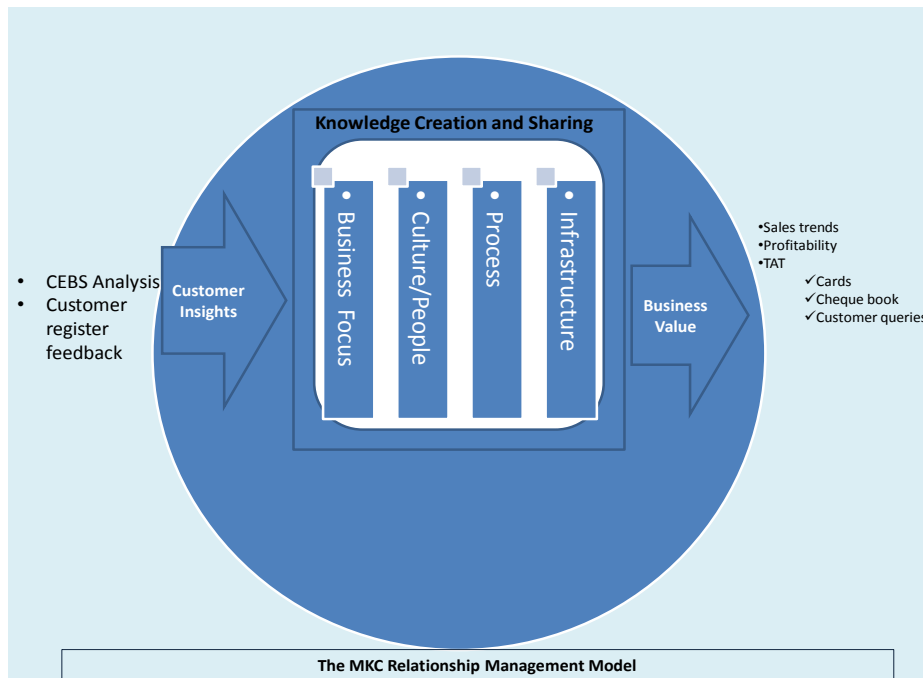
Under KM, the information gathered about the customer is internalised through the business strategy of developing account plans for each customer which is fed into the IT infrastructure developed for this purpose known as Salesforce.com. In order to instil the discipline of updating information on Salesforce.com, processes will be put in place that will ensure that performance evaluation is based on the information pulled out of Salesforce.com and that processes are developed to make this seamless. The system will be enhanced by ensuring that it is accepted, understood and adopted by the sales team. Recognition programs, training, monitoring and feedback will form part of the process of embedding the culture.

In as far as knowledge sharing is concerned, artefacts that support knowledge sharing would require tools such as sharepoint, whatsapp and other groups etc to facilitate ease of access and enable knowledge sharing. This tool will appeal to most of the sales staff as they are in the 21-36 age bracket that enjoy spending time on the social media and can relate to virtual chats (Skinner, 2014). Brainstorming sessions, community of practice will also be encouraged especially when solutions are required and where issues requiring further innovation are picked up in the process (Coyne and Coyne, 2011).

Profitability, cross sell/Share of wallet as outputs

The result of all the aspects mentioned above (output), will be measured by profitability per full time employee, cross sell ratio/share of wallet as well as profitability by customer. Other measures of value as presented in the model include turnaround times (TAT) for cards, cheque books and customer queries and segment profitability.

Figure 9 Knowledge Management of Customer Relationships for Profit (MKC Relationship Management) Model (source: Author)



The conceptual framework

The discussion so far in this chapter can be summarised by the MKC Relationship Management model as presented in Figure 9 above. The model show customer insights as derived from customer feedback and CEBS analysis are inputted into a KM process that is composed of the components of the BCPI. The results of this process is then measured as an output (profitability) which is made up of profitability of PBB, turnaround times on cards, cheque books and customer query resolution as well as sales trends.

2.9 Summary

In this chapter, literature on RB, CRM and KM was reviewed and various models that discuss CRM and KM were considered with a view to understanding how far they answer the research question. Given that none of the models answered the research question, the researcher combined various concepts from literature into the MKC Relationship Management model and in subsequent chapters the model will be tested to for practical application.

Chapter 3 Research Methodology

3.1 Introduction

In the previous chapter, it was established that there is a gap in knowledge in as far as how a retail bank can go about increasing profitability through management of customer relationships as well as knowledge management, particularly within the context of a bank in Malawi and Africa. Much as there is a conceptual framework that has been developed based on existing models and concepts, the framework still remains untested and, therefore, remains a mere theory. This therefore calls for a methodical and rigorous research to be carried out in search of a solution to the problem and to test the conceptual framework.

This chapter provides a detailed justification for the research methods used in this study. The chapter begins by defining the problem at hand with a view to understanding the philosophical underpinnings that will guide the study followed by the research design, methods and analysis as well as the validation techniques that will be used in this study.

3.2 Research Problem Statement

a) Research Problem Statement

It has been established through the literature review in the previous chapter that there was still a need to resolve how KM can be used to improve profitability at SBM. Despite there being literature around this subject matter, there were still some gaps in literature that need to be filled. The issues that are yet to be resolved in order to fulfil the aim of this study were that there is a:

- need for an operational and analytical CRM approach at SBM which takes into account knowledge for and about customers
- need to find out how knowledge management can be improved at SBM with a view to improving customer value and hence profitability
- need to find out how limited investment and capital available to invest in CRM/KM systems impacts on CRM
- need to test how the MKC Relationship Management at SBM and assess its effectiveness in improving profitability

The main research question was:

“How could a retail bank in Malawi improve its focus on the customer and achieve greater profitability by using knowledge for and about customers to enhance CRM using the MKC Relationship Management conceptual framework and with limited IT/IS investment?”

b) Substantiating Questions

Drawing from the stated main research question, the specific research questions were:

- Could a conceptual framework such as the MKC Relationship Management, which is a combination of several existing models in the field of KM and CRM be applied at SBM?
- If the MKC Relationship Management model were applied at SBM, would it result in an improvement in customer focus and profitability through focus on operational and some analytical CRM?
- Could this improvement take place with limited investment in IT systems

c) Intended Outcome

The research study at hand intended to test a framework developed through literature review that will enable the improvement of customer service and CRM using limited technology as an enabler of process improvement to deliver against the business strategy and objective to improve profitability. The framework attempted to deploy KM in the form of knowledge sharing of knowledge for and about the customer to enhance the information that is known about the customer. The MKC Relationship Management framework which was developed based on literature was tested against existing data available and applied in consultation with the business segment heads, the sales and service staff in the branches, private bankers as well as relationship managers who manage the commercial banking customers within retail banking at SBM. In addition to this, the business process improvement team from the PBB Africa office as well as the channel team from the PBB Africa office also supported the implementation and testing of the framework. Given the challenges of execution associated with CRM projects, the dependency of CRM and KM initiatives on the business strategy, technology and culture; the framework was tested in practice to validate the business results that it may yield (Edelman, 2016). In addition to this, the fact that this is a business research means that the principles of good research apply which state that the philosophies and approaches used were arrived at in a systematic and scientific manner. It was also important to ensure that the procedures, methods and techniques used in the entire process was tested for validity and reliability as recommended by many researchers in

order to ensure that the research design was unbiased and objective (Saunders, et al, 2007; Easterby-Smith et al, 2008). The following sections will discuss the design of this research as well as consider the various alternatives available that can be used to answer the questions at hand.

3.3 Research Design

A research design has to do with the research strategies (methodology), research choices (data collection and analysis methods) and time horizons or timeframe. This in a nutshell is how the researcher goes about answering the research questions. The sources of data must be specified, taking into account all possible constraints including those constraints that are ethical in nature (Saunders, 2009). The ensuing discussion will cover each of the factors relating to research philosophy, approach and design as they are in general and also the specific choices that are justified to be most appropriate for this study.

3.3.1 Research philosophies – Ontology and Epistemology

Ontology has to do with the nature of reality and this may be objective and external to the researcher or socially constructed and as such can best be understood by examining the perceptions of human actors (Collis et al, 2003; Merriem, 2009). Epistemology has to do with the nature of knowledge and is very closely coupled with ontology in that similar factors are considered in determining the nature of reality and knowledge. However, while ontology has to do with the nature of reality, epistemology has to do with the most appropriate ways of enquiring into this reality. In other words, it has to do with the actual nature of knowledge or what could be considered as knowledge by the researcher, its sources and limits (Easterby-Smith et al, 2008). Prasad's (2005) discussion on this distinguishes between interpretive, critical, and post traditions while Carr and Kemmis (1995) make distinctions between three forms of research; positivist, interpretive and critical. For purposes of this research, Carr and Kemmis (1995) approach to the different forms of research will be adopted.

a) Positivist

A positivist researcher considers reality as being independent of the researcher and outside of consciousness and perception. The researcher would usually adopt experimental and quantitative methods to gain a world view. This approach is usually used in natural sciences since the perspective to knowledge simply tests existing theory rather than developing new theory (Klein and Myers, 2001; Denzin and Lincoln 2000). The underlying assumption in this view, that reality exists out there and is stable, therefore, can be measured, i.e. quantified and observed makes it more suitable for natural science type of research that seeks specific scientific outcomes.

From the chosen ontology, an epistemology follows and from there the method of the research enquiry can be determined. For example, if Positivist ontology is taken it follows that an objective epistemology will be adopted and data will be collected from objects separate from the researcher (Saunders et al, 2007). Generally speaking a researcher who adopts a positivist ontology would adopt a realist approach to the nature of knowledge and use mainly quantitative methods of collecting data. The data that is produced by a positivist researcher is likely to be in the form of tables and graphs unlike the narrative form that is produced by the interpretive as well as the critical researcher.

The research problem at hand sought to test a conceptual framework using abstract concepts such as knowledge sharing of knowledge for and about the customer. The type of data collected was qualitative in nature since the solutions that the study was seeking were how to use KM to improve CRM rather than how many are applying the solution. The responses that were sought in this study would therefore be best scrutinised using an alternative approach rather than a positivist approach. The following sections therefore seeks to explore alternative philosophical perspectives.

b) Interpretivism

The interpretive approach considers reality as relative to the observer or socially constructed and is widely used for qualitative research (Merriam, 2009). According to Creswell (2007), constructivism is a term used interchangeably with interpretivism. This perspective uses qualitative methods to gain knowledge through an interpretivist paradigm. Critical theory and interpretivism are similar in that they both assert that objective observation is not possible. However, the former allows the researcher to resolve a problem whereas the latter merely critiques (Klien et al, 2001; Denzin et al, 2000).

The researcher who opts for the interpretivist and critical perspective is likely to adopt a subjectivism epistemology (Saunders et al, 2007; Pellisier, 2007). This is more concerned with social constructs such as feelings and attitudes. Social actors under “social constructionism” could be customers or staff as is the case in this research study and they could decode a situation in different ways.

The problem at hand is to resolve how to achieve greater value and profitability using predominantly “soft KM” or tacit knowledge to enhance CRM in retail banking at SBM. The study is analytical in that examined existing literature in KM and CRM in the course of critiquing the current knowledge on its ability to help SBM achieve improved value and profitability. If the study was merely going to focus on critiquing current literature alone then this method would have been appropriate. However, apart from critiquing the current situation, this study is change and action oriented in that it endeavoured to find a solution to

the problem of increasing value and profitability using the MKC Relationship Management model. The interpretive approach was therefore not suitable for this research.

c) Critical theory

The critical perspective is subjective in nature and researchers who adopt this perspective believe that reality is shaped by external factors such as social, political, cultural, economic and gender values and that these become crystallised over time. Critical research goes beyond uncovering the interpretations of people's understanding of their world (Merriam, 2009). Critical theorists use dialectic or dialogic methodologies to gain knowledge. Since the intention of this research is to change the current reality by testing a framework developed from literature, this perspective will enable the researcher to fully answer the problem at hand.

The aim of the study was to find out how KM can be used to improve CRM in an environment with limited IT/IS investment within retail banking at SBM. An underlying assumption being made in this study was that the current situation was not ideal and is in need of improvement. The conceptual framework MKC Relationship Management developed from literature was applied at SBM in order to test if it can fulfil the research aims and objectives. The chosen ontology of being critical allows for resolution of the problem through testing of the framework; rather than merely gathering data. In resolving the problem at end, the study sought to work with the practitioners within the context of their work environment at SBM and this meant that cultural, social and gender values were likely to play out during the course of the study. It was important to capture all these as they may impact on the success of the framework. A subjectivism epistemology would allow all this to be captured and expressed in words and language that best describes the issues in context and as they were understood by the practitioners. This in turn allows for further improvements to be made to the conceptual framework, thus better achieving the objective of delivering a framework that had been tested in practise.

In summarising the perspectives as presented in Table 6 below, each of the three perspectives are considered in terms of purpose of the research, types of research found within each perspective as well as how each perspective views reality. Merriam (2009; pg 10), however cautions that these should not be viewed as a rigid differentiation of the different perspectives.

According Table 6 below, a research takes place for a purpose; this impacts the type of research strategy used. Seeing as this specific research study was leaning towards a critical ontology whose purpose was to change the manner in which CRM was managed at SBM by testing the MKC Relationship Management model to see if it would improve profitability in

the bank; and towards a subjectivism epistemology seeing as the views and opinions of the research subjects were sought; the research methods typically used were qualitative methods of data collection. It was be critical at this point to review the research approach – whether the research study was to adopt an inductive or deductive method of enquiry before exploring the research methodology and thereafter investigating the different options considered in collecting the data, analysing it and thereafter considering the validity and reliability components (Saunders et al, 2006; Collis and Hussey, 2009).

Table 6 Research Philosophies (source: Merriam, 2009)

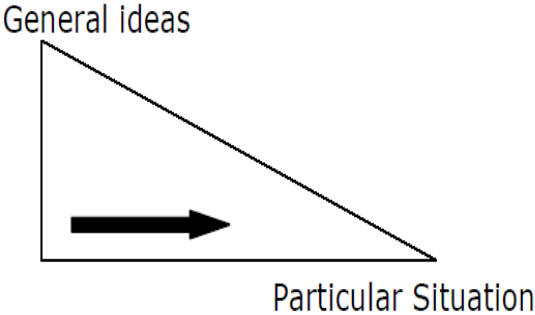
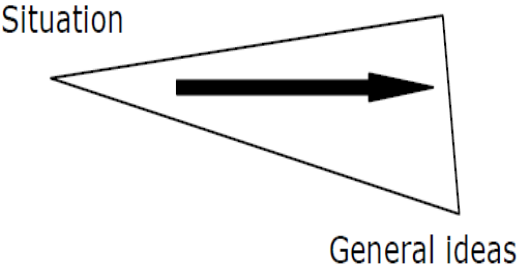
	Positivis t/Postpo sitivist	Interpretivist/ Constructivist	Critical	Postmodern/ Post Structural
<i>Purpose</i>	Predict, control, generalize	Describe, understand interpret	Change, empower	emancipate, Deconstruct, question, interrupt, problematize,
<i>Types</i>	Experiment al, survey, quasi-experiment al	Phenomenology, ethnography, hermeneutic, grounded theory, naturalistic/qualitative	Neo-Marxist, participatory action research (PAR), critical ethnography	feminist, Postcolonial, poststructural, postmodern, queer theory
<i>Reality</i>	Objective, external, out there	Multiple realities, context-bound	Multiple realities, situated in political, social, cultural contexts (one reality is privileged)	Questions assumption that there is a place where reality resided, “is there a there there?”

3.3.2 Deductive versus Inductive Approach

The main difference between inductive and deductive approaches to research is that whilst a deductive approach is aimed at testing theory, an inductive approach is concerned with generation of new theory from emerging data (Clough and Nutbrown, 2012). Under the inductive method, the researcher typically gathers data and builds concepts, hypothesis or theories from it as opposed to testing existing data which is typical of the positivist research. An illustration of the two approaches has been illustrated in Figure 10 below. The two approaches may also be used in combination and the ensuing discussion will consider the combination, inductive and deductive approaches to research and select the one best suited

to answer the research problem at hand which is how to use KM to improve CRM and customer profitability at SBM.

Figure 10 Deductive and Inductive approaches (Merriem, 2008)

Deductive	Inductive
 <p data-bbox="225 853 778 1032">Deductive research moves from general ideas/theories to specific particular & situations: the particular is deduced from the general, e.g. broad theories.</p>	 <p data-bbox="813 853 1324 987">Inductive research moves from particular situations to make or infer broad general ideas/theories.</p>

a) Combining Research approaches (Hakim, 2000)

Hakim (2000) argues that though there is a distinction between deductive and inductive approaches to research, experience has shown that the two approaches can be combined in a single research to the researcher's advantage. It is important to consider the topic of the research, the time available to do the research. Deductive research can be completed in a shorter space of time and most of the time is spent in the preparatory phase of the study; while an inductive study can take longer and ideas are based on longer periods of data collection and analysis and therefore emerge gradually. Deductive strategy is lower risk while in inductive approach one may fail to get useful data or theory. Having said all this, the research approach should be practical while at the same time ensuring that the personal preferences of the researcher do not change the essence of the research (Creswell, 1994; Clough and Nutbrown, 2012; Hakim, 2000).

Given that under the current research study, there is a conceptual framework that has been developed based on existing literature and that will be tested and also given that there are several theories in the field of CRM and KM that can help answer the research questions at hand, there is no need to combine the two theories. Attempting to do this will not only

complicate the study but will also take a lot of time and given the timeframe of this study, it is both unnecessary and complex to combine the two approaches.

b) Inductive Approach

The inductive approach to research usually uses the research questions to narrow the scope of the study and the aim is usually to explore new phenomena or to look at a previously researched phenomenon from a different perspective. A frequently referred to type of inductive approach is the grounded theory pioneered by Glaser and Strauss (1967). This type of approach requires the researcher to approach the research with a completely open mind and without any pre-conceived ideas of what will be found. Further it is a difficult research approach in that it requires extensive sifting of data and usually the data emerges into new theory. The same study can be done using an inductive or a deductive approach; it is purely the choice of the researcher and the parameters under research. Under the inductive approach or theory building, qualitative data is collected and analysed. The researcher will then seek to make sense of the data analysed and formulate a theory. This approach allows for more flexible and less structured and prescriptive research designs. The inductive approach can also be used in analysing data and this as an approach to analysing data will be considered in a subsequent section in this chapter (Clough Nutbrown, 2012).

Given the research study at hand is not necessarily seeking to formulate new theory but rather to test the MKC Relationship Management framework developed from existing theory, this inductive approach is not the right method to tackle the research problem at hand.

c) Deductive approach

A deductive approach usually begins with a hypothesis and the emphasis is generally on causality. As previously discussed, the deductive approach has its basis origins in the natural sciences and is more linked to quantitative research though there are no hard and fast rules to this (Clough and Nutbrown, 2012; Bryman and Bell, 2011) .

The research at hand adopted the deductive approach since it tested the MKC Relationship Management framework that was developed from literature. Below is how the deductive method relates to the study at hand. The 5 sequential steps of a deductive study by Robson (2002) was used as a basis for the justification to use the deductive approach for this study:

- Deducing a hypothesis from theory – The deductive approach advocates that a hypothesis can be developed based on theory and if this approach is used the purpose of the study is then to test the theory. In this study, the MKC Relationship Management framework was deduced following extensive literature review and it is this framework that this study seeks to test. The

study is therefore moving from broader theory to a specific problem that needs to be resolved at SBM.

- Expressing the hypothesis in operational terms – how the variables will be measured – the MKC Relationship Management model is an expression of how KM could enhance CRM in order to result in a profitable end. The key measurable outcomes are already defined in the framework.
- Testing the operational hypothesis – Since the MKC Relationship Management framework was developed based on the literature, the objective of the research as it continues becomes to test the viability of this framework at SBM.
- Examining the specific outcome of the enquiry – In the method that was considered to further this study, allowance for reflection and re-planning as well as an examination of all key outcomes were considered.
- If necessary, modifying the theory in light of the findings – there was opportunity for the MKC Relationship Management framework to be examined and re-examined during the testing period and the method of research study chosen was careful to take this into account as well.

Having decided that the deductive research approach was to be adopted in this study, it then raised the question, what strategy or research method would enable a deductive enquiry into this research problem. The approach should be aligned to the interpretive philosophy adopted in this study and should also allow for a critical perspective to be adopted (Saunders et al, 2012; Silverman, 2010). Each of the strategies that will be described in the next few paragraphs can be used in exploratory, descriptive and explanatory research. Some of the strategies, if viewed in a simplistic manner are more closely linked to deductive approaches while others are linked to the inductive approaches. It is important to note that the research techniques are not mutually exclusive and can be combined anyhow (Silverman, 2010).

3.3.3 Research methods/Strategies

a) Quantitative versus Qualitative Research

Generally, quantitative research can be described as explaining a phenomenon by way of collecting and analysing numerical data (Aliaga and Gunderson, 2000). Qualitative research,

on the other hand, is described as how people make sense of their world and their experiences (Merriam, 2009, Saunders et al, 2007, Pellissier, 2007, Silverman, 2010). However, these two definitions are too simplistic and it could be easier to differentiate the two methods by their characteristics.

Table 7 Characteristics of qualitative and quantitative research (source: Merriam, 2009)

CHARACTERISTICS OF QUALITATIVE AND QUANTITATIVE RESEARCH

	Qualitative Research	Quantitative Research
Focus of research	Quality (nature essence)	Quantity (how much, how many)
Philosophical roots	Phenomenology, symbolic interactionism, constructivism	Positivism, logical empiricism, realism
Associated phrases	Fieldwork, ethnographic, naturalistic, grounded, constructivist	Experimental, empirical, statistical
Goal of Investigation	Understanding, description, discovery, meaning, hypothesis generating	Prediction, control, description, confirmation, hypothesis testing
Design characteristics	Flexible, evolving, emergent	Predetermined, structured
Sample	Small, nonrandom, purposeful, theoretical	Large, random, representative
Data collection	Researcher as primary instrument, interviews, observations, documents.	Inanimate instruments (scales, tests, surveys, questionnaires, computers)
Primary mode of analysis	Inductive, constant comparative method.	Deductive, statistical
Findings	Comprehensive, holistic, expansive, richly descriptive	Precise, numerical

- I. Qualitative research focuses more on meaning and deep understanding rather than on the product or outcome. Gaining a deeper understanding rather than merely producing a framework is very important for this study as previous studies in this field have not shown exactly how the models proposed work in practise. It is one of the objectives of this study to test the conceptual framework in terms of how it actually impacts on profitability at SBM.

- II. The researcher is the primary instrument of data collection and analysis in this particular research study in seeking to understand the current CRM and KM practices at SBM and how these relate to the conceptual framework. This is because the subject sometimes expresses their experience through non-verbal terms that cannot be quantified. The biggest weakness of the human as the primary instrument is bias/subjectiveness and these need to be monitored throughout the research period. Despite this drawback, using the researcher as the primary instrument of data collection allows for better refinement of the framework to make it more practical. The better the understanding of what is said and unsaid while testing the MKC Relationship Management framework, the better the framework became as it took into account even those aspects that have otherwise not been observed yet in existing literature.
- III. The outcome of qualitative research is usually rich in description and is presented in the form of quotes, videos, field notes, participant interviews among others. This rich data (graphs and verbatim quotes that are presented in this study) is what was sought by the researcher to enable the MKC Relationship Management framework to evolve into a useful framework for SBM and to enable future improvements of the same. The data is also collected within context and this makes the qualitative method better suited all the more for this study. The fact that it is part of the objectives of this study to test the framework through two cycles of action research further justifies qualitative research as most appropriate.
- IV. Qualitative research is usually more flexible than quantitative research; selection of sample is purposeful and small (in this case the sales and service teams in PBB at SBM) to allow for deep inquiry and researcher typically spends a substantial amount of time in the natural setting of the research. The researcher in this case is the Head of the business units. This calls for the researcher of qualitative methods to have the following traits:
- Highly questioning stance – for the MKC Relationship Management model to be beneficial and to deliver the profit improvement expected at SBM, it is important to constantly ask why things are done in a certain way in line with the objective of seeking to improve profitability using the MKC Relationship Management.

- High tolerance for ambiguity – this study had to do with staff who are in their natural work environment. While the MKC Relationship Management model defines the various stages in the cycle of execution and outcome – cause and effect, the cause and effect may not emanate in the same time and space and this could create ambiguity that could otherwise frustrate a positivist researcher because of their expectation of high precision.
- Being a careful observer – in the process of executing their duties, staff may not always think logically in terms of the steps documented but may simply do some activities without applying too much thought. It was important in this study to look out for such nuisances so as not to lose the value that these variations in execution or interpretation may bring to the organisation. This enabled the MKC Relationship Management framework to be as practical as possible and thereby answering the main research question of how profitability can be improved using the MKC Relationship Management framework and with limited IT/IS investment.
- Ability to ask good questions – The quality of questions, correct words and tone determined the quality of the responses and the ultimate judgement that the researcher made around the MKC Relationship Management model. The ability to ask good questions was, therefore, critical to the quantity and quality of data that was collected. As already alluded, the quality of the end state of the model depended heavily on the quality of the data collected.
- Comfortable with writing – Qualitative data is rich in words, expressions and is therefore very bulky. All this needed to be captured, expressed and digested in such a way that will add meaning to the journey of the search for improved profitability at SBM. The willingness of the researcher to deal with all the writing involved was important in getting the best research.
- Ability to think inductively – while collecting data, was possible to find a very small component of the MKC Relationship Management emerging as a major issue that could determine the outcome and direction of the study. It is important that the researcher was able to

look out for the potential of such issues to emerge and had the ability to pick these up and pursue the trend. This ensured that the MKC Relationship Management framework was thoroughly tested and hence add more credence to adopting it is a blue print for SBM profitability improvement.

b) Quantitative research methods

Quantitative research methods generally result in collection of numerical data and data is acquired through surveys or structured questionnaires. The fact that this research method is typically associated with a positivist view and the research at hand as highlighted earlier is more of a critical theory; the problem at hand would be resolved using qualitative research methods and that quantitative research methods are not beneficial to this study. More time will therefore be spent considering the qualitative research methods in order to choose the one(s) that would best assist in answering the research questions at hand.

c) Qualitative research methods

The most commonly used research methods are phenomenology, ethnography, narrative analysis, critical research and case study (Pellissier, 2007). Table 6 above gives a few examples of the types of research that can be used in critical theory which is the chosen theory for this research. These are neo-marxism, feminist, participatory action research (PAR), critical race theory and critical ethnography. The following discussion will consider some of the methods in turn to assess their suitability in answering the research questions at hand.

Phenomenology

Phenomenology is a school of philosophy from the 20th century where experiencing something is transformed into consciousness – lived experience. From this perspective, all qualitative research could be phenomenology (Merriam, 2009 pg24). The task of the phenomenologist is to depict the essence of basic structure of experiences such as betrayal, anger, love etc. This requires the researcher to suspend all prior beliefs in order to be able to examine the object consciously. Interviews are usually used as a research tool. For purposes of this research, phenomenology was not the most appropriate since what was being explored was more than just emotion and feeling but the need to find out how KM can be used to enhance CRM in a retail banking environment and also with the testing of the MKC Relationship Management model at SBM where there is limited investment in IT/IS systems that support CRM and KM. Other methods of data collection will therefore be explored.

Ethnography

Ethnography can be seen as both a process as well as a product in that a researcher can carry out a research process within the context of a specific culture or human society and then also write up their report as ethnography – a product. Ethnography originated in anthropology but is now used by researchers in different fields and disciplines. While there are different variations of this method which include: life history; critical ethnography; autoethnography and feminist ethnography – what unites them all is their focus on human society and culture. For something to be ethnography, it “must provide the kind of account of human social activity out of which cultural patterning can be discerned” (Wolcott, 1999 in Merriam 2009:28)

Given the definition of ethnography and the research problem at hand that is seeking to find out how KM would be used to enhance CRM and test the MKC Relationship Management model in a retail banking environment in such a way that it improves value and hence profitability; this method of study was not suitable to answer the research question fully. This is because it is limited by its focus on human social activity and cultural pattern rather than on technological, process, people issues that go beyond the social and cultural context as well as business strategy; aspects that were part of this study. In addition to this, the researcher was not immersed into the cultural context of the research but was already a part of it, seeking not to understand the culture better but rather to improve business performance. An alternative research method was therefore be explored.

Grounded research

This method of research was introduced by sociologists, Glaser and Straus (1967). As in all qualitative research, the researcher is the primary instrument of data collection and analysis and assumes an inductive stance as well as strives to derive meaning from the data. The end result of this is a theory that is “grounded” in data hence the name of this method. Building a substantive theory involves the identification of a core category, and this core category is the main conceptual element through which all other categories and properties are connected. The core concept must appear frequently in data and must develop the theory (Saldana, 2009).

Given the current research problem which was to find out how KM would be used to enhance CRM and testing of the MKC Relationship Management model's ability to improve value and profitability in a retail banking setting at SBM, and the fact that there was some existing literature in these fields of study, this method of enquiry was not the best suited to answer this question. A new theory was not necessarily being developed but rather a conceptual framework which was developed from existing literature was being tested for

practical application. This means this is a deductive rather than an inductive research which is typical of a grounded research study. Given this fact, an alternative method of enquiry was explored.

Case study

This method of research enquiry has its roots in anthropology, sociology and psychology. In addition to this, lawyers, doctors, social workers and detectives talk about investigating a “case”. Case study research inquiries can be qualitative or quantitative. Like all other qualitative research methods, qualitative case study seeks to understand and find meaning and is inductive in nature. According to Yin (2008), case study is an empirical enquiry that investigates a phenomenon in a real life setting and focusses on a specific unit of study. One of the distinguishing factors of a case study is the fact that it is bounded – there is either a theoretical or actual limit to the data collection source/s. Case study knowledge is more concrete, more contextual, has more developed interpretation and is based on reference populations determined by the reader.

Pellissier (2007) clarifies that case study does not claim any method of data collection. Among the drawbacks of the case study method is that the finding may be difficult to generalise and it takes time to collect data. Despite these flaws, it was still a useful method to consider given that it could be used in collaboration with other data collection method. The problem under discussion in this research was to resolve the problem of how profitability and value could be improved at SBM using KM to enhance CRM by testing the MKC Relationship Management model. Given that the problem was bound to SBM qualifies it as a case study if considered from the school of thought that looks at “the case” as an object of study (Stake, 1995). However, there is a school of thought that considers it as an absolute research method (Yin, 2003). When considered in the light of the latter school of thought, then this research does not qualify as a case study method since it was only considering a single case organisation. Typically when used as a method the case study advocates that there should be more than one case being studied (Woodside, 2010). The method also allows for deep exploration and investigation of set phenomena within the case subjects. The case study method can, therefore, be considered as a research method in this study. However, using it will result in deep exploration only but not in any form of change or transformation in the actual way in which the MKC Relationship Management model could be used. The particular research problem at hand was seeking to do more than just investigate or explore current trends but to actually test the MKC Relationship Management framework and possibly modify the conceptual framework into a practical model that can be used and applied in different problem areas related to relationship management and

customer service. In the context of the definition of case study by Yin (2003) and Woodside (2010), the case methodology was not an appropriate method of study that would provide the answer to the research question at hand.

Critical research

Critical research differs from other methods of qualitative research discussed thus far above in that the other methods are interpretive in nature as they seek to understanding the meaning of a phenomenon to the participants. In critical research, the goal is to critique and empower. This type of enquiry challenges, transforms, and/or empowers – it is change oriented. The method can be combined with other methods of enquiry such as grounded theory of critical ethnography. Critical race theory, critical gender studies and critical management studies as well as participatory action research (PAR) are different lenses of critical research. In PAR, collective action, political empowerment of people through involvement in the design and implementation of the research project is central (Merriam, 2009, Kemmis and McTaggart, 2000).

Given the present research problem, the fact that SBM was seeking to improve value and profitability by using KM to enhance CRM, critical research seems to be a viable option to take. Critical research involves bringing together broad social analysis – the self-reflective, collective self-study of practise and action to improve a situation. It has been used quite widely in education action research (Sankaran and Tay, 2014). As alluded to, critical research can be combined with other methods of enquiry and given that the other methods of enquiry. Given that phemenology, ethnography, grounded theory and case study have been discussed and considered inappropriate, the family of action research will be considered to see if any of these can be combined with critical research to answer the research objectives of this study. According to Myers (2008), Bryman and Bell (2011) and Collis et al (2003), the following are the different types of action research: Classical action research, interpretive action research and critical action research which tends to aim for emancipation; adopting a critical approach towards business processes and aims for improvement. This type of action research is aligned to the philosophy of this study and is also best suited as it enables the testing of the MKC Relationship Management model. The following discussion with therefore consider action research in more detail with a view to combining it with the critical research approach.

Action research

Action research is related to theory (critical theory) and methodology (action research). The tradition of classical critical theory was connected to Freud's psychoanalysis where concepts of learning processes and the contradictions of socialisation and learning processes

emanate from and always has an element of learning (Nielsen and Nielsen, 2006). Action Research (AR) method was initially proposed by Lewin (1946) and is usually carried out to test theory in practise. By virtue of this method's capability to allow for resolution of a problem in a practical manner that is to test theory in practise, it is seen to be the most appropriate form of study that can support the research questions where the MKC Relationship Management model developed based on literature will be tested to resolve the problem of improving profitability at SBM using KM and CRM. Action research will allow for the current situation at SBM to be closely examined with a view to improving how CRM and KM are practiced within the Bank. It will be applied in this study to improve specific practices; based on action, evaluation and critical analysis of practices supported by data collected with a view to introduce improvements to SBM. This type of research is facilitated by participation and collaboration of a number of individuals with a common purpose – communities of practice. It also focuses on specific situations and their context. The cultural context of the study can be narrowed down to within one organisation rather than several organisational contexts such as is the case with case studies (Kemmis and McTaggart, 2000).

While action research has been in use particularly in education and other social sciences, it has recently become more popular in business as well as a method of PhD academic studies. The following studies cited in Sankaran and Tay (2014), are among the business researches and projects that have made use of this method of study:

Table 8 Examples of Action Research in use (source: Sankaran, 2014)

Field of business research	Authors
Marketing	Knox & Bickertos 2003; Vignali & Zundel 2003
Product Development	Anders and Agnar 2003; Shaw, Burgess , Hwarng and de Matto 2001
Organisational change and transformation	Kotnour 2001; Kotnour et. al. 1998

Some reasons why action research is attractive to managers are:

- It uses action as an integral part of research. It integrates thought and action and helps in effective implementation as well as pursues both change in the form of action and understanding through research. In the context of this research it allows for the testing of the MKC Relationship Management framework in a methodical way

that allows for this theoretically sound framework to be put in action using a variety of data collection methods. The ability of this framework to improve profitability at SBM can be tested through action to make it practical in accordance to one of the objectives of this study.

- Further to this, it is focused on the researcher's professional values rather than methodological considerations and it allows practitioners to research their own professional activities as well as helps to improve practice at the workplace. This helps managers in their professional development by critically examining their own beliefs and practices. These characteristic allows for the testing of the MKC Relationship Management framework in context and without the influence and bias of what literature on the various areas related says. The MKC Relationship Management framework test is thus very practical as opposed to theoretical. In terms of improving the workplace, the outcome of improved profitability will be tracked and the method gives opportunity for the staff involved in the study to work across multidisciplinary teams thus enhancing their technical, cultural and functional boundaries and to enhance their professionalism. Action research is founded on change and therefore fulfils the aim of this study by resolving the current problem of CRM at SBM within context while seeking to improve the future. (Kemmis and McTaggart, 2007; Coghlan & Coghlan 2002, Dick 2002; Sankaran 1999; McNiff, Lomax and Whitehead 2001; Easterby-Smith et.al.2001).

Given all these advantages, the current study benefitted from action research. This is how the action research method benefitted the study:

1. Social process – the fact that action research is both an individual and collective process means that staff at SBM can apply themselves to improve their individual performance as well as that of the organisation and team in the course of doing the project. This meant that no individual felt alone during the duration of the project. It also has potential to improve teamwork – an element identified in the BCPI model by Kandadi (2006) as important for successful KM.
2. Participatory – this type of research enabled the members that were part of the study to actually participate in the study rather than being the subject of the study. This brought with it an element of empowerment since the members of the team, (in this case the SBM service and sales teams) an opportunity to participate in a project that would improve their individual as well as team performance. Being in a similar practice, the concept of CoPs which is beneficial for successful KM as discussed in literature (Lave et al (1991), Wenger et al (2000), Chu et al (2012)) will also increase

the potential success of this study. Knowledge sharing is a key enabler of CoPs since the members share experiences and best practise. This makes the participatory nature of this type of research very relevant to this study since the team were able to share their knowledge on CRM practices.

3. Practical and collaborative – the nature of action research is that it is research by doing. This makes it very practical and relevant to this study in that it enabled the MKC Relationship Management model to be tested in practice. It is also collaborative in that it would be difficult to put the MKC Relationship Management framework into practise without involving other stakeholders in IT – to develop systems; in operations – to support the back office enablement as well as the finance teams to monitor the success and pull out the relevant MIS. This very characteristic enables the MKC Relationship Management to be deployed at a strategic level since the impact was not only within the PBB team but required collaboration across the support functions.
4. Emancipatory – Action research enables the participants in the research to change their world – improving their work environment. In the case of the present study, the sales and service team, together with the support functions have an opportunity to improve the way KM and CRM are practised at SBM.
5. Critical – Through AR, the sales and service team at SBM have the opportunity to critically consider the current practices, processes and procedures and propose to remove as well as go on to get rid of unproductive behaviours and activities as well as irrational processes. This is expected to bring about improved CRM; a key outcome of this study.
6. Reflexive – AR is a deliberate process through which the participants change their practices through a spiral of cycles of critical and self-critical action and reflection. Thus the AR in this study AR was appropriate to test the MKC Relationship Management because it is a deliberate process designed to assist the sales and service team at SBM to collaborate with other supporting functions and learn from the recursive process through:
 - Their individual and team practices.
 - Their knowledge of their customers and how they currently manage them (CRM).
 - The social structures that shape and constrain their practices – the work environment.

- The knowledge sharing practices

This meant that the SBM service and sales teams actually be theorised practise rather than studying theory and in the process, they learnt by doing and changing the way they interact with each other (knowledge sharing) and with the customers (knowledge management).

7. Transforms both theory and practical – the relevance of AR to this study is even more pronounced by the fact that AR transforms both theory into practice. So far in this study, we have established from literature a framework for how to improve profitability by using KM to manage CRM at SBM. The theoretical framework MKC Relationship Management still remains untested in terms of its practical application. Through the AR cycles, both the MKC Relationship Management theoretical framework and the actual practices of KM and CRM at SBM could actually evolve because AR aims to articulate and develop each in relation to the other through critical reasoning about both theory and practice and their consequences.

The researcher, being an 'insider' striving to change the social situation by virtue of studying it, used insights gained in the course of the job which otherwise would not have emerged especially relating to customer service feedback and profitability as well as sales reports because this information was confidential and would not ordinarily be given out to an external researcher. This very reason is why AR is usually not practised in business research (Nielsen and Nielsen, 2006). This insider view was balanced by collecting data from several sources and analysing it as well as validating it with a view to ensure that the emerging insights were not biased as it is important to challenge all prejudices and maintain an open mind (Winter, 1999). Being an insider gives the ability to influence change and get buy in by all participants.

Criticisms of Action research

Baskerville and Wood-Harper (1996), Neilsen and Nielsen (2006) and Sankaran and Tay (2014), argue that AR has the several flaws. Below, some of the flaws will be discussed:

- Lack of discipline – because AR takes place within a social setting or work environment, it is easy to overlook the rigor that is required in research in terms of how data is collected. In addition to this, while AR is represented in Figure 11 as a cycle, it does not necessarily follow this cycle and the researcher could find that the cycles overlap making data interpretation a challenge;
- Localised findings – AR happens with a single environment and the findings may not generalisable as is expected of research findings;

- Researcher bias – There is a risk that the researcher might want to direct the results towards the outcome that they expect and therefore choose to ignore any data in the environment that imply otherwise;
- Taking AR as consulting – It is important to make a clear distinction between action research and consulting. Specifically, action research is greater than consulting in a way that action research includes both action and research, whereas business activities of consulting are limited action without the research (Bryman and Bell; 2011). The researcher's role is to uncover the current practices and work together with the participants to solve the problem – the solution is co-created, implemented and tested and at each point the participant is an active contributor of the solution. A consultant on the other hand, recommends the solutions to the problem in consultation with the members of the social of business setting. In a consultancy, the subjects are therefore not part of the solution but rather they are told what the solution. When using AR, the researcher needs to develop solutions in consultation with the participants rather than prescribe the solution to them. The risk of this drawback was carefully considered in this study in view of the fact that the researcher is the Head of the business division and could be tempted to prescribe the solution rather than to co-create the solution.
- AR takes time (Mathiassen, 2002; Herr and Anderson, 2015)

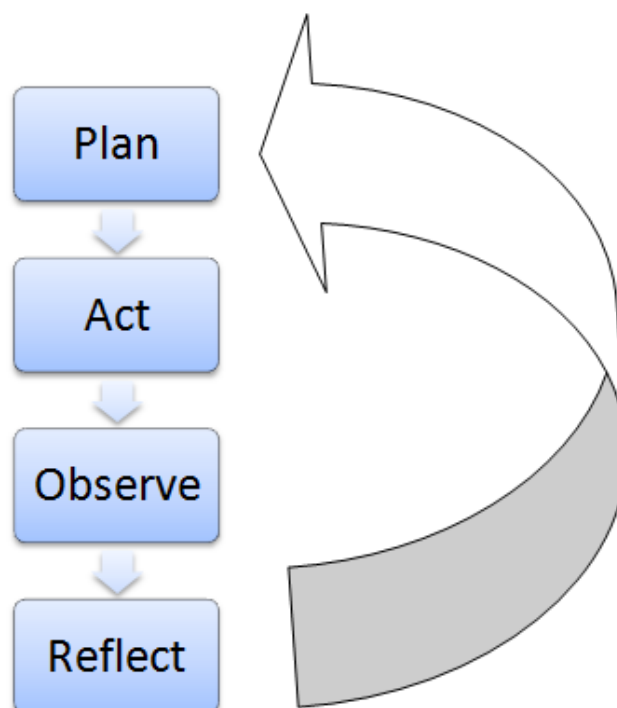
These flaws will be mitigated by adopting Davison et al (2004) Principles for conducting rigorous research, as follows:

- To address the flaws around mistaking AR for consulting the researcher clearly identified the roles of the researcher and the practitioners. In this specific study, the researcher was merely a facilitator of the process; asking the relevant questions to enable reflection and clarity then leaving most of the discussion and solutions to be generated by the participants. During execution of this study the results were monitored through reflection, document analysis and interviews. The second way was by ensuring that the solution that was to be developed is seen to be useful by the participants. This ensured that they own the solution and are committed to executing the solution developed.
- The risk of bias in the research can be mitigated by carrying out several cycles of the AR. This mitigation needs to be examined in light of the criticism of AR that it takes time. For this specific research, three cycles of AR were done to plan and test the MKC Relationship Management framework in practice. The cycles could continue but this would be outside of this study due to time constraints.

- The risk of lack of discipline was mitigated by ensuring that there was a clearly defined research methodology that was followed and ensuring that this is strictly adhered to. In addition to this, it was critical that all findings be documented and analysed as part of the study. This also helped mitigate the risk of researcher bias as the data needed to align to the conclusions found. Adhering strictly to the research methods also provided confidence that the study was indeed carried in a methodical as well as systematic manner in terms of collecting and analysing data.
- The criticism around localised findings was mitigated by ensuring that the research was based on a solid theoretical framework that was based on extensive literature review which was relevant in a broader setting rather than in the environment of the research study only. The outcome of the AR was related back to the theoretical framework, highlighting the conditions under which the results were extrapolated to other contexts. This was because the findings may still not be the same if the framework were applied elsewhere due to the importance of the social/cultural setting of the organisation where the AR study is taking place.

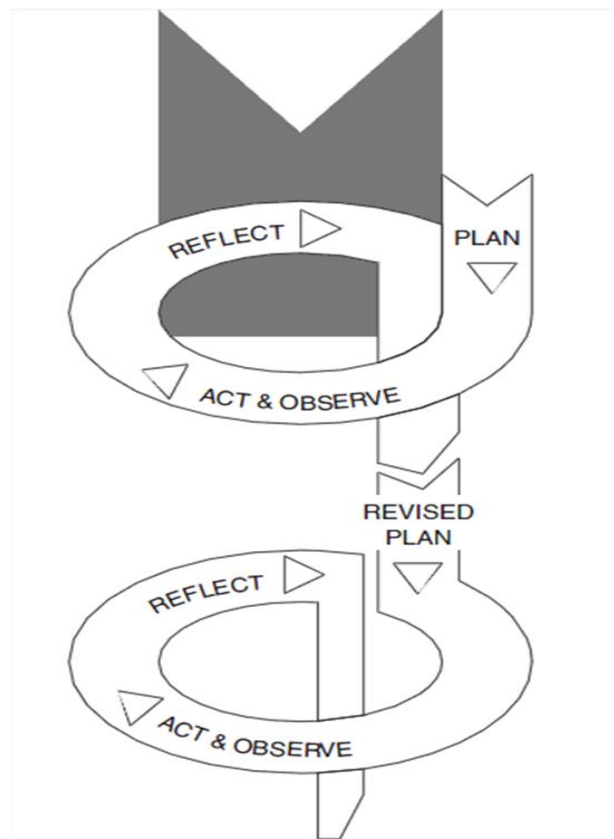
Having discussed the method in a bit more detail and established its relevance to resolving the research questions present, it is important to understand the exact process of an AR. As alluded to in the foregoing discussion, this type of research is conducted within a framework. Below is the basic AR research process that is made up of 4 stages – planning, act, observe reflect:

Figure 11 The Action Research Loop (source: Avison et al, 1999)



However, before discussing each of the four stages outlined here, it is critical to be aware of the fact that this type of research embodies initiating, iterative intervention and reflective learning as its core activities (Avison, Lau, Myers and Nielson,1999). It is a rigorous process in that it is cyclical, giving several opportunities to triangulate evidence and theories developed in the early stages of the research (McBride and Schostak, 1995). The diagram below is the AR spiral model by Kemmis and McTaggart (2000). This model extends the basic model into the actual process of iterations and reflection that takes place in AR. Kemmis et al (2000) acknowledge that individual stages specified in the AR Spiral model may overlap, and initial plan developed for the research may become obsolete in short duration of time due to a range of factors.

Figure 12 The Action Research Spiral (source: Kemmis and McTaggart's, 2000)



The AR Spiral model emphasizes the opportunity given by AR of analysing the phenomenon in a greater depth each time, consequently resulting in a greater level of understanding of the problem at hand and more informed and tested outcomes. However, implied in this notion is the assumption that each process takes a long time. This particular drawback has already been discussed above and despite this fact; the study still assumed the AR as the

benefits outweigh the drawbacks and there were mitigating factors that were taken to reduce the impact of the negative impact of this type of research on the outcome of this study.

Planning

Planning for this research began with considering the MKC Relationship Management model, which was the conceptual framework developed based on this literature to help answer the research questions and objectives. The MKC Relationship Management model was used to guide the specific areas of enquiry and focused mainly on the areas that were highlighted by the participants given that customer service is broad and there was need to streamline the areas that gave the biggest impact to the profitability of retail banking at SBM. The participants in this study were the business unit heads of business banking, private banking, branch banking as well as the teams that report to them who were the sales and service team in SBM head office as well as in the branches; the relationship managers in BB, the private bankers in private banking, the staff who support branch process both in PBBA as well as SBM and the business process improvement team in PBBA. In addition to this, the IT and risk teams were also consulted where there was need to build or enhance the systems and to review the processes and ensure no risk had been introduced as a result of the changes respectively.

In order to test the MKC Relationship Management model, the initial areas to focus on were determined by the business unit heads in PBB Malawi as they understood the businesses and were able to reflect on the key areas that needed attention in as far as improving CRM using KM to enhance profitability. This will be done through in-depth interviews with the business unit heads. This was done to ensure that the research is indeed addressing the areas that would not only make the biggest difference as perceived by the key stakeholders but that they would be committed to supporting throughout the period of the study.

Initially, the researcher engaged in desktop research, analysing the relevant empirical organisational data (CEB surveys; sales and service as well as profitability trends for the 3 years between 2011 and 2013. The 2014-2015 results were analysed in subsequent cycles). This data was analysed by customer segments – branch banking, private banking and business banking. The desk research guided what was already known about the customers and also the areas that would make the biggest impact in terms of bringing about customer value and profitability based on customer feedback and to verify the opinions on the segment heads.

In action research the planning stage is critical as it ensures that work is carried out in a systematic manner and work that would have otherwise be passed as mere consultation was

carried out in a systematic manner that gives it academic credence (Somekh in McBride, 1995). Below is a diagrammatic representation of the planning process in Figure 13.

Figure 13 MKC Relationship Management AR plan for Cycle 1 (source: Author)

CRM - Baseline data

- Research - analysis of researches done 2011-2013 that provide customer insights
- Feedback - Analysis of CEBS surveys 2011-2013
- Sales growth - Sales growth trends 2011-2013
- Service indicators - Cross sell ratio - 2011-2013

Customer Insight

Knowledge Management (creation and sharing)

- Business Strategy - Analysis of business focus 2011-2013
- Culture - Analysis of staff surveys -2011-2013
- Process - Deep dive into current customer processes
- Infrastructure - Establishing the IT systems supporting the processes

Business Value

Profitability

- Financial results 2011-2013
- Cross sell rate by segment - Cross sell ratios - 2011-2013
- Turn Around Times - UPL TATs; BB TATs; card and cheque book TAT (2011-2013); customer query resolution 2011-2013
 - Card
 - Cheque book
 - Customer queries

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 - Customer queries

Act

Having established the baseline of the study and fed this into the MKC Relationship Management framework, the next step was to engage the branch, business banking and private banking teams with the support of IT, operations, human capital and business

process improvement teams to find solutions to the issues identified. The participants were presented with the research questions and given an opportunity to propose how the issues they have identified as priority areas can be resolved. The agreed actions as proposed by the participants were then be implemented systematically. Data was collected and how this was done will be covered in more detail under the section “data collection”. Interviews and focus group discussions were either voice recorded or minutes of meetings were taken, existing data was discussed and the framework for the study was presented for dialectical and reflexive critiquing as proposed in the literature by Somekh in McBride, 1989 and Anderson et al, 2015, Sankaran, 2014 among others.

Reflect and revise plan

The participants were given opportunity to implement the action plans proposed over a period of 6 months, which was the time that the actions would have resulted in the key matrices such as profitability to move based on the performance management cycles in the organisation. During the period of implementation, data continued to be collected in the form of focus group discussions/in-depth interviews, system generated data for performance monitoring and research done by external research agents such as Genetics Analytics and Impact Research Agency.

Reflection was allowed in the form of feedback on performance that allows the teams to take a step back and assess the effectiveness of their actions towards the organisational goals.

AR Cycle 2 and planning for the 3rd Cycle

Having reflected on the actions and outcomes of the first cycle of the research study, the participants were then given a chance to implement a second round of improvements to the actions taken in the first cycle of the research. Like in the first cycle, focus group discussions, SBM reports on key matrices such as financial and other customer matrices were monitored and collected during the period of the study. These were analysed and played back to the participants to allow them to make suggestions about how further improvements could be made. The second cycle of this action research was based on the implementation outcome of the first iteration of the AR cycle. This thus means a second round of the above process was carried out where the revised framework was taken to the practitioners/participants and the assumptions of its benefits will be tested.

Following reflection on data collected, the next planning cycle was then be carried out. The final cycle of this research was simply a reflection of the second round and highlighted the practicality of the MKC Relationship Management framework and any changes to the framework that might have occurred during the course of the reflections and study cycles. In

looking at the exact method of enquiry that this research study adopted, a few concepts needed to be considered and clarified before the actual research study was done and below more detail is given around the participants in the study.

3.3.4 Participants in the study

In the foregoing, it has been established that given the problem at hand, to establish if KM can be used to improve CRM at SBM, with the view to improving profitability, the MKC Relationship Management framework had so far been developed and needed to be tested. The interpretive and critical approaches were selected and justified as the adopted research philosophy. In line with this philosophy, the deductive method of enquiry was adopted since a framework already exists so far in the study and given that it was tested specifically at SBM where the problem has been identified and defined. AR has also been chosen as the research methodology and this was involved the participation of all key stakeholders that were impacted by this research study.

For this research, as already discussed in previous sections that SBM is the case that was used based on the actual research problem as defined. The chosen participants from branch banking, private banking and business banking, allowed for deeper interrogation into how KM can be used to enhance CRM in terms of depth and detail as they are involved in serving the customer on a day to day basis. In addition to this, they have an understanding of how the systems, processes, cultural and strategic issues impact on the customer as well profitability of SBM. While the participants from IT, operations, human capital and business process improvement supported the first group of participants who were serving the customers on a day to day basis by developing solutions (systems/process) that enabled an improvement in CRM using KM with a view to achieving better profitability. Table 8 below highlights the groups of participants and those impacted by this study. These are:

- The sales and service team at SBM who are the custodians of sales and service measurement
- PBB leadership team at SBM who are the custodians of the strategy, having derived it from PBBA
- The staff in across the entire bank who shape the culture at SBM and the Human Capital department that is responsible for measuring and guiding various aspects of the culture such as staff survey, recruitment policies, training, reward and recognition among others

- The team in operations including the business process improvement team responsible for designing workflows and processes together with the PBB staff who follow these processes
- The IT team that supports PBB in ensuring there are necessary IT systems in place to support the processes and management of customer relationships as well as the staff in PBB who use them.

Table 9: Research Participants and how they relate to MKC Relationship Management framework (source Author)

MKC RELATIONSHIP MANAGEMENT Component	Likely population
CRM information	The SBM Head Office sales and service team are the custodians of CRM data. And staff serving customers in branch banking, private banking and business banking
KM information	Leadership of PBB at SBM (drawing from PBBA strategy)
• Business Process/Strategy	
• Culture	Human Capital department and all staff in SBM
• Process	Operations department (including the business process improvement team) and PBB staff who execute the processes
• Infrastructure	IT Department and PBB staff who use the infrastructure
Profitability	Information held by Finance team on profitability and on value and key service matrices this is held by the Service team

In order to further understand the participants in more detail, Table 9 that shows a description of each of the groups of participants identified and the nature of their participation in this study.

Table 10 Research participant descriptions (source: Author)

NAME OF THE BUSINESS UNIT	NUMBER OF PORTFOLIOS	STAFF TYPE
Business Banking participants	4 at start of research and 7 by end of research with about 50-70 clients per portfolio	Relationship Managers and Account Analysts
Private Banking Participants	5 start of research but eventually increasing to 7 with 300-700 clients per portfolio	Private Bankers and Transactional Bankers
Branch Sales and Service Staff	26 Branches and a total of 70 staff across all the branches serving about 200,000 customers in total	Customer Service Consultants, Customer Consultants and their respective team leaders

3.3.5 Data collection

Having identified the participants for the research study, the next phase was to identify how the data could be collected. Data collection in AR involves the ways and means of collecting data in different social, organisational and educational settings. In AR there is a methodologically driven view of action research which suggests that research methods are what make action research “research” (Kemmis et al, 2014). In data collection, data is nothing more than pieces of information that are found within the case environment, in this case SBM. The relevance of information is determined by its relevance to the study and the data collected needs to be aligned with what is observed and what was collected in the past. The MKC Relationship Management framework will be used to guide what data is relevant (Merriam, 2009).

In this particular study; being a qualitative research as opposed to a quantitative one; data was mainly collected through interviews, observations, document analysis as opposed to surveys which are typical in quantitative data collection (Silverman, 2010). For purposes of this specific research, the discussion below justified the various methods that were used to collect data.

Interviews

DeMarrais (2004) in Merriam 2009:87 states that interview:

“...is a process in which a researcher and participant engage in a conversation focused on questions related to a research study.”

Interviews can either be person to person or group and these can be seen as purposeful conversations. Interviews are either structured where the wording and order for the questions are predetermined or semi-structured where an interview guide is used and question flow is flexible or unstructured where open ended questions are used in an exploratory manner (Harrell and Bradley, 2009). According to Harrell and Bradley (2009), where semi-structured interviews are used in combination with other research methods, each method can bring out a different part of the issues being resolved. Interviews can be used to gather opinions, perceptions, and attitudes. Interviews are also used to gather expert knowledge, facts, and descriptions of processes or even both. In this particular research, the key objective was to find the impact of KM on CRM and ultimately how this relates to profitability. The research participants gave detailed narrative of how they understand (opinions, perceptions and attitudes) the impact of KM on CRM and how this can be improved in order to achieve greater profits. Semi-structured conversations allowed better data to be collected as the participants were given opportunity to express how they see the world in their own words and from their own perspective while being guided by the MKC Relationship Management framework. This is why semi-structured interviews were used with the heads of various business units in seeking to understand their interpretation of the factors impacting on CRM within their respective business units. In this research, the semi structured interviews helped to formulate the baseline of the study as well as pick out emerging trends as the MKC Relationship Management model is being tested.

Focus Group Discussions

Focus groups are dynamic group discussions with ideally between 6-11 participants and are useful for assessing different phases in a project, exploring why people feel the way they do (Bradley, 2009; Morgan and Krueger, 1998; Bernard, 2002). In this study, focus group discussions were used to understand why various situations were the way they were during the testing of the MKC Relationship Management. They offer a good platform for reflection after the AR cycles and allow for knowledge sharing, which was a critical part of this research. In this research, two focus group discussions were held. One focus group discussion was held with the 7 relationship managers in business banking together with the business unit head after the second cycle of AR to reflect on what is how the actions taken have impacted on the business. The second focus group discussion will also be held after

the second cycle of AR with the team leaders for customer service (7), some customer service consultants (10) staff in IT (2) and the head office sales and service team (3). This will also be held to understand the views of this team on actions taken in the study at that point.

Document analysis

This method of data collection is normally used alongside other methods as a means of triangulation and the researcher usually seeks two or more sources of evidence to seek convergence and corroboration (Bowen, 2009). According to Yin (1994), documents are usually produced for a different purpose other than the research and are not limited to the setting unlike interviews. This means that the researcher needs to ensure that the documents are authentic. This method of data collection is not limited to documents like letters, memos, and corporate records but also includes videos, photography physical material among other artefacts. The data collection is guided by the research questions, educated hunches and emerging findings (Merriam, 2009). In this specific research, the baseline of the AR study was based on documents analysis as alluded to in the discussion above on planning for AR. This is because it was important to first establish where SBM is in as far as the different components of MKC Relationship Management were concerned in order to be able to track the changes achieved during the period of the study. During document analysis, it is important to track leads provided in the documents and to be open to new findings as this can result in new insights that can be beneficial to this research. Finding relevant information is key and the researcher needs to ensure that the documents are indeed authentic by asking the following questions of each document (Clark, 1967; Yin, 1994):

- History of document/who authored it? – it is important to establish when the document was written and by who in order to place the content of the document into context. In this case the documents that were analysed were those dated between 2011 and 2013 by the research agency Impact Research Agency who were contracted to produce the Customer Evaluation of Banking Services Survey (CEBS) as well as a similar research agency contracted by the PBBA to do the same research across the continent. Customer feedback registers found in the branches for that period was also analysed.
- What was the author trying to accomplish and for what audience was it developed – in this study it was critical to establish this since the documents were not produced specifically for this study and the content may have been biased towards the purpose for which it was supposed to achieve.

- How it was found and why was it produced and under what circumstances – it was important for this research to establish the credibility of the source of the documents. Any false documents may result in giving contradictory information which would have given a result that is not credible for the establishment of the MKC Relationship Management model as a practical framework.
- What guarantee is there that it is genuine – related to the question above, it was important for this study that all documents were confirmed to be genuine in order to be sure that the data given would benefit the study as intended.
- Is document complete and originally constructed? Or has it been tempered with or edited and do other documents exist that support it? – the documents collected needed to be complete and originally constructed so that a full pictures of the state of KM, CRM and profitability at SBM is established and is credible
- What were the sources of information used – is it an eye witness account or reconstructed or is it an interpretation/To what extent was the writer likely to tell the truth – in this study, these questions were be asked in order to ensure that the information contained in the documents were indeed corroborated by eye witness accounts or at least were sourced from official sources by an independent source to avoid research bias. The Heads of various departments in PBB and SBM are the sources that provided the necessary documents.

3.3.6 Data Analysis

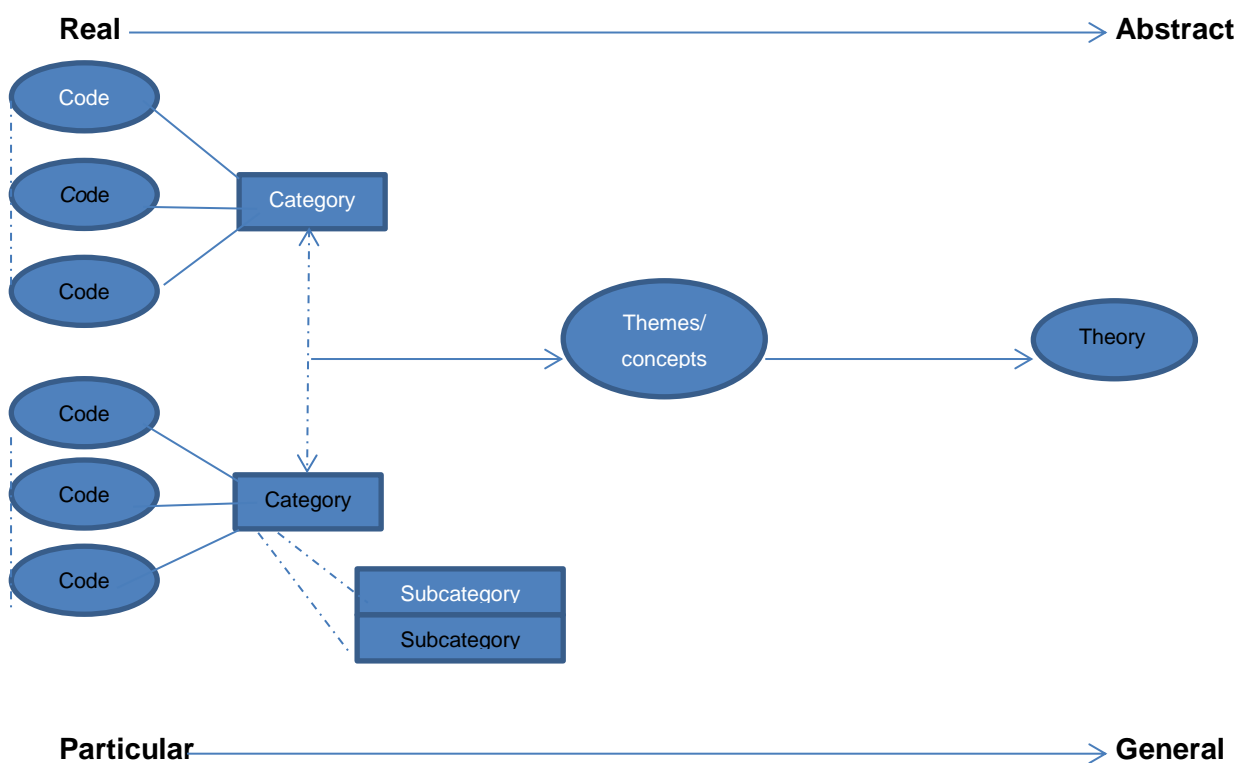
In qualitative research, data collection and analysis may take place at the same time and the sample as well as sources of data may not always be clear at the onset of the research (Silverman 2010; Pellissier, 2007). As data is being collected it must be organised in order to make analysis easier. It is recommended that initial data is reviewed and compared with research question to see if subsequent data collection cycles will require more questions to be asked. Reflection and notes are required to ensure that full data is available that will enable focussed analysis. The actual data analysis stage should simply be refining and organising the themes rather than beginning to put data into themes for analysis. In this study, the MKC Relationship Management framework was be used as a guide to data collection to minimise the problems associated with action research where data may be collected in a non-systematic manner that makes it a challenge to understand. Furthermore, the framework will enable the findings to be related back to the theoretical foundations the study is based on (Corbin and Strauss, 2008).

There are various forms of data analysis that can be used and among them are: ethnographic analysis, case study, content analysis and analytic induction. In this study the thematic data analysis method was used and why this was the case is discussed below.

Thematic data analysis

Thematic analysis is a form of Grounded theory in that it adopts an inductive approach to data. When analysing data using the thematic approach, one begins with a particular and real situation and then seeks to make the findings more general of abstract. Figure 14 below demonstrates how this is done.

Figure 14 Deductive Data Analysis (source: in Saldana, 2009: page 12)



Coding is a critical part of thematic analysis. A code in this context is a short phrase or word that symbolically assigns a summative, salient, essence capturing, and/or evocative attribute for a portion of language-based or visual data (Saldana, 2009). Coding happens in cycles as depicted in Figure 14 above (Saldana:12, 2009). When compared to other forms of data analysis discussed above, the thematic analysis was best positioned to analyse the data gathered in this study. This is because the MKC Relationship Management model already presents the various themes that could be used to analyse the data and in addition to this, data would have been collected within the same framework thereby making the claim by Pellissier (2007) and Silverman (2010) true that in qualitative research data collection and analysis can take place simultaneously. The codes, categories and themes were, therefore,

drawn from the MKC Relationship Management framework even though an open mind was maintained in order to uncover any emerging issues.

The process of thematic analysis that was followed in this study was as follows (Charmaz, 2003:94-5; Gibbs, 2007):

1. The CEBS reports as well as the customer feedback registers from all the branches produced between 2011 and 2013 were read with a view to understanding what customers were saying about customer service and relationship management at SBM. The same was done with data relating to people survey and performance management audits that relate to the same period in order to establish the people/cultural issues that exist within SBM. Questions such as: - What was going on? What were people doing? What were they saying? What were these statements or actions take for granted? How do structure and context serve to support, maintain, impede, or change these actions and statements? - were asked in the process of reading the documents.
2. The general themes were grouped in line with the MKC Relationship Management framework and coded in accordance to the framework's general areas
 - a. Customer insights (Ci)
 - b. Business process (B)
 - c. Culture/people (C)
 - d. Processes (P)
 - e. Infrastructure (I)
 - f. Business Outcome (BO)
3. The general concepts were further divided into concepts under each of the six areas identifies. Data was also be coded in terms of the type of data source and year when data was collected as follows:
Ci-CEBS13pg3
4. Links were established between the various areas to establish the cause and effect relationship between the six core concepts identified.
5. Conclusions were then drawn about how the concepts relate to each other and how possible solutions can be drawn. The specific areas where solutions were drawn was developed in consultation with the business unit head in branch banking, business banking and private banking using in-depth interviews.

6. Once the first cycle of data analysis was done, the implementation of the solutions drawn was carried out. Focus group discussions were held and reflection was carried out. Analysis of the data from the focus group discussions, financial reports, CEBS results and customer feedback as well as performance audit reports were analysed in a similar manner to points 2-5 above.
7. In the third cycle of this research, which was another planning cycle, CEBS reports, customer feedback registers, performance management audits, financial and sales results for 2015 were analysed in a similar manner to 2-5 above.

The thematic analysis, which is mainly used in psychology and other social sciences studies, can be a very insightful method of analysis. It is flexible and change oriented which makes it compliment well with action research because the data analysis can be modified as you go along (Howitt and Cramer, 2010). This data analysis method was selected because it complements well with the themes that have already been identified in the BCPI model which were used to guide the in-depth study into KM within the case organisation. Apart from this, it is a flexible analysis method that fits well with action research since during action research some unexpected issues emerge that would impact of the initial plans of the study. The process of data analysis will take place throughout the duration of the data collection period to ensure close observation of how each theme was impacting on each other. As analysis took place, reflection meetings were held to challenge the findings and assumptions made as key outcomes (Bjørn and Boulus, 2011). As such reflexive critique and dialectical critique were key components of the data analysis process. Under reflexive critique, focus is more on reflecting rather than on criticism or scepticism – it is more than systematic reasoning but more about critiquing even one's own reasoning and practices. It includes critiquing rhetoric, tradition, authority and objectivity. Dialectical critique on the other hand, is a term that was coined by a German philosopher, Hegel, and was originally used to explain the reality of tensions in all things co-existing. A simple example of this would be the fact that while all human beings are generally born male or female, each of them have traits that are also masculine or feminine. During this study, some elements under study presented such challenges where tension needed to be resolved through consultation with the participant (Winter, 1989).

3.3.7 Validity, reliability and Ethical considerations

Research especially in practical fields, such as is the case in this particular study, should be both valid and reliable and data should be obtained in an ethical manner. This is because other practitioners may want to adopt the outcomes of the research in practise (through development of social policy, legislation or business strategy) and if the research is not valid, reliable nor ethically obtained, the consequences may be far reaching to both society and

practitioners. Rigor is therefore required in the manner in which the study is conceptualised, the way data is collected and analysed as well as how it is presented (Kemmis et al, 2014). Qualitative research such as this one has strategies for establishing the authenticity and trustworthiness of a study and these are based on the philosophical underpinnings and research questions being answered. Both of these were covered under 3.2 and 3.3.1 of this study. There is no full consensus on what reliability and validity are composed of as various scholars still have different views (Creswell 2007; Wolcott 1994). However, the fact that this is the case has not stopped researchers from carrying out studies to resolve practical and theoretical problems. The more important issue has been to make sure that the process of enquiry in itself is safeguarded (Stake, 2005:455). Some strategies are discussed below and they incorporate the views of Lincoln and Guba (2005).

Internal validity or credibility

This has to do with how research results match reality and in this case reality is as defined by the data presented. It is important to remember that a key assumption in qualitative research such as this one is that reality is holistic, multidimensional and ever changing. This makes validity relative as well and the most common way to shore up internal validity is through firstly, triangulation which can be: using multiple methods of data collection. In the case of this research, issues such as this were taken care of since data was collected through semi-structured interviews, focus group discussion and document analysis. The use of multiple data sources or using multiple data analysis or by having more than one researcher analyse the data. In this research study, multiple data sources were used that derived from the internal management reports – reports from specific project teams, external research conducted by professional research companies such as Impact Research and Genesis Analytics, customer feedback registers, focus group discussions, in-depth interviews with managers and supervisors of the impacted staff as well as the sales and service staff. Such multiple sources of data allowed for triangulation of facts in this study.

Secondly another way to improve validity and reliability is through member checks or respondent validation and in this case, one seeks feedback on emerging findings from some of the individuals interviewed (Sankaran, 2014). In this study, the interviewer used the focus groups to probe deeper and seek to validate information given by one source through these sources.

The third data validity and reliability strategy involves adequate engagement in data collection. It is important to also seek data that supports an alternative explanation. This is known as negative or discrepant case analysis (Merriam, 2009; Ary, Jacobs, Sorensen and Walker, 2013). In this study, the CEBS report and the customer feedback registers that

incorporates customer's views were analysed as this was likely to give information that either validates or contradicts the views of the staff.

Yet another strategy known as reflexivity or researcher's position where the researcher constantly reflects critically on self as a researcher can also be used to ensure data validity (Anderson and Herr, 2015). This was achieved through the multiple iterations of the AR in this study. After each cycle, a reflection on the position taken was done and this was considered in line with the data found as an outcome of the study. Such reflections were recorded and findings were reported verbatim where necessary.

Finally, peer review where a researcher asks a peer to review the raw data and assess if the findings are plausible given the data available can also be done (Panter and Sterba, 2011). In this study, various parts of the study were shared to peers through conferences and this availed opportunity for chunks of the data findings and research to be peer reviewed.

Reliability and consistency

This refers to the extent to which research findings can be replicated. This is usually difficult to achieve in human research since human behaviour in a specific environment or response to a specific phenomenon is what is observed in qualitative research. This means replicating a qualitative research will not yield the same results but this does not discredit the results of any particular research as there can be multiple interpretations of the same data. Strategies that can be used to improve reliability and consistency are triangulation, peer review, investigator's position, and audit trail. Triangulating the data from this study with data from other PBBA countries would assist in assessing if the findings of this research are reusable. However, this was out of scope for purposes of this research and therefore not be done.

External validity and transferability

External validity is the extent to which a study can be applied to a different situation. This means the study in itself should be valid first and foremost before deciding to transfer it to a different situation. This means reliability to the study should take precedence over trying to make it generalisable and transferable. In social research generalisations are thought of more as modest extrapolations or working hypothesis – as a mere example of another situation. The person reading the study should be able to decide the extent to which aspects of the findings apply to specific situations.

"It is an expansion of our kit of conceptual tool" Eisner (1991:211)

To enhance transferability, some strategies that can be used include: use of rich thick description (involving vivid description of setting of study and participants as well as

quotation of interviews verbatim); maximum variation (involving a wide selection of the sample to increase range of application. In this study, the researcher endeavoured to provide detailed and verbatim excerpts of the research findings (Anderson, 2015).

Ethics

Ethics of the researcher play a role in determining the reliability and validity of a research study much as there are guidelines and regulations that guide ethics in research. When research is highly collaborative, participatory or political, such as is the case in this study, then issues of ethics become even more important and this is the case with this research which takes the form of action research and the researcher has a high level of interest in the outcome of the research. Ethics need to be considered in the way data is collected and reported. Sometimes respondents may feel that their privacy is invaded during interviews as such interviews may arouse positive or negative emotions and/or memories. In terms of document analysis, it is critical to ensure that documents used have been obtained in an ethical manner. In analysing data, since the researcher is the primary tool of both data collection and analysis, data may be filtered through the researcher's philosophical position and bias (Anderson et al, 2015; Panter and Sterba, 2011; Ary et al, 2013). Disseminating research results can also be problematic if for example the research was sponsored and the data finds itself in the wrong hands. Anonymity of research subjects may be difficult if the case being researched stands out in any way or is unique and difficult to veil the findings/descriptions (Panter and Sterba, 2011).

The following ethical considerations will be taken:

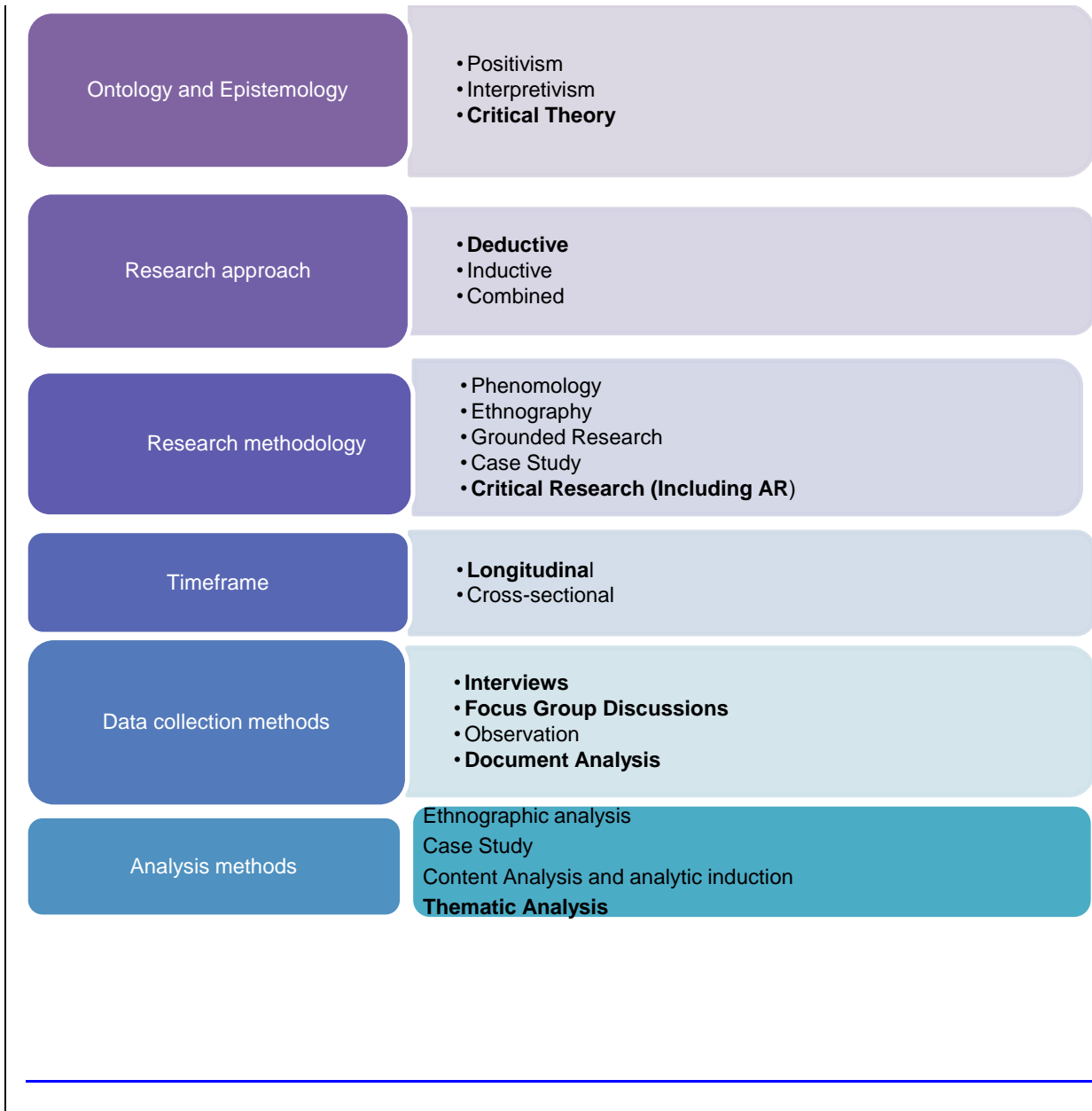
- The researcher in this particular study happens to also be the Head of the Division in which the study is carried out. As a result, chances of unduly influencing the results of the study are very high. In order to mitigate this ethical dilemma, the researcher while being a participant will ensure that the implementing team are allowed space to implement once actions are agreed and will only come in at the end of each AR cycle to collect recorded data/collect data through in-depth interviews. This will allow the outcome to be free from manipulation. However, the fact that the researcher is the Head of Division if this mitigating factor is done well can be a good thing because it enables the resources necessary to carry out the research to be availed. For example, system and process changes as well as outsourced agents can be availed and supported given the level of seniority of the researcher.

- In order to ensure that the findings were not manipulated, the data was be collected methodically and in line with the guidelines of AR. The findings/raw data was recorded and be made available to any person who wants to scrutinise it.
- Permission was be sought from all Senior Management stakeholders in Standard Bank Group to carry out the research
- Participants were chosen to participate from the target market on a voluntary basis
- The recommended interventions for the study was done visibly for all participants to observe and suggest
- Permission was sought to use documents done by outsourced agencies as well as internal documents that have been developed for other use
- Confidentiality of all business and personal information was maintained.

3.3.8 Summary

This chapter reviewed and justified the research design looking in detail at the research philosophy, the approach used to develop theory, the research methods that were used in the research, how participants were identified, data was collected and analysed as well as the how the researcher ensured that the research was valid, reliable and ethical. At each point, the various options available were discussed and justification was given in terms of the chosen approach or method. The diagram below summarises the research philosophies, methodologies and design available and those that were chosen for purposes of this research and for reason described in this chapter, were highlighted.

Figure 15 Research Methodology (source: Saunders et al, 2007)



Chapter 4 Analysis and Discussion

4.1 Introduction

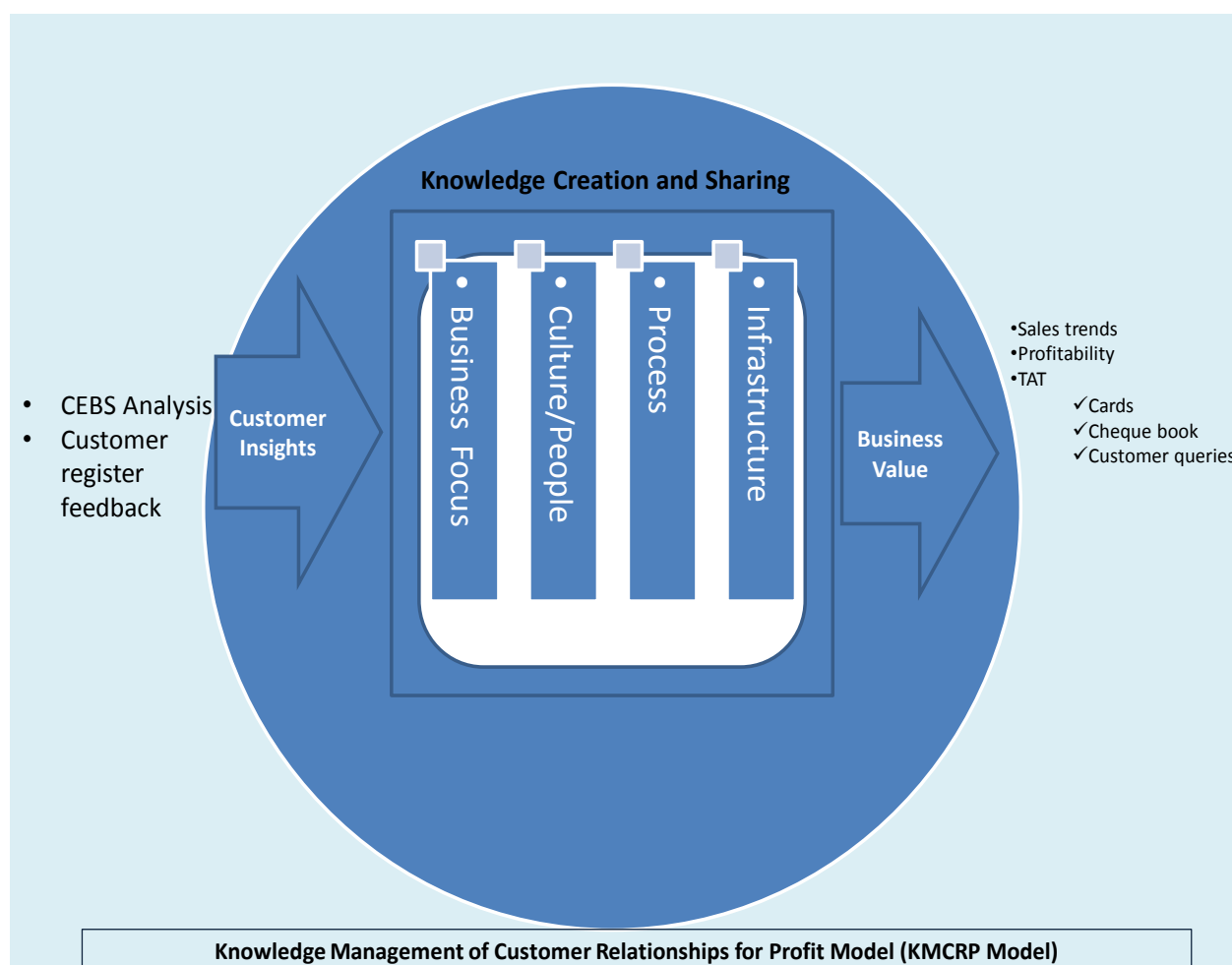
This chapter will cover an analysis of the findings that have been uncovered in this empirical study and the final outcome of the practical MKC Relationship Management model having tested the framework through action research. The chapter is divided into 3 parts: a planning cycle, an action cycle followed by another planning cycle. While cycle one and three are described as planning cycles, cycle one and two will cover all four phases of AR which are planning, acting, observing and reflecting while cycle three will simply cover the planning and reflection on the possible actions that could be taken. The data is presented analysed in accordance to thematic coding as explained in section 3.3.6 of this thesis. The recommendations made at the end of each cycle inform the next phase of the research.

Below is a brief synopsis of what the chapter covers:

Cycle One

- Plan – planning for cycle one mainly covers the analysis of documents that give customer insights into SBM in as far as CRM is concerned. The documents include CEBS surveys, customer feedback as well as people audit results since customer relationship are delivered through people (Dokelman, 2013). The MKC Relationship Management framework was used in the planning as this is the customer insights required to guide the actions and Figure 16 below shows how the four phases of each cycle fit into the framework.
- Action – Following the planning phase, and in consultation with the business unit heads for branch banking, private banking and business banking through semi-structured interviews, some key actions were developed. The action phase of cycle one covers the development of the key initiative identified and acted upon in order to improve CRM using KM with the main objective being to improve profitability. The actions were developed by the participants as identified in section 3.3.4 and will be detailed later in this chapter.
- The next phase covers the results observed from the actions taken.
- The fourth phase covers a reflection on the outcomes and begins to consolidate and build patterns between the insights, the actions and the results.

Figure 16 MKC Relationship Management model based on literature review (source: Author)



Cycle Two

- Plan – this covers the actual implementation plan for the actions planned in cycle one.
- Action – this phase covers the actual implementation of the planned actions. These actions are the four key initiatives that were planned/planned and piloted with stakeholder consultation in cycle one and are implemented/improved in cycle 2. These are:
 - Rapid improvement event and branch optimisation (RIE and BO)
 - I-serve – a workflow system that helps to improve turnaround times (TATs) on cards, cheque book and complaints management
 - Business process improvement for Business banking term loans and overdrafts (BB TAT)
 - Salesforce – a CRM system

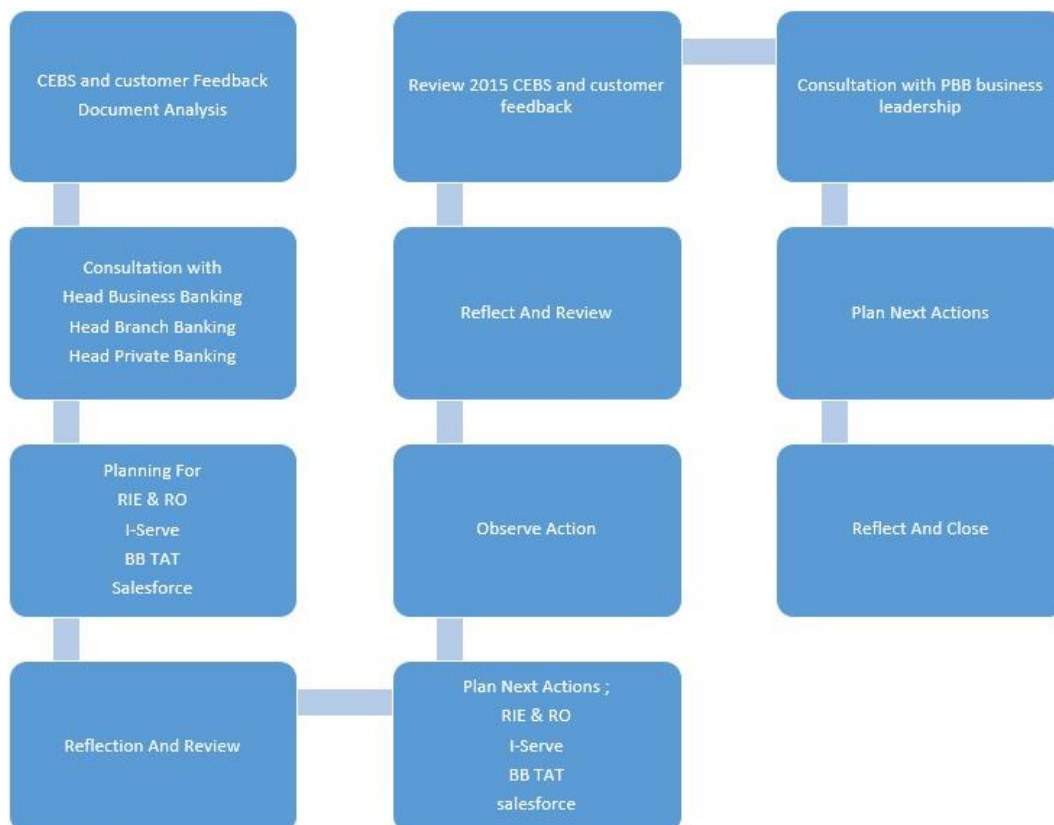
- Observe – this phase considers the results of the actions taken across the four interventions identified, the focus group discussions with the business banking team and the service team will be done during this phase.
- The final phase in this cycle is a reflection on the outcomes of cycle two of the study together with an analysis of how the different components impact on the MKC Relationship Management model.

Cycle three

- Plan – This cycle begins with an analysis of the CEBS results of 2015 as well as the customer feedback collected during the same period. The analysed data was taken through preliminary consultations with the stakeholders bearing in mind the outcome of cycle two of the study in order to establish possible actions for the third cycle of AR. The phase further considers how the MKC Relationship Management has evolved during the course of the AR and recommends a roadmap of how this can be implemented before concluding the study.

Below in figure 17 is a diagrammatic representation of the three cycles of research carried out.

Figure 17 Diagrammatic representation of the 3 cycles of the study (Source: Author)



Data Analysis and coding

All the data collected throughout this study was analysed using the thematic coding methodology which is guided by the MKC Relationship Management model and a deductive data analysis method is used to analyse the data (Saldana, 2009). The BCPI model (Kandadi, 2006), is embedded within the MKC Relationship Management model and this study offered an opportunity to test this model. However, using the themes from the BCPI model alone was not practical as it would have left out many other emerging factors in the study for the following reasons:

1. The BCPI model is more internally focussed and, therefore, leaves no room to capture the customer feedback
2. Not all data categories fit into this particular study. Therefore while the core categories of BCPI fitted well into part of the themes in this study; it did not fit all of them. As a result, some of the elements that make up the core categories do not add value to this particular study.
3. The BCPI model further ranks all 4 factors equally and yet there are other categories that are more important and more encompassing than others.

As a result, the following coding system was used to analyse the data in this study:

Core categories that were established were as follows:

- Customer Insights (Ci)
- Business Focus (B),
- Culture/People (C),
- Process (P)
- Infrastructure (I)
- Business Outcomes (Bo)

Having established the core 6 categories; Table 11 below shows the 28 factors that make up each core category (Saldana, 2009).

Table 11: The core categories and factors (source: author)

Core Category	Factors making up category
Customer Insights (Ci)	<p>Convenience - customer channels, hours of operation, queuing times (Ci1)</p> <p>Value for money – pricing (Ci2)</p> <p>Products and services offered (Ci3)</p> <p>Customer-centricity – CRM, TAT, responsiveness/accessibility, communication with customers (Ci4)</p> <p>Ease of using products and services – simplicity (Ci5)</p> <p>Confidentiality/trust (Ci6)</p> <p>Customer loyalty – continued use of the bank, referrals (Ci7)</p>
Business Focus (B)	<p>Strategic focus - organisation wide initiatives, marketing; service levels (B1)</p> <p>Competing focus areas - group versus local; inter-departmental goal conflict (B2)</p> <p>Innovation (B3)</p> <p>Market environment - regulatory, risk management; macroeconomic environment (B4)</p>
Culture/People (C)	<p>Leadership (C1)</p> <p>Organisational structure - churn and staff capacity (C2)</p> <p>Employee attitudes/professionalism /product knowledge (C3)</p> <p>Recruitment, on-boarding and promotions (C4)</p> <p>Employee learning -knowledge sharing, competence and training (C5)</p> <p>Remuneration, reward/recognition systems (C6)</p> <p>Performance management (C7)</p>

	Empowerment (C8)
Process (P)	Business processes (P1) Content management (P2)
Infrastructure (I)	IT infrastructure (I1) Physical infrastructure (I2)
Business Outcome (Bo)	TAT (Bo1) Sales and customer base (Bo2) Service scores (Bo3) Profit after tax (PAT) (Bo4)

Having established the 6 core categories and the 28 factors that make up the categories, it is important to ensure that the data sources are also appropriately coded. Table 12 below shows how the data sources were categorised. The roadmap of the chapter has now been clearly defined and explained; the data analysis method articulated, therefore, the following will detail the key findings in the first cycle of the research study.

4.2 Findings and discussion from action research cycle 1

This section covers the findings and analysis of the first cycle of this research. In this cycle, the CEBS and customer feedback was analysed and the findings were discussed with the relevant unit heads (Head BB, Head Private Banking and branch banking) in semi-structured interviews. To conclude this cycle, the possible solutions to resolve the customer issues were then discussed with stakeholders across both SBM and SBG in PBB, IT, Operations etc. plans were developed and in some cases implementation of the plans were begun.

Table 12 Data source coding (Source-Author)

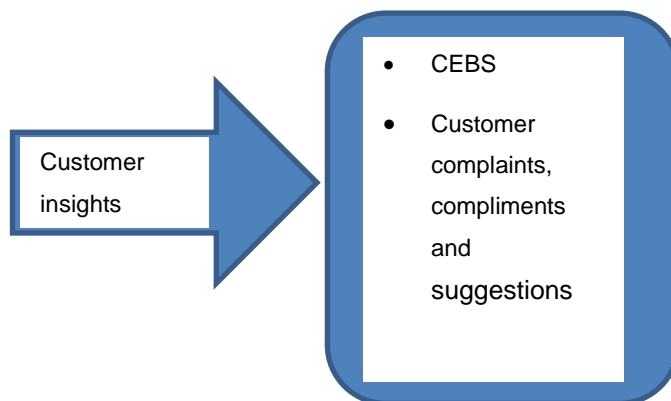
Report Name	Data Source	Source Code	Example of source code used with category and factor code
CEBS report 2011	SBG	CEBS11	(Ci1 - CEBS11pg2) – customer insight on convenience sourced from the 2011 CEBS report on page 2
CEBS report 2012	SBG	CEBS12	(Ci1-CEBS12pg5) – Customer Insight on convenience sourced from the 2012 CEBS report page 5
CEBS report 2013	Impact Research Agency	CEBS13	(Ci1-CEBS13pg6) – Customer insights on convenience sourced from 2013 CEBS report page 6
CEBS report 2014	Impact Research Agency	CEBS14	(Ci1-CEBS14pg5) - Customer insights on convenience sourced from 2014 CEBS report page 5
CEBS report 2015	Impact Research Agency	CEBS15	(Ci1-CEBS15pg5) - Customer insights on convenience sourced from 2015 CEBS report page 5
Customer feedback register 2011	SBM Customers	CFR11	(Ci4-CFR11pg7) – Customer insight on customer Centricity sourced from the customer feedback register page 3)
Customer feedback register 2012	SBM Customers	CFR12	(Ci4-CFR12pg7) – Customer insight on customer Centricity sourced from the customer feedback register page 3)
Customer feedback register 2013	SBM Customers	CFR13	(Ci4-CFR13pg7) – Customer insight on customer Centricity sourced from the customer feedback register page 3)
Customer feedback register 2014	SBM Customers	CFR14	(Ci4-CFR14pg7) – Customer insight on customer Centricity sourced from the customer feedback register page 3)
Customer feedback register 2015	SBM Customers	CFR15	(Ci4-CFR15pg7) – Customer insight on customer Centricity sourced from the customer feedback register page 3)
People Audit report 2011	Human Capital Division	PA11	(C7 – PA11pg2) – feedback on culture around people management sourced from the 2011 People Audit report page 2
People Audit report 2012	Human Capital Division	PA12	(C7 – PA12pg2) – feedback on culture around people management sourced from the 2012 People Audit report page 2
People Audit report 2013	Human Capital Division	PA13	(C7 – PA13pg2) – feedback on culture around people management sourced from the 2013 People Audit report page 2
People Audit report 2014	Human Capital Division	PA14	(C7 – PA14pg2) – feedback on culture around people management sourced from the 2014 People Audit report page 2
People Audit report 2015	Human Capital Division	PA15	(C7 – PA15pg2) – feedback on culture around people management sourced from the 2015 People Audit report page 2

People Focus Group discussion with CE	Human Capital Division	FGDCE	(C2 – FGDCEpg10)- feedback on culture around leadership sourced from the CE's focus group discussions on page 10
Interview with Head BB	Interview	INTBUSB	(P1-INTBUSBpg3) – insight on business process sourced from an interview with the Head of business Banking
Interview with Head Branch Banking	Interview	INTBB	(P1-INTBBBpg3) – insight on business process sourced from an interview with the Head of branch Banking
Interview with Head Private Banking	Interview	INTPB	(P1-INTBUSBpg3) – insight on business process sourced from an interview with the Head of private Banking
Rapid Improvement Event and Branch Optimisation Report 1	PBBA business performance improvement and branch banking	RIEBO1	(I1-RIEBO1pg7) – insight on IT infrastructure sourced from the Rapid improvement event and branch optimisation report 1
Rapid Improvement Event and Branch Optimisation Report 2	PBBA business performance improvement and branch banking	RIEBO2	(I1-RIEBO1pg7) – insight on IT infrastructure sourced from the Rapid improvement event and branch optimisation report 1
I-Serve project documents	I-serve project team	ISER	(Ci4-ISERpg12) –customer insight on relationship management sourced from the I-serve project documents on page12
BB TAT Project 1	PBBA business performance improvement	BBTAT1	(C1-BBTAT1pg3) – An insight on leadership Culture sourced from the business banking turnaround project 1 page 3
BB TAT Project 2	PBBA business performance improvement	BBTAT2	(C1-BBTAT1pg3) – An insight on leadership Culture sourced from the business banking turnaround project 2 page 3
Sales force Report 1 and 2	Salesforce	SF1 and SF2	(BO2 – SF pg1) – Business Outcome result on sales sourced from the salesforce report page 1
Focus Group Discussion with BB Team	Interview transcripts	FGDBUSB	(C3 – FGDBUSBpg15) – Culture insight on staff attitude sourced from the business banking focus group discussion page 15
Focus Group Discussion with Service team	Interview transcripts	FGDSER	(C3 – FGDSERpg15) – Culture insight on staff attitude sourced from the service team focus group discussion page 15
Strategic Plan for 2016	Workshop	STRATP	(C5-STRATPpg9) – Employee learning insight from the strategic planning session for 2016 page 9

4.2.1 Customer Insights

The first cycle of the research started with the planning which sought to find out the key issues that were impacting on the customers' relationship with SBM. This is the customer insight on the MKC Relationship Management model as illustrated in Figure 18 below. The customer insights were derived from document analysis of CEBS surveys between 2011 and 2013 as well as customer feedback from the branches. In addition to this, the possible issues to be resolved were arrived at in consultation with the impacted heads of division as well as the identified participants (IT, branch banking and business process improvement team supported by the local PBB staff) both in Malawi and at SBG.

Figure 18 Customer Insights (source: Author)

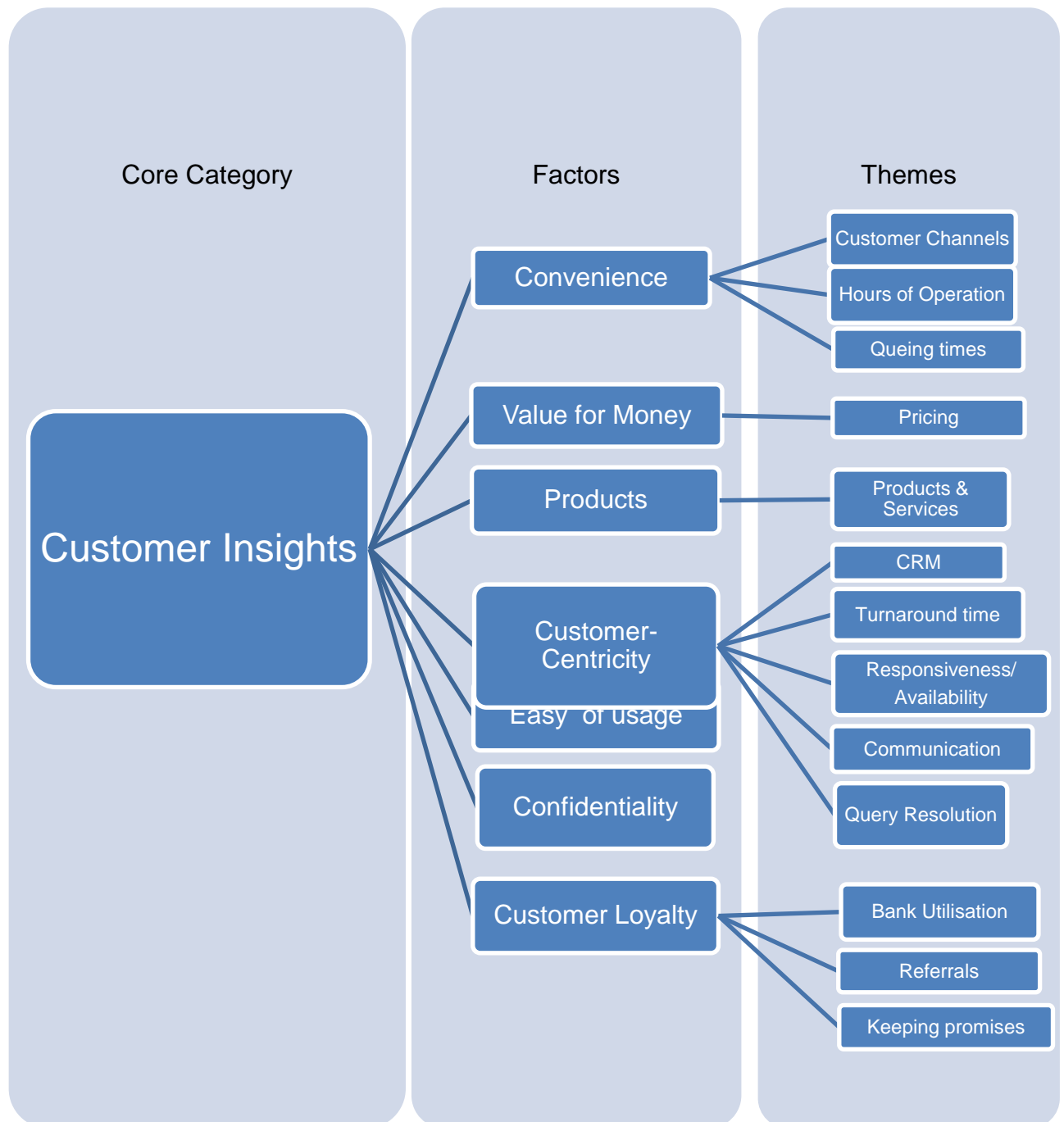


Apart from establishing the customer insights, the document analysis also assisted in populating the baseline of what constitutes success and how PBB was performing across those parameters. This was done to ensure that at the end of each cycle, there could a measurement of how these key indicators moved as well as a reflection on how the application of KM would have contributed to the CRM improvement or lack thereof. This then helped determine the impact that the action had on profitability.

Analysis of customer insights

Customer insights was identified as a core category based on the first part of the MKC Relationship Management model that required customer insights as input into the model (see figure19). The data that was analysed in order to gain customer insights was derived from the CEBS surveys data conducted by researchers on behalf of the bank between 2011 and 2013.

Figure 19 Customer Insights themes (source: Author)



More details about how the research is carried out will be explained shortly below. Apart from CEBS, the customer suggestions, complaints and compliments register was also used as input into the customer insights. Analysis of the customer insights data revealed that this category was mainly made up of seven factors which can be further divided into themes. The

themes were derived from the thematic analysis of data where all data was coded according to a theme and similar themes were then grouped together to come up with the factors.

Below is a diagrammatic representation of the seven factors and themes that made up the core category of customer insight.

Customer Convenience (Ci1)

The themes covered under this factor included, customer channels; hours of operation and queuing times. The outcomes of customer data analysis revealed that customers generally needed more customer channels (branches and ATMs) and that they required longer banking hours. They also felt that they queue in the banking halls and ATMs for too long and sometimes it was because SBM did not have enough staff in the banking halls serving customers

Value for money (Ci2)

In terms of value for money, the main theme under this factor covered pricing. Customers felt that the bank was charging highly in terms of both transaction fees as well as interest rates. There was a component of customers who felt that they were being charged too much for the level of service that they were getting from SBM.

Products (Ci3)

This factor took into account the actual products and services that SBM was offering to the customers. In terms of the products and services, customers indicated that they were happy with the loan products that the bank was offering particularly in the personal markets space. The customers also indicated that they were happy with the foreign currency services that the bank offers.

Customer-centricity (Ci4)

This particular factor took into account the data that had themes relating to relationship management, turnaround times (TATs), responsiveness and availability of bank staff when you need them, communication with customers and query resolution. In the findings, customer relationship management was found to be better in branch banking as opposed to the high touch segments of private banking and business banking and this continued to be the case over the three year period under review.

Furthermore, the TATs on loans in both the personal and business banking were too long and bank staff were not always readily available when customers needed them. In addition to this, communication with customers was generally inconsistent and not all queries raised by the customers were responded to, to the satisfaction of the customer.

Ease of using products and services (Ci5)

Under this factor, the key theme was around simplicity of process and access to the products. Customers felt that generally the bank does not make it very simple for customers to use their products and that the demands on the customers made it complex to access products. The issues of compliance, especially the KYC requirements added even more complexity and customer dissatisfaction.

Confidentiality (Ci6)

This factor took into account themes that related to the trust levels that the customers had towards the bank. Banking has been known to be associated with trust in the banking institution (Parker, 2005). Customers of SBM, especially those in BB generally felt that the bank does not always handle their personal information confidentially.

Customer Loyalty (Ci7)

Continued use of the bank and referring the bank to other customers was the theme that was considered under this particular category. This rating was consistently lower than the average score of the segments across all three business units and this mean that most customers of the bank were not confident about the level of service they get from the bank to the extent that they could not recommend others to the bank.

Detailed results of the customer analysis and discussion

As alluded to earlier, the customer insights were derived from the CEBS surveys that are held by the bank each year as well as the customer feedback from the branches (CEBS12, CEBS13, CFR12 and CFR13). SBM conducts customer experience surveys in order to ascertain the levels of service the bank is delivering to its customers as perceived by the bank's customers at that moment in time. Each survey highlights the key areas that the bank is doing very well at; needs to stop doing and some areas that needed to be improved in order to attain the highest possible levels of customer experience for its customers. The CEBS surveys also reveal the key dimensions that customers believe are the key determining facts underpinning their choice of a bank and what constitutes good service to

them. The survey for 2011 was done between August and September 2011 in 13 African countries where Standard Bank was present of which Malawi was one. Following the 2011 CEBS survey, which was dubbed, Wave 1, since it was the first ever Africawide survey in SBG, Wave 2 CEBS was conducted between 28th March 2012 and 12th May 2012. The design principles and methodology was similar to the 2011 survey and the study carried out across 13 African countries similar to Wave 1. The data was collected as follows (Table 13):

Table 13 Methods used to collect data in 2012 CEBS survey (source:CEBS2012pg5 and 8)

BUSINESS UNIT	METHOD	COVERAGE/NUMBER OF INTERVIEWS
Branch Banking	Face-to-face intercept interviews	690 customers in 23 branches
Private Banking	Telephone interviews	120 customers banked by 4 Private Bankers
Business Banking	Telephone interviews	121 customers banked by 5 RMs

The results of the two surveys, though presented differently, are comparable. The 2013 CEBS survey was carried out between 19th August and 11th September 2013 and was designed in such a way as to compare with the 2012 results. The methodology used was similar. However, the research was done locally and the results were compared to the external market as opposed to other years when the research was compared to other Standard Bank/Stanbic Bank ratings across the continent.

Apart from the CEBS surveys, customer insights were also obtained from the customer feedback registers held in the branches and which have serial numbers that are auditable. The pages in the register have space to provide customer details, compliments; suggestions and/or complaints and the customer is at liberty to fill in all or some fields. The registers are located in highly visible places within the banking halls. The branches are expected to file a monthly return of all filled pages of the register to the customer experience team in head office for further analysis and action. In addition to this, the branches have an obligation to respond to the customer's feedback and take necessary action where possible.

Below is a more detailed discussion of the findings of each factor under this core category.

Customer Convenience (Ci1)

The themes covered under this factor included, customer channels; hours of operation and queuing times. The outcomes of customer data analysis reveal that customers generally need more customer channels (branches and ATMs) and that they require longer banking hours. They also feel that they queue in the banking halls and ATMs for too long and sometimes it is because the bank does not have enough staff working on the teller counters. The supporting data is presented in Table 15 and 16 below. In terms of importance, the length of time spent in the queue has a 9.3 importance rating as given by the customers during the CEBS survey and satisfaction score is at 8.52 in 2012, increasing to 9.12 in 2013 (Ci1-CEBS13pg23). Making banking convenient for the customers has an importance rating of 9.42 and the satisfaction rating improves from 8.57 to 9.03 between 2012 and 2013 (Ci1-CEBS13pg24). Table 14 below shows these results and the fact that both scores remain below the importance rating score meaning that SBM may have improved year on year (YoY) but the satisfaction score still remains lower than the importance rating.

Table 14 Customer importance ratings versus satisfaction ratings (source: CEBS report 2013)

ATTRIBUTE	IMPORTANCE RATING	SATISFACTION RATINGS		
		2012	2013	Difference
Length of time spent at the queue (Ci1- CEBS13pg23)	9.30	8.52	9.12	0.60
Makes banking convenient for you (Ci1 – CEBS13pg24)	9.42	8.57	9.03	0.46

The CEBS surveys further give insights into what the bank needs to stop, start and continue doing by each segment. Below are the suggestions that came from customers.

The need to expand branch and ATM network, increase the types of transactions available on the ATMs as well as the need to serve customers faster was highlighted in 2011 in branch and business banking and it is shown that dissatisfaction in one area may lead to losing a customer across all segments of the business (Reichheld, 2011). Customers also expected the bank to be flexible and responsive to their feedback in addition to manning the banking halls appropriately during peak times especially by the teller counters as well as the customer consultants processing loans.

Potential customers experienced the long queues as well and this reduced their chances of becoming our customers in future. The customers' verbatim feedback found in the customer complaints registers are detailed in Table 16 below. Value for money (Ci2)

In terms of value for money, the main theme under this factor covered pricing. Customers felt that the bank was charging highly in terms of both transaction fees as well as interest rates across the three segments. There was a section of customers feeling that they were being charged too much for the level of service that they were getting from SBM. In addition to this, customers felt that the pricing was not always as transparent and that there are some hidden charges and some customers only get to know about a fee after the fee has been deducted on their statements. The fact that the narrative on the statement does not clearly state what the charge is for makes it even worse for the customers. Tables 17 and 18 below provide the details of the findings.

Products (Ci3)

This factor took into account the actual products and services that SBM was offering to the customers. In terms of the products and services, customers indicated that they were happy with the loan products that the bank was offering across all three business segments. The customers also indicated that they were happy with the foreign currency services that the bank offers. However, customers were not happy with the fact that the bank does not offer mobile banking, internet banking as well as visa related card services. In some instances knowledge gaps were noticed because customers were asking for loan and internet banking services which were already available. Details of the actual findings are detailed in Table 19 below.

Table 15 Customer suggestions on Convenience – Branch banking (source: CEBS Report, 2012)

Customer suggestions on convenience – branch banking		
Start Doing	Carry On Doing	Stop Doing
<ul style="list-style-type: none"> Staff related – Employ more tellers to serve in the banking hall (Ci1 and Ci2) ATMs – Expand the ATM network (Ci1) 		<ul style="list-style-type: none"> Customers service – Keeping customers waiting on the queues for a long time (Ci1) Banking hours– Closing early (Ci1)

Table 16 Customer feedback on convenience (source: SBM Customer Experience Department)

Complaint/Suggestion/Compliment
"Management should do something to reduce congestion especially on busy days ie. 1. Employ more staff 2. Open more branches 3. Increase ATM withdrawal amount to K50,000" (Ci1-CFR12pg215)
"I have been banking since standard bank opened. I have made friendly constructive suggestions to many of your tellers to put more tellers in place during peak hours. Your line takes much of our time; I repeatedly come and go because you are understaffed." (Ci1-CFR12pg9)
"You are losing clients to other banks and I will soon take all of the corporate business I represent elsewhere. I know I will get faster service. Please put more tellers during peak hours" (Ci1-CFR12pg9)
"Your people are friendly but your service is terribly slow" (Ci1-CFR12pg9)
"Put back Corporate Section as it was in the past. The lines scare most of these type of customers" (Ci1-CFR12pg11)
"We take too long to transact in the banking hall" (Ci1-CFR12pg11)
"I was in the bank from 11:49am to 13:51pm just to withdraw cash. Please add more tellers when the bank is full. Age matters and others are patients – please assist." (Ci1-CFR12pg42)
"Please too long queues, reduce it by introducing ATM which accept cash and cheque deposits, you may attract more customers" (Ci1-CFR12pg43)
"Add some more chairs for your customer satisfaction because we do stand for long time to be assisted." (Ci1-CFR12pg29)
"Bulk customer to have their own teller: Stayed too long on a deposit line because a bulk depositor had blocked the way for minor deposits" (Ci1-CFR12pg30)
"Would you please improve inquiries department. Sometimes we stay longer especially at the beginning of the business" (Ci1-CFR12pg61)
"The deposit part lady teller began reconciling when there is a line probably to knock off earlier. Standard bank head office must strive to keep people on the line for a little time." (Ci1-CFR12pg65)
"Can you improve your service before we get away to other banks" (Ci1-CFR12pg72)
"Please improve your customer service, the tellers are rather slugging" (Ci1-CFR12pg82)
"The complaint is in the loan department. It seems that there is one person most of the times attending to customers and it takes someone at least 45mins to 60 mins for the application to be done and considering that he is also working – from his institutions" (Ci1-CFR12pg98)
"Open another auto teller machines" (Ci1-CFR12pg99)

Table 17 Customer feedback on Value for Money (source: SBM Customer Experience department)

Customer suggestions - Branch banking		
Start Doing	Carry On Doing	Stop Doing
<ul style="list-style-type: none"> Bank charges – Lower bank charges (Ci2) 		<ul style="list-style-type: none"> ATMs – Charging on ATM withdrawals (Ci2) Bank charges – charging high rates (Ci2) High charges on statements (Ci2) Loans – High charges on loans (Ci2)
Customer suggestions – private banking		
Start Doing	Carry On Doing	Stop Doing
<ul style="list-style-type: none"> Bank charges - Lowering bank charges (Ci2) making customers feel that they are getting good value for money (Ci2) 		<ul style="list-style-type: none"> Bank charges – Stop high charges (Ci2) ATM charges (Ci2) Hidden fees and charges (Ci2)
Customer suggestions – Business banking		
Start Doing	Carry On Doing	Stop Doing
<ul style="list-style-type: none"> Bank charges - Reduce bank charges (Ci2) making customers feel that they are getting good value for money (Ci2) 		<ul style="list-style-type: none"> Bank charges – Reduce the rates charged on cheques (Ci2) ATM charges (Ci2) Deductions on personal accounts (Ci2)

Table 18 Verbatim Customer feedback of Value for Money (source: Customer Experience Department)

Complaint/Suggestion/Compliment
“Increasing interest on outstanding loans and effecting deductions without prior notice or thereafter. This is very, very bad” (Ci2)
“not happy with ATM charges” (Ci2)
“The deductions made after every transactions should be reduced” (Ci2)
“So much deduction charges – you must clearly explain to the customer all the deduction charges.” (Ci2)
“Why all of a sudden your monthly charges are high.” (Ci2)

In terms of the more verbatim customer feedback from the complaints register, similar feedback was given in terms of not notifying customers when interest rates and tariff rate changes. This is despite the bank fulfilling the legal obligation of placing notices of interest rate changes in the papers. It is possible that customers do not link these notices to their personal facilities with the bank and need to be appropriately informed at the point of making the sale.

Table 20 presents specific data that related to this specific factor as recorded in the customer complaints registered. Customers also demanded services such as sms alerts as well as point of sale services which were already being offered by competing banks.

Customer-centricity (Ci4)

This particular factor took into account the data that had themes relating to relationship management, turnaround times (TATs), responsiveness and availability of bank staff when you need them, communication with customers and query resolution. In the findings, customer relationship management was found to be better in branch banking as opposed to the high touch segments of private banking and business banking and this continued to be the case over the three year period under review. In addition to this, the TATs on loans in both personal space and business banking space was too long; bank staff were not always readily available when customers needed them and communication with customers was generally inconsistent. Besides, not all queries raised by the customers were responded to, to the satisfaction of the customer. Customers were unhappy about the time it takes to activate an account once it has been opened and the fact that the bank returns cheques unpaid where there are no adequate funds or for any other reason without informing the customers. Customers in business banking felt that customers could do better at knowing their businesses in order to provide better advice and help their business to grow.

Customers appreciated the customer promotions that the bank runs though there was a plea to improve on advertising specific products those customers did not know of. Table 19 below shows this customer feedback in a table format.

Table 19 Customer feedback on products (source: SBM Customer Experience department)

Customer suggestions – branch banking		
Start Doing	Carry On Doing	Stop Doing
<ul style="list-style-type: none"> Loans – Start offering loans (Ci3) 	<ul style="list-style-type: none"> Loans – Keep giving loans (Ci3) Global transactions (Ci3) 	
Customer suggestions – private banking		
Start Doing	Carry On Doing	Stop Doing
<ul style="list-style-type: none"> Technology – Mobile banking (Ci3) 	<ul style="list-style-type: none"> Loans – Offering loans (Ci3) Having readily available foreign exchange (Ci3) 	
Customer suggestions – business banking		
Start Doing	Carry On Doing	Stop Doing
<ul style="list-style-type: none"> Card related – Visa card (Ci3) Technology – Internet banking (Ci3) 	<ul style="list-style-type: none"> Having readily available foreign exchange (Ci3) Products & services – Business banking (Ci3) Contract financing (Ci3) 	

The verbatim customer feedback is presented in Table 22 below and shows that, there was some very positive feedback on specific individuals within SBM which means that the person giving the service made a difference to the actual customer experience. On a negative note, customers were not happy with the freezing of accounts due to non-compliance with the Know Your Customer (KYC) regulation. The exercise of ensuring that both existing and new customers were KYC compliant was an exercise that had been on-going for several years

but despite many projects, not all customers were compliant as per regulation and this had resulted in the need to freeze non-compliant customer accounts.

Table 20 Verbatim feedback on products (source: SBM Customer Experience department)

Complaint/Suggestion/Compliment
“Requested for POS machine which still is not available from your bank” (Ci3)
“Let me know when my salary is in the account” (Ci3)
“Very good internet Banking Service” (Ci3)

Table 21 Customer feedback on Customer Centricity (Customer Experience Department)

Customer suggestions – branch banking		
Start Doing	Carry On Doing	Stop Doing
<ul style="list-style-type: none"> • Shorten the loan processing period (Ci4) • Customer service – Improve on customer care (Ci4) • updating customers regularly on their transactions (Ci4) 	<ul style="list-style-type: none"> • Customer service - continue providing good service to customers (Ci4) • Advertising & marketing – Making promotions (Ci4) 	
Customer suggestions – private banking		
Start Doing	Carry On Doing	Stop Doing
<ul style="list-style-type: none"> • Creating awareness on their products (Ci4) • improved Loan turnaround time (Ci4) 		<ul style="list-style-type: none"> • Customer Service: Slow service (Ci4) • Poor customer relation (Ci4) • Returning of cheques (Ci4) • Not giving customer feedback (Ci4) • time taken to operationalise current account
Customer suggestions – business banking		
Start Doing	Carry On Doing	Stop Doing
	<ul style="list-style-type: none"> • Providing good service 	

This clearly resulted in a customer service crisis and is a typical example of how the interests of various stakeholders in banking can conflict (Dokelman et al, 2013).

Another frustrating aspect for customers was the lack of prompt assistance in unlocking internet banking passwords. Customers were not pleased about the fact that SBM stopped sending statements to individual customers and never provided an alternative way of receiving the information to the customers.

Table 22 Verbatim customer feedback on Customer Centricity (source: SBM Customer Experience department)

Complaint/Suggestion/Compliment
"I really would like to commend the branch manager, for her understanding spirit and customer care.....she went out of her way, she came to the branch and sorted us out..."(Ci4)
"the priority banker works with diligence and delivers on time.....this is unique to Standard Bank.....two desks would be helpful. There are times when it is simply congested and she is overwhelmed....."(Ci4)
"Mr.....very excellent customer care service" (Ci4)
"The cashiers are just too good" (Ci4)
".....very happy with a female member of staff" (Ci4)
"Compliments for the priority banker" (Ci4)
"easy to open account, ATM easy to operate, loan processing fast.....keep it up" (Ci4)
"thanks for excellent service to....." (various customers) (Ci4)
"Please place a customer care desk in the banking hall so that he/she can be accessible" (Ci4)
"Your bank has not been helpful at all in handling the freezing of accounts without ample communication to holders as you have greatly inconvenienced some of us who came to the bank to withdraw money only to be told that we can't....."(Ci4)
Customers complimented bank on KYC and notification of freezing of accounts though the channels used to communicate were not good enough. Customers wanted to be called individually(Ci4)
"I'm on internet banking, my account has been locked but I am not assisted, please I really need this internet banking" (Ci4)
"increasing interest on outstanding loans and effecting deductions without prior notice or thereafter. This is very, very bad" (Ci4)
"Special clearance taking too long, up to two days as normal clearance.....yet.....bank is just nearby" (Ci4)
"I thought as a member of private banking I would enjoy the same privileges.....at Zomba I spent 30minutes....."(Ci4)
"I never receive monthly statements on my current account. Despite many complaints. I have just been told that Standard bank does not send monthly statements or quarterly statements to individuals any longer." (Ci4)

One of the key components of being customer-centric is the ability to resolve customer queries. Between 2012 and 2013 the CEBS surveys showed that there was an increase in the number of customers that reported complaints by between 3% and 10%. The biggest improvement in actually resolving queries came from branch banking with a 31% improvement. Private banking remained constant at 68% while BB improved by only 16%. Despite the differences in the resolution, customers in branch banking were the least satisfied with the resolution, decreasing year on year by 6% while all customers whose queries were resolved in private banking were actually happy with the resolution in 2012 and

this number decreased to 91% in 2013. In BB 89% were happy with the resolution in 2013, an improvement from 70% in the previous rating. Table 23 presents these findings in table format.

Table 23 Customer complaints, resolution and satisfaction (source: SBM Customer Experience Department)

BUSINESS UNIT	REPORTED COMPLAINT		COMPLAINT RESOLVED		SATISFIED WITH RESOLUTION		COMPLAINT RESOLUTION RATING	
	2012	2013	2012	2013	2012	2013	2012	2013
Branch Banking	11%	14%	51%	82%	89%	83%	8.00	8.50
Private Banking	21%	31%	68%	68%	100%	91%	6.63	7.13
Business Banking	14%	21%	59%	75%	70%	89%	7.10	8.67

It was concerning that not all customer queries were resolved to the customer's satisfaction as shown in table 24. This meant that the bank was under threat of losing customers to competitors. In addition to this, customers who still stayed could lose their trust towards the bank and this would keep the satisfaction with SBM promises ratings discussed above low.

Table 24 Importance versus Satisfaction ratings 2013 (source: SBM Customer Experience Department)

ATTRIBUTE	IMPORTANCE RATING	SATISFACTION RATINGS		
		2012	2013	INCREASE
Understanding your needs (Ci4)	9.71	8.98	9.20	0.22
Standard Bank keeps your best interest at heart (Ci4)	9.65		9.15	-
Being treated as a valued customer (Ci4)	9.63	8.86	9.12	0.26
Standard Bank handles transaction/request/ query in good time without mistakes (Ci4)	9.54	8.97	8.87	(0.10)
Standard Bank keeps you regularly informed on the progress of your transaction/query/request (Ci4)	9.46	7.83	8.09	0.26
Overall service received from staff (Ci4/Bo3)	-	8.75	9.16	0.41

Examining generally at the level of importance scores given by the customers and their experience, the satisfaction score remained lower than the importance score throughout the

period which could mean that SBM was delivering a level of service that did not match the level of importance that our customers had towards that parameter.

Ease of using products and services (Ci5)

In terms of the factor that looked at the products and services, Table 25 and 26 below show the that both private banking and business banking customers would like the bank to have better products that enable them to send and receive their money i.e. payments solutions. The personal banking customers gave feedback that our ATMs and account opening processes are easy to follow. There was very little data that related to this specific factor in the research.

Table 25 Start, Stop Continue table for Products and Services (source: SBM Customer Experience Department)

Customer suggestions – private banking		
Start Doing	Carry On Doing	Stop Doing
		<ul style="list-style-type: none"> making it easy for me to send and receive money (Ci5)
Customer suggestions – business banking		
Start Doing	Carry On Doing	Stop Doing
		<ul style="list-style-type: none"> making it easy for me to receive money (Ci5)

Table 26 Verbatim Customer Feedback on Products and Services (source: SBM Customer Experience Department)

Complaint /compliment
“easy to open account, ATM easy to operate, loan processing fast.....keep it up” (Ci5)

Table 27 Importance versus Satisfaction ratings on Confidentiality (source: SBM Customer Experience Department)

ATTRIBUTE	IMPORTANCE RATING	SATISFACTION RATINGS		
		2012	2013	INCREASE
Confidentiality / security in transactions (Ci6)	9.66	9.32	9.17	(0.15)
Trust/Confidence you have in the staff who served you (Ci6)	9.60		9.22	-

Confidentiality (Ci6)

This factor took into account themes that related to the trust levels that the customers had towards the bank. Banking relationships are mainly built on trust and customers of SBM, especially those in BB generally felt that the bank does not always handle their personal information confidentially. The importance rating scores as presented in Table 25 that relate to this factor were higher than the actual satisfaction scores and in fact the confidentiality/security of transactions score went down between 2012 and 2013.

Table 28 Verbatim customer feedback on confidentiality (source: SBM Customer Experience Department)

Complaint /compliment
I would want to lodge a complaint. On the 1st December, 2012 I lost K5,000 as your valued customers were struggling to enter the bank due to congestion on the door. I therefore request you to put cameras on the door if possible.
I made a K1, 000,000.00 cash withdrawal which when it was counted at NBM V/avenue it was found out that it was K1, 000.00 short. I never got help when I came back to CBC to complain
Management has to do something urgently to motivate the members of staff. Mainly the front office
The same teller always finds shortages on my deposits

In Table 28, there was an even more concerning trend that emerged which related to customers differing with the bank in terms of the actual amount given to or received from either the customer or the bank official. In addition to this, several customers wrote to the

bank after cashing on the ATM and instead of getting the amount requested; they got less. After verification, customer's funds were returned e.g. data collected on 15/05/12 at Bwaila Branch. In March a customer at the same branch complained that he/she got K500 less from the ATM but after verification this was found to be untrue (I1/Ci4).

Customer Loyalty (Ci7)

Continued use of the bank and referring the bank to other customers were the themes that were considered under this factor. The rating of the different themes under this factor were consistently lower than the average score of the segments across all three business units and this means that most customers of the bank were not confident about the level of service they got from the bank to the extent that they could not recommend others to the bank. It was, therefore, critical to check the 2013 position of customers with regards to how they rate the bank in as far as keeping its promises is concerned. Table 29 and 30 below shows that branch banking consistently outperforms the other segments in as the following parameters are concerned:

- Delivering on commitments
- Taking ownership
- Treating customers with empathy and respect
- Striving to further customer service

Table 29 Customer satisfaction of SBM promises (source: SBM Customer Experience Department)

	BRANCH BANKING	PRIVATE BANKING	BUSINESS BANKING
Standard Bank delivers on their commitments	8.16	7.43	7.55
Standard Bank takes ownership	8.50	7.67	7.59
Standard Bank treats customers with empathy and respect	8.70	8.31	7.92
Standard Bank strives to further their customer service	8.49	7.94	7.35

Table 30 Verbatim customer feedback on loyalty (source: SBM Customer Experience Department)

Complaint /compliment
"I would like to thank the manager of this bank, she is doing a very good job in assisting me. As a result, I will never quit.....even the staff I have met are very good"
" no complaint, I love my Standard Bank membership"

Having analysed the customer feedback, it was important to reflect on it in order to get further insights into the possible actions that could be put in place to resolve the customer actions. The next section reflects on the same.

Reflections on customer Insights

As can be observed, the customer priorities are many and it becomes difficult to decide which areas will make the biggest impact on customers simply by looking at the feedback thus far observed in the data. The CEBS survey and customer feedback, however, present some insights that can help streamline the findings by identifying the motivators by segment. Table 31 below shows the areas that are motivators for customers to bank with a particular bank and this is presented by segment. Having analysed the data, the author has highlighted the areas where SBM customers are not happy in red and those where the bank is doing well at in green.

The following areas were identified as areas that need to be addressed:

1. Queuing times
2. Value for money and communication on pricing
3. Need for more products that are technological driven such as mobile banking, sms alerts, internet banking, and point of sale (POS)
4. Customer-centricity such as loan TATs, feedback on customer queries, customer differentiation by segment, KYC compliance, helping customers grow their business, understanding customer businesses and needs and time it takes to activate customer accounts
5. Making it easy to receive and send money

Having understood the priority areas that will make the biggest impact from the data gathered from the customer insights, it was important to gain deeper understanding of the more specific issues that were causing the customer complaints. This was done with a view

to developing solutions to solve for the customer issues at the root and monitor the impact that the changes made on the profitability measures of the retail banking business.

Table 31 Customer Motivator (source: SBM Customer Experience Department)

Branch	Business	Private
Motivators		
Handling of transactions in good time (Ci4)	Having equipment and systems in working order (I1)	Equipment and systems being in working order (I1)
Making it easy to get things done (Ci5)	Turn around time for current business account opening (Ci4)	Time it takes to operationalize current account (Ci4)
Branch	Business	Private
Ownership staff takes (C3)	Customers feeling they are getting good value for money (Ci2)	Customers feeling they are getting good value for money (Ci2)
Making customers feel valued (Ci4)	Making it easy to receive or transfer money to other parties (Ci5)	Making it easy to receive and transfer money (Ci5)
Length of time spent on queues (Ci1)	Helping customers grow their business (Ci4)	Hidden fees and charges (Ci2)
Willingness and effort made by staff (C3)	Proactively learns about customers industry and business (Ci4)	Loan turn around time (Ci4)
Staff keeping promises (Ci4)	Turn around time when applying for a loan to the time you receive the money (Ci4)	
Updating customers regularly on their transactions (Ci4)		

In order to gain deeper insights into the findings, in-depth interviews were held with the business heads of branch, private as well as business banking since they have a good understanding of why customers felt the way they did and could help in devising the most relevant solutions. The next section will now move into the next section of the BCPI model which is the knowledge creation and sharing as presented in Figure 14 above.

4.2.2 Action on findings – BCPI as a process

In this section of the AR cycle, the consultation process on the most appropriate action to take on the customer insights was discussed. This was the processing of the customer insights as per the MKC Relationship Management model presented in figure 14 above. In order to do this, three steps were followed:

1. Consulted with the business unit heads of branch banking, private banking and business banking in relation to the customer insights
2. Analysed the BCPI factors and how each impacted on the proposed interventions
3. Looked for ways to improve the BCPI factors and planned to implement as part on cycle two of this AR.

Tables 32-43 below shows each of the problems identified in the customer insight and how each problem was interpreted by the relevant business unit head. Table 32 covers the insights gained from the in-depth discussion held with the Head of Branch Banking, who in this case is referred to as the practitioner.

Table 32 Practitioners Insight on customer issues on Branch Banking (source: Author)

Branch Banking	Practitioner's view
Loan TAT	<ul style="list-style-type: none"> • The TATs as at early 2013 were at 7days and 13 hours, against a budget of 48 hrs • The unsecured loan process was (UPL) consuming a lot of time and at least 60 pages of paper per application driving up the cost to serve and increasing the TAT • This indeed is a priority area that needs to be addressed
Long queues/ Staff capacity inadequate/Need for more branches and ATMs	<ul style="list-style-type: none"> • This fact was validated by practitioner and a proposal made to create capacity to deal with this within the branches • The practitioner believed that a multi-pronged approach of re-looking at the processes, the channels and the staff be considered • This was identified as a priority area to be addressed
Complaint handling gaps	<ul style="list-style-type: none"> • This was again validated and identified as a priority area to be addressed. Some of the gaps in addressing queries arose as a result of not knowing when the customer's cheque book or debit card would be delivered at the branch and according to the practitioner; this was among the large number of queries that were reported on the customer service consultants' desk.
KYC compliance issue impacting negatively on service	<ul style="list-style-type: none"> • This was again validated and identified as an area to be addressed. Being an issue that had to do with regulatory compliance, there was need to ensure that this area too receives priority.

Having established the areas that needed to be scrutinised at in branch banking, a similar consultation took place with the Head of Private Banking and Table 33 below shows the

issues identified by the customer insights analysis and the practitioner's views of how to solve for them.

The Head of Private Banking believed that addressing some of the inefficiencies in branch banking would help resolve the issues in this business unit and, therefore, the business unit would ride on some of the branch banking initiatives.

In as far as business banking was concerned; the following were the key issues to be solved for and the Head of Business Banking's views on the same as presented in Table 34.

Table 33 Practitioners Insight on customer issues on Business Banking (source: Author)

Business Banking	Practitioner's view
Do not understand customer needs	<ul style="list-style-type: none"> The Head of BB at this point believed that there was need to make the portfolio sizes smaller so that business bankers could have more time with customers. It was agreed that this would be done and closed and therefore was not tracked as an action in cycle one of the study.
Not proactive in managing customers' expectation for better service/ lack of loyalty in customer base	<ul style="list-style-type: none"> The above customer challenges were believed to also cover for this finding. In addition to this there was need to make use of the CRM tools available to improve this. It was agreed that this area be given priority.
Want value for money/better pricing	<ul style="list-style-type: none"> An analysis of the marketwide pricing was done and it was found that SBM was perceived to be expensive even though this was not necessarily the case. It was decided therefore that all staff should take time to explain to customers about how cost effective we are. As a result, it was decided not to adopt this as a stream of work in this study.
Want mobile banking, sms alerts, internet banking and other technology based products	<ul style="list-style-type: none"> This was again validated and identified as an area to be addressed. However, given the complexity of the solution and the level of investment and time it takes to land the project, it was taken for implementation but was not tracked as part of this study.
Want more ATMs	<ul style="list-style-type: none"> This was again validated and identified as an area to be addressed together with the branch banking intervention.

The consolidation of the customer insights with the practitioners' views results in four major interventions being agreed and put in place for tracking in this study. These were:

1. The capacity of branch banking which would solve for the queuing times, the teller availability, as well as the adequacy of the ATM and branch network. This work stream also addressed the TATs on UPL's, the account opening process as well as the processing of customer payments thus making it easier for customers to pay and receive money from third parties.
2. The complaints management which would enhance the perception of the bank in general as being proactive in the eyes of the customer. This work stream included the TATs on cheques books, cards as well as on complaints management capability.

3. The improvement of TATs in BB was also critical and needed to be improved especially for term loans and guarantees. The TAT for guarantees was focussed on first in AR cycle one, followed by improving of the term loans and overdrafts in cycle 2.
4. The improvement of customer service in order to enhance proactive management of customer relationships, deeper understanding of customer's businesses, closer contact with the customer and knowledge sharing among staff for the benefit of the customer.

Table 34 Practitioners Insight on customer issues on Private Banking (source: Author)

Business Banking	Practitioner's view
Loan TAT	<ul style="list-style-type: none"> • This was again validated and identified as an area to be addressed. The ideal TAT in the system that tracks this for BB should be at 10days, however it was not clear what the TAT was
Visa products, internet banking and point of sale required	<ul style="list-style-type: none"> • A solution for the customer known as new business on-line (nBOL), which is similar to internet banking, except it was designed for businesses would be introduced with more rigor and structure into BB. In addition to this, awareness on the visa products would be stepped up. The point of sale as a product was under development at the point of this study and due to the complexities involved in rolling it out, it was not tracked as part of this study.
Want value for money/better pricing	<ul style="list-style-type: none"> • It was believed that an analysis of the pricing would be done to ensure we remain competitive, in addition to this, relationship management would be enhanced and this would ensure value for money.
Require a more differentiated service – better CRM	<ul style="list-style-type: none"> • This was again validated and identified as an area to be addressed as part of this study.
Complaints resolution inconsistent	<ul style="list-style-type: none"> • This was again validated and identified as an area to be addressed as part of this study.
Want more branches	<ul style="list-style-type: none"> • This was again validated and identified as an area to be addressed together with the branch banking intervention.

The above four major interventions were taken as what needed to be solved in order to improve CRM at SBM and as a result, it was assumed that once done, these will improve profitability. Each intervention will be discussed below in detail starting with the intervention that addressed the issues of capacity in branch banking. This would address the challenge around long queuing times, the teller availability, as well as the adequacy of the ATM and branch network. This work stream also addressed the TATs on UPL's, the account opening process as well as the processing of customer payments, making it easier for customers to pay and receive money from third parties (Fitts, 2014; Shapshak, 2016; Edelman, 2015). This relates to the objective that seeks to understand CRM and KM at SBM and how these

relate to the framework. Therefore a lot of time will be taken to go into the details of the challenges and these will be related back to the MKC Relationship Management framework to establish if the challenges can be understood better if presented in the context of the framework.

4.2.3 Intervention 1 – Rapid Improvement Event and Branch optimisation (RIE and Bop)

Given that the aim of this entire study is to improve profitability using CRM and KM, it was important to find out whether increasing staff headcount or improving efficiency and process or both were the answer to resolving this specific issue identified. As a result, two resource teams (The Business Performance Improvement –BPI and the Branch Optimisation teams) from SBG were briefed on the problem and asked to solve for it. The process that the BPI and BO teams were going through was done in the context of the MKC Relationship Management and in line with the objective that sought to understand CRM and KM at SBM and how they relate to the framework. The approach to the problem resolution was done by:

1. Specifically looking at the time and motion studies for improvements in account opening, payments and unsecured personal loans (P1).
2. The second stream asked to look specifically at the optimisation of the resources within the branch to ensure efficient use of staff while managing for risk and profitability (C2). The two interventions will now be discussed in turn.

This first solution under this intervention was aimed at solving the capacity of branch banking which would assist with (INTBB):

1. Queuing time
2. Teller availability
3. Adequacy of ATMs and branches
4. TAT for unsecured personal loans (UPLs)
5. Account opening and
6. Cheque processing thus making it easier for customers to pay and receive money from third parties.

The objectives of this solution are outlined in Tables 35 and 36 below and they range in terms of benefits from people, process, facilities, customer, costs, and risk management to leveraging technology.

Table 35 Optimised Branch Infrastructure (source: Branch Optimisation report 1, 2015)

Optimised Branch infrastructure	
People	: optimised sales/service ratio with reduced admin issues
Process	: optimised processes to reduce cost to service and increased customer retention
Facilities	: re-tiered branches with reduced facilities costs
Customer	: enhanced quality of service
Costs	: reduced Operating costs
Risk	: reduced risks

Table 36 Use of technology for optimisation (source: Branch optimisation report 1, 2015)

Technology utilised to reduce turnaround times and increase sales	
Enabled channel platform	: <i>optimised channel (increase channel usage)</i>
Devices enabled (sales tablet)	: <i>reduced cost to service and increased sales</i>
Workflow and imaging	: <i>Improved revenue generation</i>

Details of the Intervention

Under this cycle of the intervention, two streams of work were planned for as part of AR cycle 1. The stream was around the branch optimisation where in August 2014, a journey began to execute the branch optimisation process. This was in consultation with the branch business unit leadership, the branch staff as well as expertise from SBA (B1-RIEBO1pg3). The objectives of the intervention were among others as follows (RIEBO1pg2):

- Analyse existing branch footprint (Capacity assessment; duty assessment; staff profiling; branch structure review; mapping and centralisation of functions) (C2; P1)
- Review, adapt and implement standardised operating model per branch (C2)
- Develop and implement self-service channel capabilities (P1; I1; B3)
- Design and implement support structures for self-service – Customer Call Centre (CCC) (C2;I1)

- Change management and staff training (C5)

The deep dive work was done across all branches and this involved a capacity assessment and changes were implemented at Kanengo, Capital City, Lilongwe and Bwaila branches. The optimised structure took into account the business needs (customer, internal business, regulatory, or growth) that created this requirement, the following objectives were to be achieved as a result of implementing the action proposed (RIEBO1pg5):

- Optimised sales/service ratio with reduced administration issues by making an assessment of the ratio between sales and service staff aligned with the work load that (P1; B1)
- Optimised process to reduce cost to service and increased retention of customers. This was achieved by reducing multiple hand offs and achieving better process efficiency (P1; Bo2; Bo4)
- Enhanced quality of service through the improved processes (Bo3)
- Reduced operating costs which was also achieved by the improved process efficiency (Bo4)
- Reduced operational risk which was enhanced by the revised processes (B4)

The second stream of work was a rapid improvement program which was conceptualised in November 2013 in consultation with the business improvement team in SBG as well as the Head of branch banking, the service team, the operations, IT and credit teams that support branch processes. Three key processes (P1) were identified as a result of the customer insights above and in consultation with the head of branch banking and these were as follows:

- Account Opening: From customer interview to the point of successfully opening the account within the network.
- Unsecured Personal Loans: From customer interview to the point of disbursement
- Cheque Processing: From customer deposit to the point where cheques are processed in POD centres

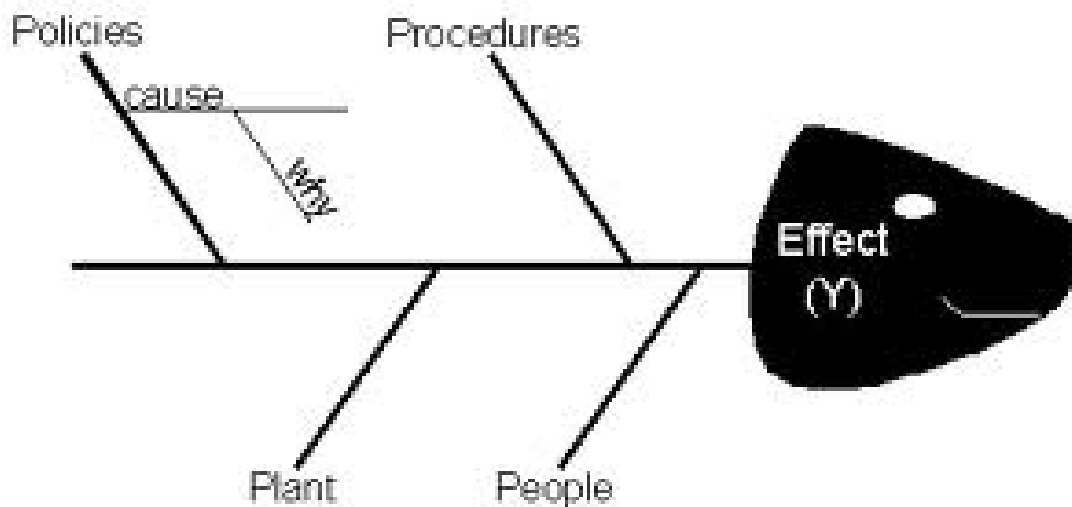
This intervention took into account the RIE methodology to solve the problem of process efficiency (Wallace and Webber, 2012; Dunbar-Reid and McCormack 2010; Fitts, 2014). The objectives of this intervention were as follows (RIEBO2):

- Reduce non value adding activities within the value chain of the agreed scoped processes (P1)
- Reduce waste within the processes with minimal IT intervention and thereby positively impacting cost within PBB Malawi (P1/I1)
- Improve overall process flow (P1)

The data and analysis thereof were collected by the business performance improvement (BPI) team from SBG for this intervention. The BPI team held 4 workshops (focus group discussions) with 15 PBB Malawi staff from branch banking, credit, IT and operations. 146 root causes were identified that relate to the cheque processing, unsecured personal loans (UPLs) and account opening processes. The fishbone analysis was used to extract potential root causes based on core pillars which affect the output (RIEBO2pg4).

The analysis tool is presented in Figure 20 below:

Figure 20 Fishbone analysis tool for cheque processing, UPLs and account opening (source: Business Performance Improvement, 2014)



The high impact root causes were then identified as part of this process and a solution matrix was developed. Below are the solution matrices for UPL (table 37), account origination (table 38) and cheque processing (table 39).

The following key changes were made to improve the efficiency of applications for unsecured personal loans UPLs (RIEBO2pg5):

Table 37 UPL high impact root causes – solution matrix (source: RIEBOpg5, 2014)

Key root causes	Solution	Main primary benefit to be realised	Solution type
Unclear minimum requirements for origination (C5)	Develop an easy aid clearly illustrating minimum requirements for UPL origination (C5)	<ul style="list-style-type: none"> Reduction in rework between CVU and branch (P1) 	ST
Unnecessary printing of application packs and hardcopies stored in Branch (P1)	Deploying scanning of application packs and storing on Share-drives (P2)	<ul style="list-style-type: none"> Reduction in stationery costs (Bo4) 	ST
	Deploy an integrated imaging solution (I1)	<ul style="list-style-type: none"> Reduction in stationery costs (Bo4) 	LT
Unnecessary printing of loan application packs at CVU (P1)	Deploy Dual screens in both CVU & Credit to facilitate electronic verification of loan applications (I1)	<ul style="list-style-type: none"> Reduction in stationery costs (Bo4) 	ST
Duplication of process in Branch and CVU (P1)	Removal of Letter of undertaking confirmation in branch as this is a CVU function (P1)	<ul style="list-style-type: none"> Reduced communication expenses in branch (Bo4) 	ST
No upfront risk based scoring model (B4)	Remove 30% ITI guideline from Branch network as this is a Credit function (B4)	<ul style="list-style-type: none"> Reduced risk to the bank and positively impact NPL's (B4/Bo4) 	ST
	Implement Risk based scorecard models (B4)	<ul style="list-style-type: none"> Immediate decision on Loan approval and overall reduction in costs (Ci4/Bo4) 	LT
Incomplete applications submitted to CVU resulting in rework (P1)	Optimise on existing error check report produced by CVU. Report to be filtered down to consultant level on a weekly basis and long term incorporated in KRA's (P1/C7)	<ul style="list-style-type: none"> Improvement in overall UPL TAT (Ci4) 	ST
Accounts not created on Branch Power, resulting in an immediate decline (P1/C5)	Standardise process to ensure Branch Power account created before ECAT capturing (P1)	<ul style="list-style-type: none"> Reduction in rework between CVU and branch (P1/Ci4) 	ST
	Branch Power account creation added to CVU error check list (P1)	<ul style="list-style-type: none"> Reduction in rework between CVU and branch (P1/Ci4) 	ST

1) Electronic submission of applications to the central verification unit (CVU).

Prior to this, three copies of every UPL application were being made; one for the branch, one for CVU and the other for the credit department. Under the new process, the applications were now being scanned to CVU and the original despatched to credit collateral department for record keeping purposes. This small change in process not only improved TAT for loans but also saved on stationery costs and on workload for the branch staff who had to photocopy while ensuring the collateral risk management aspects are also addressed (I1; Ci4; B1; Bo4; B4). To ensure that the branch still had access to the application forms, the scanned forms are now stored on a shared hard drive and saved in a format that could easily be accessed with the following naming convention: "Customer name (Surname, first name) and date of application (YYYY/MM/DD)". E.g. loan for Michael Williams Phiri will be saved as Phiri, Michael 2014/06/18 (P2; I1).

2) Removal of confirmation of letter of undertaking from the branch

To further improve the customer experience as well as relieving the staff originating loans in the branches, customer consultants no longer needed to confirm letters of undertaking with employers, leaving this to the CVU staff, who were doing this in any case and therefore duplicating this step in the process (P1; C2; B4).

3) Capturing of customer expenses

Part of the delay in processing UPLs was as a result of credit not being able to adequately assess the customer's loan affordability. To improve this, as well as reduce the credit risk to the bank, almost all customer expenses are now captured at the point of application while the customer is still in the banking hall (P1; B4).

4) Annotation of the loan account number on application pack

As part of the existing process, the loan account was being created on the banking system which meant an account number was immediately available. In order to fast track the disbursement process, the account number was now being annotated on the first page of the application pack.

This reduced the number of reworks and allowed for loans to be disbursed quicker upon Credit approval as opposed to first returning the loan to the Branch since credit department would not be aware of the account number to disburse the loan into (P1;Bo1).

In terms of account opening, the following improvements were made to the account opening process (RIEBO2pg7):

The initiative of assisting customers in making their first deposit was tested following the realisation that once a customer opens an account, they had to go in a queue to get the account number at enquiries then stand in another queue by the teller to make an initial deposit (P1; Ci4). This long process in itself resulted in the customers abandoning accounts without making a single deposit. The new intervention resulted in the customer consultant filling in the customer's deposit slip, and giving the initial deposit to an identified teller in the branch who was now responsible for processing all first deposits and also ensured that new account holders do not have to stand in the queue at enquiries to get the first debit card (P1; Ci4; Ci5).

In the case of bulk acquisitions such as is the case in workplace banking, the account number was now being allocated and provided to the employer before the account was open for activation once the first deposit was made (Ci4;Ci5,P1). Portfolio management, therefore, became critical in such instances. Customer Consultants were advised to cancel the crystallised sales and issue the CINs to other prospective customers should no deposit be made within the month end period. This intervention resulted in the risk of issuing the same CIN to multiple customers but a checking procedure was put in place to mitigate this risk (P1; B4).

While the above processes on the face of it seemed to be for the benefit of the bank by reducing workload and improving hand-offs between departments, it actually improved the customer experience in that there were fewer points of friction and that on-boarding of new relationships was smoother and stimulated customer transactions (Ci4; Ci5).

The RIE interventions introduced to improve cheque processing were as presented in table 39 (RIEBO2pg6).

In terms of the optimisation the following process was followed:

- Reduction in batch processing of cheques received

Account Support Officers (ASOs) were requested to stop processing cheques in large batches and rather process cheques immediately upon being received as this directly impacts the flow of cheques to the processing centres, and results in a backlog negatively impacting the TAT of clearing those cheques for payment into customer accounts (P1). ASO's were also accountable for collection of received cheque deposits from the teller out trays while in big branches, the Financial transaction risk officers (FTROs) were given this responsibility and were now expected to authenticate schedules of cheques destined to the

operations processing centre/point of deposit (OPC/POD) whilst Head service centres (HSCs) were now authenticating such schedules in the service centres.

Table 38 Account origination - high impact root causes – solution matrix (source: RIEBOpg7, 2014)

Key root causes	Solution	Main primary benefit to be realised	Solution type
Unclear minimum requirements for origination (C5)	Develop an easy aid clearly illustrating minimum requirements for Account Opening origination (C5)	<ul style="list-style-type: none"> Improved customer experience & reduced reworks (Ci4/P1) Increase in Sales (Bo2) 	ST
Multiple hand-offs during account opening process (P1)	Sales consultant to assist with account deposit process (P1)	<ul style="list-style-type: none"> Reduction in accounts opened with NIL balance (Bo2) Improved customer experience (Ci4) 	ST
Correct customer account details not provided to customers (C5/Ci4)	Customer new account template to be provided to all new accounts opened (P1)	<ul style="list-style-type: none"> Reduction in accounts opened with NIL balance (Bo2) Improved customer experience (Ci4) 	ST
Business banking accounts require approval of certificates from Registrar delaying accounts being opened (P1/B4)	Recommendation to proceed with account opening and simultaneously requesting approval from Registrar (P1/B4)	<ul style="list-style-type: none"> Increase in Business Banking account NIR (Bo4) 	ST
	Enforce Registrar to commit to SLA on approvals and make them accountable for approval (P1/B4)	<ul style="list-style-type: none"> Shift in ownership or risk (B4) 	LT
Enquiries constantly have large queues due to customers being serviced and responsibility (Ci1)	Separate enquiries function according to customer requirements (P1)	<ul style="list-style-type: none"> Reduced communication expenses in branch (Bo4) 	LT
	Alternatively increase enquiries capacity to ensure streamlined customer experience (C2)	<ul style="list-style-type: none"> Improved customer experience (Ci4) 	LT
Manual completion of KYC details delay account opening (B4)	Integrate KYC process on system and deploy imaging solution for documentation requirements (P1)	<ul style="list-style-type: none"> Reduce Account opening TAT (Ci4) 	LT

Table 39 Cheque processing - high impact root causes – solution matrix (source: RIEBOpg6, 2014)

	Solution	Main primary benefit to be realised	Solution type
Authorisation by HSS required to process cheque deposits (P1)	Removal of authorisation by HSS (P1)	<ul style="list-style-type: none"> Reduce delay in submission to POD for processing (P1/Ci4) 	ST
	Up-skill all back-office staff on Duty of care training for cheque validation (P1/C5)	<ul style="list-style-type: none"> Reduction in rework & dependency on skilled staff (Ci4/C5) 	LT
Late delivery of cheques to Back office (P1)	Create dual accountability for cheque collection and delivery to back office (P1)	<ul style="list-style-type: none"> Reduction in batch processing (P1) 	ST
Cheque's not thoroughly validated prior to acceptance from customer (P1)	Communicate key elements to check upon receiving cheque deposit (P1)	<ul style="list-style-type: none"> Reduction in reworks for back – office and POD teams as improved quality received for processing (P1) 	ST
	Create error tracking sheets for tracking quality within value chain (C5)	<ul style="list-style-type: none"> Reduction in reworks for back – office and POD teams as improved quality received for processing (P1) 	ST
	Design cheque validation easy aid assisting Tellers upon receiving cheques (C5)	Key root causes	LT
Insufficient capacity levels to meet volume demand (C2)	Conduct detailed branch capacity assessment (C2)	<ul style="list-style-type: none"> Reduced overtime of existing staff overloaded with work (C2) 	LT
Completion of consolidation sheet is tedious, manual and time consuming (C2/P1)	Store electronic copy of consolidation sheet (C5/I1)	<ul style="list-style-type: none"> Reduction in stationary cost (Bo4) 	ST
	Creation of a shared file or tracking mechanism for cheques processed (C5/I1)	<ul style="list-style-type: none"> Reduction in stationary cost (Bo4) 	LT
Staff not giving the customers proper information when opening accounts (Ci4/C5).	Standardise account opening template and handover to customer upon origination (Ci4)	<ul style="list-style-type: none"> Reduction in reworks upon cheque deposit (P1) 	ST

This allowed for efficient and speedy delivery of cheque deposits for processing at OPC/POD (P1; C2).

- Standardisation of Consolidation/ dispatch sheets

Upon viewing consolidation/ dispatch sheets sent to POD Centre's by various branches it became clear that these are not standardised across the branches. The dispatch sheet was reviewed with a view to make it standard as well as to remove the unnecessary fields such as the annotation of the account holder's name on the sheet saving time in the process of capturing (P1; C2).

Having established the issues that impact on the customer as revealed by the analysis of documents that provide customer insights and giving some context to these challenges through stakeholder consultations, it was important to begin finding solutions to the four issues identified thus far in the study. This was done in line with the MKC Relationship Management model which is being tested in practice and figure 14 above shows that this part of the AR cycle is the part that tests the BCPI model as developed by Kandadi (2006).

The first issue to be resolved was around the capacity of branch banking which would solve for the queuing times, the teller availability, as well as the adequacy of the ATM and branch network (Ci1). This work stream also addressed the TATs on UPL's, the account opening process as well as the processing of customer payments, making it easier for customers to pay and receive money from third parties (Ci4).

The plan of action developed under intervention as outlined above was adopted for action in cycle 2 of the study to establish the practicality of the theoretical solution as well as track and monitor the actual results of how the CEBS and other key outputs changed from the baseline established in this cycle. The next section looks at the detailed analysis of the data in this intervention and how it related to the MKC Relationship Management model.

The data relating to this intervention was analysed as guided by the MKC Relationship Management model presented in Figure 14 above. The core categories identified and the related factors and issues were presented in table 10 above and these were the key findings at high level:

Business focus

The six issues identified under this initiative required different departments to come together to resolve the issues and the solutions were developed in partnership with subject matter experts at SBG. Both local and group conflicts were resolved with a view to delivering for the

customer. Matters of regulatory importance such as KYC were embedded into the processes with a view to ensuring that CRM is not impacted by issue of compliance and risk management.

Culture/ People

This intervention had the sponsorship of the Head of PBB as well as the business unit heads in Branch Banking, Private Banking as well as Business Banking which is important in terms of ensuring senior leadership support and adoption of the initiative (C1-RIEBO2)(Habbar, 2016, Ramarajan, 2016). It was proposed that staff be reorganised (C2-RIEBO2) as a result of the branch optimisation (Bop) intervention in order to align the structure with the improved process and thereby reduce costs (Fitts, 2014). In this intervention, knowledge sharing methods were established in the form of easy aids for some staff processes. This was in line with the MKC Relationship Management framework that encompasses knowledge sharing in improving customer experience in order to improve profitability. The fact that teams of staff from different departments in SBM as well as at SBG came together to develop the solutions in this intervention also demonstrates knowledge sharing and knowledge creation (C5-RIEBO2). In analysing some of the broader bank data relating to how staff performance is managed, it was concerning that not all staff have performance contracts and that remuneration is based on the results of a flawed contracting process. This is of concern because the performance management practices play a critical role in shaping the organisation's culture (C7-PA13pg5,) (Buckingham and Goodall, 2015). There is also no trust between staff and the leadership in the bank (C1-FGDCE) and this impacts staff attitudes and professionalism (C3) (Ramarajan, 2016; Battaille et al, 2016). There are also gaps in the manner in which training interventions are measured with under 25% of staff training having been done effectively in both 2012 and 2013 (C5-PA13pg5); the way staff are recruited, on-boarded and promoted with staff feeling that there is favouritism practised by senior management (C4-FGDCE) and these could be impacting on how customers experience the bank as seen in the customer insights section above.

Process

The process interventions that form part of the Rapid Improvement Intervention (RIE) were expected to result in reduced cost to serve. These processes result in reduced printing costs, thus saving on stationery, time, toner and power while enhancing the customer experience.

Infrastructure

Technology was leveraged to improve both the process as well as the customer experience. In addition to this, customers advised that they wanted to be differentiated (Ci4-CFR12 and CEBS13) as part of the customer insights in section 4.2.1 above and therefore the branches were tiered in order to serve the more profitable customers in higher cost facilities in order to reduce facility cost while managing the customer expectations especially for the profitable segments. It was also established that there was need for more ATMs and branches in the customer insights and opportunities for new physical infrastructure was also identified (Jooste, 2016; Peyper, 2016) One of the research questions that needed to be answered as part of the study is around whether improvement in CRM can take place with limited IT investment in order to maximise profitability. The option to increase ATMs rather than branches meant that there was less investment in physical infrastructure and the ATM investment would leverage on existing IT investment, therefore, no new investment in IT systems would be required.

Detailed discussion of the analysis

The Table 40 below shows the actual findings related to intervention one in more detail presented by category (Business focus; culture; process and infrastructure).

Business Focus

Under business focus, the key areas that were impacting on account opening, cheque process and UPL TATs were the fact that the different units in the bank were operating independent of one another and there were goals that were in conflict which needed to be aligned for the sake of the customer (B1-RIEBO2pg5). The solutions around the UPL process for example resulted in the consultants, the operations team in CVU as well as the approving and disbursing teams in credit working together for the benefit of the customer (B2- RIEBO2pg8). In addition to this, the customer experience was improved while the compliance requirements were being addressed in the proposed solution where the KYC documents were now being scanned directly into the system (B4-RIEBO2pg8). The proposed digital branches as well as the alternative channels proposed in the solution displayed innovation in addressing the needs of the customers (B3-RIEBO1pg8 and pg5) (Jooste, 2016).

Table 40 BCPI Analysis of Intervention 1 (source: Author)

Business Focus	Culture	Process	Infrastructure
Multi-disciplinary teams (B1)	High level sponsorship (C1)	Interventions involved process improvement (P1)	Technology enhanced the processes (I1)
Alignment of conflicting goals (B2)	Knowledge sharing through easy aids (C5)	Development of self-service Channels (P1)	Physical infrastructure was used to a minimum extent to enhance customer experience (I2)
Risk management while improving customer experience (B4)	Poor performance contracting, affected remuneration and promotion (C6/C4/C7)	Reduce non value adding activities (P1/Bo3)	Development of self-service Channels using technology (I1)
Innovation was applied to cut cost while improving customer experience through digital branches (B3)	Lack of trust between staff and the leadership (C1)	Unnecessary printing of application packs and hardcopies stored in Branch (P1)	Store electronic copy of consolidation sheet (C5/I1)
Development of self-service Channels (B3)	Measurement of training interventions (C5)	Duplication of process (P1)	Creation of a shared file or tracking mechanism for cheques processed (C5/I1)
	Standardised the branch operating model (C2)	Process failures result in longer TAT impacting customer experience (P1/Ci4)	
	Change management and staff training to enable new processes to be embedded (C5)		
	Staff unclear about UPL requirements/lack of clarity (C5/Ci4)		
	Store electronic copy of consolidation sheet (C5/I1)		
	Creation of a shared file or tracking mechanism for cheques processed (C5/I1)		
	Staff not giving customers correct information when customers were opening accounts (Ci4/C5)		

Culture / people issues

Having drawn some key conclusions from the data that came out of the solution design for intervention one, there was need to explore further the role of people and culture in this study. The literature according to Dokelman et al (2013), Ramarajan (2016), and Edelman, (2015) shows that in banking there are 4 main stakeholders: the shareholder, the regulator, the customer, as well as the staff. In this study, the interests of the shareholder were being

addressed through the profitability that this study seeks to achieve. The needs of the regulator were a matter of compliance in order to keep the business going so these needs must be met by any bank operating as a going concern, the needs of the customer were at the centre of this study and in all this, the staff are the ones who deliver and manage the customer relationships as well as the knowledge management that would be used to improve CRM. In addition to this, the culture/people aspects of the findings from the study thus far have shown that they span and impact across aspects of process, infrastructure and therefore need to receive more attention. As such, the study undertook to explore the existing data around culture/people that was already available in SBM. The following discussion covers an analysis of the data related to culture/people as gathered from the people audit held between 2011 and 2013 as well as some staff focus group discussions held by the bank's new CE in 2013 when he arrived.

Part of the data that was to be analysed was supposed to be the people surveys and it was discovered that the last people survey conducted was in 2008-2009 and this period falls out of the scope of this study. Subsequent to this, a people engagement survey was conducted in late 2014 into early 2015, with results released in March of 2015. Planning for the survey was done by the Human Capital Department of SBM following the 2013 focus group discussions (FGDs) that were held when a new CEO joined the bank, as part of his familiarisation tour (C1-FGDCE). The FGDs conducted covered staff in the bank at all levels (B1). Some of the key findings were extremely troubling; indicating that the level of engagement in the bank was very low and staff generally distrusted the leadership of the bank (C1-FGDCE). Staff felt that the culture is sales and transactional driven as opposed to relationship driven (B1-FGDCE; P4-FGDCE). Further interrogation into this statement showed that the bank is more sales oriented and driven by numbers rather than relationship driven when dealing with customers.

Staff felt that those in sales roles are better regarded than staff in service roles (C2). For example, a team leader personal market is a grade higher than a team leader looking supervising customer service in the branches. This indeed confirms the staff concern and required management action.

The calibre of new staff and talent injected into the organisation is also critical to the manner in which the organisation evolves. However, there was a discrepancy in the manner in which new staff were remunerated as compared to old staff particularly in the entry level grade where most tellers sit (C4; C6). A new salary schedule was implemented on only new staff as the bank was failing to attract staff at this level into the bank due to the salary offered (B1; C6). This resulted in new staff earning more than the old staff and the issue became a huge

demoralising factor resulting in general low productivity (C2). This was known as the “102” issue. Being a controversial issue, the bank’s leadership unfortunately took time to address it (Homkes et al, 2015; Ramarajan, 2016).

On the issue of leadership, staff believed that the members of the executive team (EXCO) were blaming past leadership instead of acknowledging the fact that they were party to the decisions made under the previous CE (C1). Staff were not very happy with this lack of integrity in the leadership team and criticised them for this. This undermined the credibility of the bank’s leadership, which was exacerbated by other sentiments that included the fact that communication of some key policy issues was not done (C5); there was a perception that the EXCO members had favourites and, therefore, reward and recognition was not based on merit; bonus was not a motivation tool but rather being used as manipulation for loyalty (C6); and that EXCO was responsible for spreading gossip in the organisation (C5). This issue can be explained by the outcome of the people audits which showed that there were gaps in the manner in which performance was managed (Buckingham and Goodall, 2015).

Figure 21 Results of the people survey of 2011 (source: People Audit Report page 3, 2011)

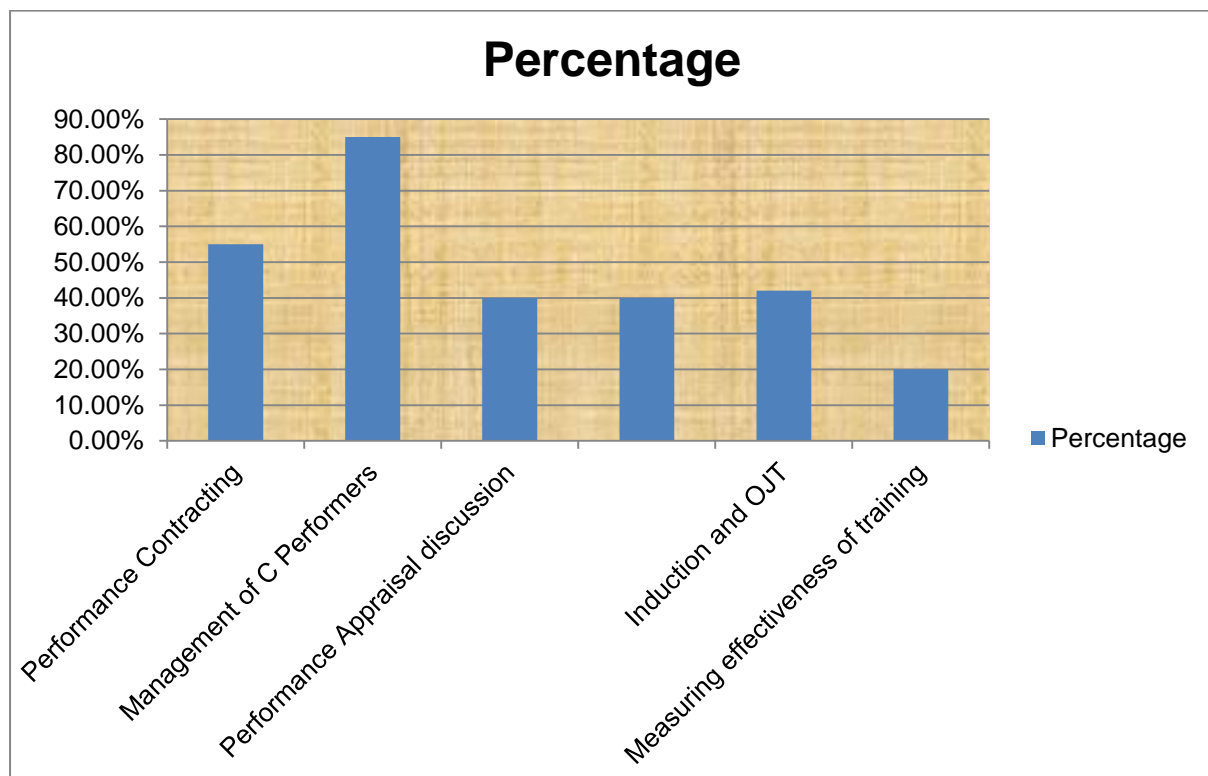


Table 41 Verbatim feedback from staff on people/culture issues (source: SBM Human Capital Department)

Category	Findings
B1- business focus	<p>"Leadership does not put more time, resource and effort in implementing a customer centric strategy" (B1; P4)</p> <p>"EXCO lacks courage to face real business issues---can we be bold enough...." (C1; B1)</p> <p>"When a customer comes with a complaint, what does EXCO do or say to the client?" (C1; B1)</p> <p>"No staff empathy – economic trouble times we worry about shareholder value – rands versus kwacha to compensate staff" (C1; B1; B5)</p> <p>Irregular people surveys held (B1)</p> <p>Action plans on people audits held between 2011-2013 were not followed through/ was followed through with minimum impact (B1)</p>
C1-leadership	<p>"Hypocrisy don't want to be associated with bad consequence/unpopular decisions e.g 102 New teller salaries issue has not been formally addressed and communicated" (C1;C6)</p> <p>"disowning/jumping ship yet they were they were involved – lack of courage. If came back would you say the same things in his face"(C1)</p> <p>"Bull dozing decisions – e.g. car policy change management not done" (C5; C1)</p> <p>"Distinguishing between personal and business issues when making staff decisions e.g., if they disagree with and EXCO member would they distinguish?" (C1)</p> <p>"Lack of confidentiality – no oath pact/issues from EXCO must be communicated through formal channels" (C1; C5)</p> <p>"EXCO groom up and promise individuals positions creating expectations – they override HR policies and procedures. HR is pulled into it" (C1; C4)</p> <p>"EXCO must stand up to Centre – don't always just accept" (C1)</p> <p>"Bad mouthing of staff that have left the bank" (C1)</p> <p>"EXCO doesn't catch bricks ---always take cover when things go sour....always looking for a sacrificial lamb" (C1)</p> <p>"When a customer comes with a complaint, what does EXCO do or say to the client?" (C1; B1)</p> <p>"No staff empathy – economic trouble times we worry about shareholder value – Rands versus kwacha to compensate staff" (C1; B1; B5)</p> <p>"There is a general perception that the of now is not the one that came that gave all the hope, he has been polluted by the EXCO" (C1)</p> <p>".....'s first meetings raised expectations; there has been no feedback despite the various opportunities without proper feedback on progress e.g. speech at End of Year..... and then a new year message....." (C1; C3)</p>
C2-organisational culture (churn and staff capacity)	<p>"..... most EXCO members are now village chiefs.." (C2)</p> <p>"Restructuring done no post-mortem, they seem personal and targets compromising business" (P1; C2)</p> <p>The initiative of the new CE helped to uncover and begin to address some of the people issues that were impacting CRM and KM (C2)</p> <p>Staff felt there was need for more churn at EXCO level (C2)</p>
C3-Employee attitude/professionalism/product knowledge	<p>".....'s first meetings raised expectations; there has been no feedback despite the various opportunities without proper feedback on progress e.g. speech at End of Year..... and then a new year message....." (C1; C3)</p>
C4-Recruitment, on-boarding and promotions	<p>" God fathers encouraging 'kupalila syndrome' no meritocracy"(C4;C6)</p> <p>"EXCO groom up and promise individuals positions creating expectations – they override HR policies and procedures. HR is pulled into it" (C1; C4)</p> <p>"Succession plans are rhetoric – even the 2ICs can't take on exco or other roles" (C4)</p> <p>The intergration of new staff into the bank was also very poor and as staff changed, there was no skills transfer through induction and on the job training (C4)</p>
C5-Employee learning-knowledge sharing, competence and training	<p>" key issues that affect the individual e.g suspension of staff lending is never discussed and board feedback never given" (C5)</p> <p>"Bull dozing decisions – e.g. car policy change management not done" (C5; C1)</p> <p>"Lack of confidentiality – no oath pact/issues from EXCO must be communicated through formal channels" (C1; C5)</p> <p>Impact of staff training was never measured and therefore value for money on training investments remained low (C5)</p>
C6-remuneration, reward/recognition systems	<p>"Hypocrisy don't want to be associated with bad consequence/unpopular decisions e.g 102 New teller salaries issue has not been formally addressed and communicated" (C1;C6)</p> <p>" God fathers encouraging 'kupalila syndrome' no meritocracy"(C4;C6)</p> <p>"Lots of Perception that precede fact. Validates the view on overriding EPM, Governance and various systems" (C6)</p> <p>A flawed performance management process was used to determine the increment and bonus of staff and the bank claimed to be a performance driven bank (C6)</p>

	There was poor management of non-performers which could encourage a culture of tolerance for mediocrity Performance management tool, EPM was not understood by all members in the bank (C6)
C7-performance management	Major gaps were identified in the performance contracting process. Not all staff had contracts and not all had performance discussions (C7)
Process	<i>"Leadership does not put more time, resource and effort in implementing a customer centric strategy"</i> (B1; P4) <i>"Restructuring done no post-mortem, they seem personal and targets compromising business"</i> (P1; C2)

In 2011, the results of the people audit were extremely disappointing showing that only 55% of staff in the bank had performance contracts (C6-PA11pg3). In addition to this, only 85% of the bank's non-performers were effectively managed and coached back to become performers exited or redeployed (C6-PA11pg3). Further, 40% of staff had performance appraisal discussions (C6-PA11pg3) and the same proportion went through either an induction of on the job training when they joined the bank (C4-PA11pg3). Only 20% of staff advised that the training they had attended was measured for effectiveness (C5-PA11pg3).

Following this survey, some recommendations were drawn as follows:

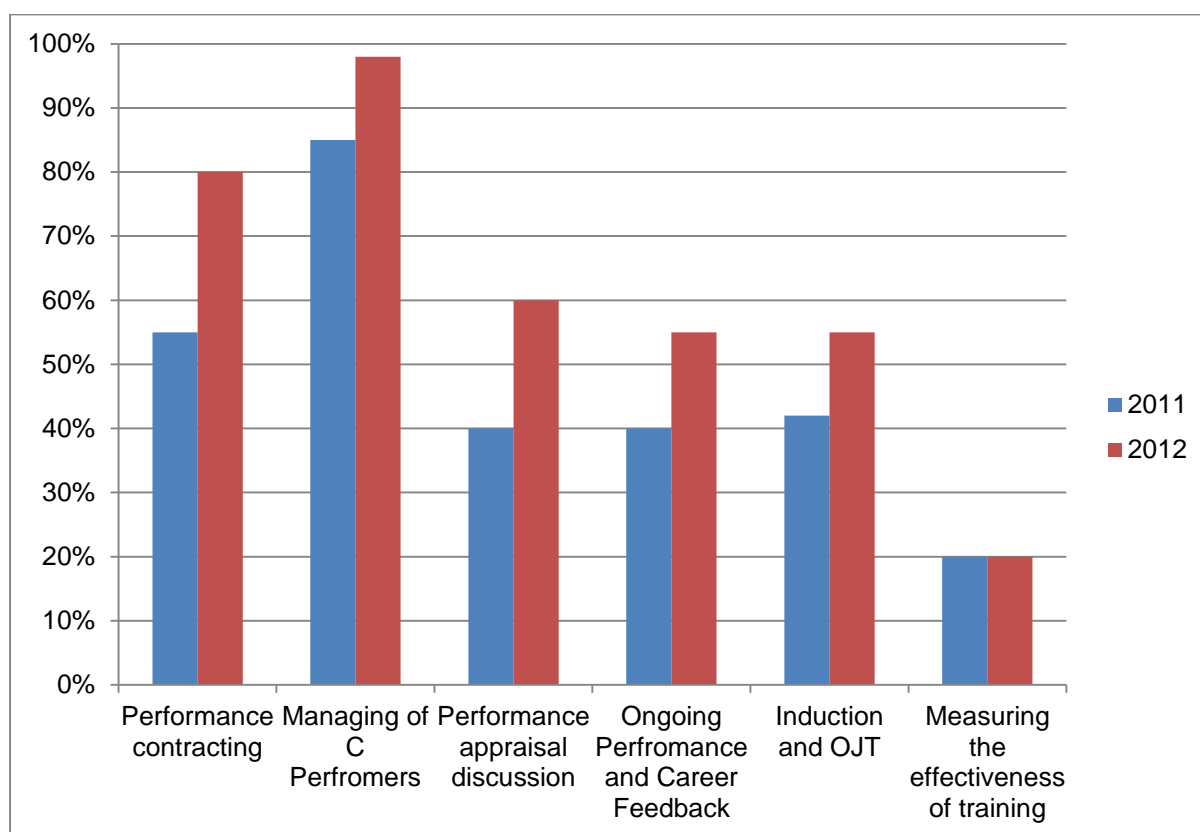
- Intensify coaching of Line managers and Team Leaders (C5-PA11pg4)
- Enhance the business partnering model so that HR is there to offer instant and robust solutions to business (B2-PA11pg4)
- Encourage Line Managers and Team Leaders to attend People Academy to enhance their leadership capability (C5-PA11pg4)

In 2012, a similar audit was conducted and the results are presented in Figure 22 below.

While there was an improvement year on year, the results still continued to be concerning given that not all staff were having performance contracts (C6-PA12pg4), not all poor performers were managed effectively (C6-PA12pg4), only 60% of staff had appraisal discussions with their line managers (C6-PA12pg4) and under 60% had ongoing performance and career feedback (C6-PA12pg4). On the job training was still under 60% and measurement of effectiveness of training did not change year on year (C6-PA12pg4).

The bank uses a performance management principle known as the enduring performance management (EPM) and generally members of staff claimed to understand how contracting was done but do not fully understand EPM (C6-PA12pg5). Most members of staff indicated that they are not comfortable with the EPM rating scale and will need to be guided further. The surveyed sample did not have PDP's in their performance contracts (C6/C5-PA12pg5). Most members of staff indicated that feedback given to them by their line managers was not comprehensive and constructive (C6-PA12pg5) and most members of staff go on training without fully appreciating the basis of the training and what value add they will get from it (C6-PA12pg5).

Figure 22 Results of people survey 2012 (source: People Audit Report page 4, 2012)



Following this feedback recommendations were made for adoption as follows:

- Enhance the business partnering model so that HR is there to offer instant and robust solutions to business (B2-PA12pg6)
- Offer EPM refresher course (C5-PA12pg6)
- Offer People Management academy and Team Leader Induction to build leadership capability (C6-PA12pg6)

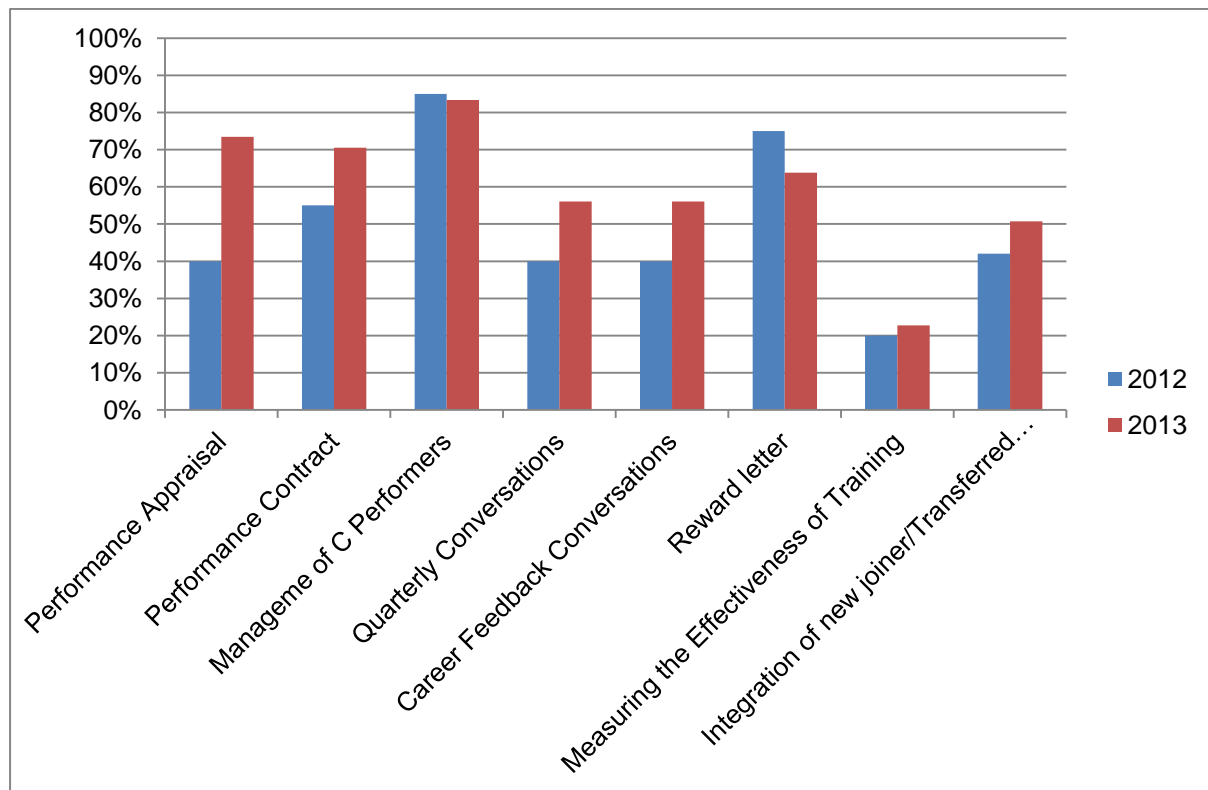
Some of the recommendations made were similar to those made after the 2011 survey which showed that there was need to investigate why the issues were not fully resolved or whether the recommendations were fully adopted (B1) (Homkes, 2015)

2013 Results

The table below shows the results of the 2013 survey. Once again, there were slight improvements in some areas but generally not good especially for an organisation that claims to be a performance driven organisation (B1). The number of staff getting their appraisal ratings moved from 40% to just over 70% while those with contracts improved from 55% to 70% (C6-PA13pg5). One wonders how people were rated in the absence of performance contracts (Buckingham and Goodall, 2015; Homkes, 2015). The management

of poor performers marginally declined while quarterly conversations improved to 55% and induction of new joiners improved to 50% from 40% (C6-PA13pg5).

Figure 23 Results of the people survey 2013 (source People Audit report, 2013)



From the Audit report it is clear that there is need for across the board improvement of management of people processes with key concern areas being:

- Induction process of new joiners, transferred or promoted employees, the process were not being followed in a standardised manner as such impacted how new joiners and promoted/transferred employees are on boarded in their new roles and their intention to stay in employment of the Bank (C4-PA13pg7)
- On-going performance monitoring and careers feedback sessions; in most areas was not happening thus affecting the level at which members of staff are fully engaged and know how they are performing (C6-PA13pg7; C3-PA13pg7). In addition, Management was not giving itself the time to reflect and see if everyone is performing in line with strategy (B1-PA13pg7)
- Measurement of effectiveness of training was not happening in most areas, as such management was not evaluating objectively and strategically the impact of the training on performance (C5-PA13pg7);

As a way forward, the following were adopted and in cycle 2 of the research, the study will explore what impact this has had on the staff:

- Coaching of Line Managers where the People Audit Scores are very low (C5);
- People Management Academy and Team Leader Training (C5)

Apart from the outcome from the people audit, there was also a perception that the EXCO team lacked courage and were not accountable (C1-FGDCE). Besides, the EXCO team was holding back the progress of the business (B1-FGDCE); and had overstayed to such an extent that they may have become a liability to the business (C2-FGDCE).

There were even accusations of dictatorial tendencies (C1-FGDCE): for example, restructuring of the private banking suite created fear in staff on handling of customer complaint and people's jobs (C4-FGDCE). When there were customer complaints and the leadership acts on these, staff feel victimised and this is due to the lack of trust that was already in the work environment. Staff do not trust that their leadership will defend them when a customer complains.

In terms of reward and recognition, apart from the issues of favouritism alluded to earlier, there are also view that the EXCO team is not empathetic.

While the change in leadership at the top brought hope, there was still scepticism that the new CE may become like the rest of the EXCO team. Staff expected the new CE to resolve issues immediately and when this did not happen there was a level of disappointment (Habbard, 2016).

Process

There were multiple hand-offs in the processes and these were resulting in huge workload and impacting staff capacity as well as the customer experience negatively as was noted in the customer feedback from the CEBS as well as the customer feedback in the customer feedback reports covered in Section 4.2.1 above. The multiple manual processes were not only tedious but were leaving room for errors and costing the bank revenue opportunities through unfunded accounts as well as inefficient processes. One of the objectives of the study is to improve the profitability of retail banking at SBM while at the same time improving customer experience by using the MKC Relationship Management framework. Efficiency in process would help to reduce the multiple hand-offs in processes, thereby improving efficiency, hence reducing cost. As this is the achieved, the customer benefits from improved TATs through and so the customer experience is thus improved. The duplication of tasks as

well as unnecessary printing and multiple storage of UPL applications was adding costs to the process and thereby decreasing profitability as well as impacting on the customer experience (Fitts, 2014). The main change in this proposed intervention was in the process and how it leveraged technology (P1-RIEBO2; I1-RIEBO2).

Infrastructure

As part of the recommendations made by the BPI team from SBG regarding how to improve the customer experience in terms of account opening, UPL's and cheque processing, there was opportunity identified to leverage technology in order to save cost and improve efficiency and TAT by using dual screens for verification of loans as well as using shared folders for cheques and loan processing (P1-RIEBO2; I1-RIEBO2; C5-RIEBO2). In addition to this, the development of the self-service channels meant that technology was being applied to improve the customer experience and there was minimum use of physical infrastructure in the proposed solution.

4.2.4 Intervention two – I-serve system for turnaround times (TAT) management

The second intervention was to solve for the problem of TAT for cheque books, ATM cards and customer complaints as per analysis presented on the customer insights in Table 10 presented in section 4.2.2 (INTBB). In this intervention, a multi-disciplinary team composed of staff from IT, operations, branch banking, training and customer experience was once again put together to resolve the problem (B1-ISERpg3). During this cycle the team conceptualised a workflow system and only piloted for subsequent full roll out in cycle 2 of the study. The workflow system was eventually named I-serve and has been streamlined into the business (P1-ISERpg1; I1-ISERpg1). The brainstorming session was initiated by the researcher with a view to resolving the issues that had been raised in the customer feedback of 2011-2013 as discussed above (CEBS 2011-2013 and feedback from customer feedback registers 2012-2013). Based on the reports there was a general concern on how customer transactions were being handled and the quality of feedback being given to customers. The system aimed to improve efficiency in service delivery by focusing on automating the end to end process in the following areas;

- Cheque Book Application
- Debit Card Application
- Customer Complaints

Benefits of the system included;

- Providing timely information on all customer transactions (P4-ISER).
- Increased levels of customer care and satisfaction (BO- ISER).
- Monitoring turnaround times of customer transactions (B1- ISER).
- Accurate audit trail of any customer transaction/complaint (P1- ISER).
- Early identification of possible complaints (P4- ISER).
- Reduced revenue leakage (BO- ISER).
- Free up human resources by reducing the workload on the outlined processes (C2-ISER).
- Minimise human intervention thereby reducing errors (C5- ISER)

The I-serve system was developed with the aim of improving the TAT on cheque books and debit cards by streamlining the process, automating it and also releasing capacity in the branches thereby freeing staff up to serve the customers and managing the queues in the banking halls as well as providing staff in the branches with a tracking tool that helps to keep the customers informed about their transactions (P1-ISERpg; C2- ISER; P4-ISER; P3-ISER). This is aligned to the research study objective of delivering better customer service with limited investment in IT systems since the I-serve system was internally developed.

During the stakeholder engagement, data collected was analysed in line with the MKC Relationship Management framework using the middle section of the framework where customer insights were taken through the internal process of looking at the business focus, people/culture, process and infrastructure (BCPI). The following is a brief description of the high level findings:

Business focus

The solution to the challenge needed a multi-disciplinary approach (B1) as delivering full resolution to customer complaints, cheque books and debit cards involved processes that spanned across the branches, operations department, IT and also required various risks to be mitigated at each point (B1;B4) . Conflicting interests needed to be suspended in order to deliver for the customer (B2). It was also important to innovate using technology in order to develop a truly customer centric solution (B3;I1). The solution was also designed to reduce revenue leakage by ensuring that fees for cards and cheque books were collected at the point of ordering and thereby fulfilling part of the research objectives of improving profitability.

Culture/People

The issues around the organisation's culture presented in the previous intervention impacted (4.2.3) the entire organisation and affects customer experience and CRM across all the interventions as they relate to performance management and contracting (C7), leadership and trust between leadership and staff as well as how staff view their remuneration (C1; C6). The fact that findings in this study show that the staff were not happy with the working environment as highlighted in Table 41 (FGDCE) and at the same time customers were complaining about staff attitude (CFR12) shows that the culture was not right for driving a truly customer-centric organisation. If staff feel valued, they are more likely to manage CRM better (Chidley and Pritchard, 2014; Edelman et al, 2015). Despite this fact, the challenges in the pilot stages of this system related to technical rather than user issues (C5-ISERpg2)

Training and knowledge sharing as well as content management will play a critical role in this instance given that the innovation of the i-serve system is new and staff needed to know how to use it (P2-ISERpg1; C5- ISERpg1). Furthermore, it was important to ensure that information flows freely across all impacted departments in order to enable a flawless customer experience (P1- ISERpg1;P2- ISERp1). All these are aspects of knowledge management which align well with the study objective of using KM to enable CRM. The i-serve system therefore encompasses KM in meeting CRM needs while improving profitability by reducing revenue leakage. Moreover, if customers are happy about the way they are managed then customer retention, a driver of profitability will improve as well (Edelman, 2015)

Process

The solution development reveals, like in intervention one that there are multiple and unnecessary steps which needed to be streamlined in the existing processes of managing cards, cheque books and customer complaints with a lot of manual interventions that made the processes prone to system errors (P1- ISERpg8). The i-serve system was designed to create visibility across the departments and, therefore, could potentially improve collaboration due to a sense of having a shared goal where a process cuts across multiple functions in an organisation (P1- ISER).

Infrastructure

The i-serve system was developed in-house by IT staff of SBM following the brainstorming sessions held by the multi-disciplinary teams as highlighted above. The solution was designed to answer the needs of the customers discussed in section 4.2.1 and 4.2.2. The in-

house design answers the research questions that relate to how IT systems can be deployed to address CRM challenges with minimal capital investment. The i-serve system is a solution which leverages technology to enable process and improve the entire customer experience by firstly automating the workflow and also by triggering an sms alert to the customer at two points in the process which enhances customer experience (Ci4- ISER):

1. At the point the card or cheque book is ordered on the system and
2. At the point of receipt in the branch notifying the customer to come and collect their card of cheque book.

In addition to this and as far as customer complaints management is concerned, staff who need to address a customer query receive an e-mail alert that informs them to attend to the query on the I-serve system. This is important for both tracking and monitoring.

Some challenges faced during the pilot related to the system availability due to connectivity challenges, IT helpdesk support as well as the ability of users to use the system (I1-ISER). Given this challenge observed in the study, it is important to reflect on the fact that increasing dependency IT systems, while it improves the efficiency, leaves an organisation vulnerable to infrastructure challenges such as internet and bandwidth availability as well as good quality system support in terms of a helpdesk to trouble-shoot any changes that might arise. The Table 42 below shows the data analysis for this intervention.

The discussion below examines, in a bit more detail, at each of the solutions developed under this intervention and how these impact on the customer. The three solutions discussed are the cheque book process, the debit card process as well as the customer complaints management process.

Cheque Book Process

Under i-serve, the cheque book process was automated to consolidate all cheque book applications and files would now be encrypted and emailed to NCR. All these processes took place while giving all stakeholders a view of all stages and turnaround times per department (I1-ISER; P1-ISER; C5-ISER; P3-ISER). Customers are notified to come and collect the cheque book upon receipt by the branch (P4-ISER). Figure 24 shows the process as it used to be prior to the improvements and this shows that the entire process used to be completely manual in nature and there was no way of establishing and keeping customers informed about where exactly their transactions were.

Table 42 BCPI Analysis of Intervention 2 (source: Author)

Business Focus	Culture/People	Process	Infrastructure
Reduced revenue leakage (B1)	Escalate on items that are outside of the agreed TAT (C5)	Monitoring of TAT by department	Automation of cheque book and debit card orders and customer complaints management (I1)
Provide single entry of customer transactions to avoid errors (C2; P1; B1; P4).	Provide single entry of customer transactions to avoid errors (C2; P1; B1; P4).	Provide single entry of customer transactions to avoid errors (C2; P1; B1; P4).	Customers receive an sms alert when their card or cheque book is ordered on the system and also when it will be ready. When it is ready, customers are also informed through an sms alert (I1)
Track user actions on customer transactions (C2; C5; B5).	increased staff productivity (C2).	Proactively send reminders/alerts on items that are yet to be due (P4)	Staff are informed via e-mail alerts when there is a customer complaint that requires their attention (I1)
This system also captures most transactions that are done on the enquires i.e. queries, requests, ATM captured cards so that there is a broader view of customer transactions, particularly in the branches (B1; P4; C2; B3; C5).	Easy follow up of processes at any single point (C2; C5; P1).	Easy follow up of processes at any single point (C2; C5; P1).	System was slow at 13 of 15 branches piloted (I1) 2 branches reported that their customers were getting duplicated smses (I1)
Unresponsive helpdesk (B2)	Track user actions on customer transactions (C2; C5; B5).	Visibility of process across both external and internal stakeholders (P1)	One branch was unable to use the I-serve system (I1)
	This system also captures most transactions that are done on the enquires i.e. queries, requests, ATM captured cards so that there is a broader view of customer transactions, particularly in the branches (B1; P4; C2; B3; C5).	Customers got sms notification of where their transaction was (P4; C14)	Most problems experienced during the pilot were related to the system challenges rather than to people challenges (I1; C5)
	The helpdesk was unresponsive (C5; I1)	This system also captures most transactions that are	The helpdesk was unresponsive (C5; I1)

		done on the enquires i.e. queries, requests, ATM captured cards so that there is a broader view of customer transactions, particularly in the branches (B1; P4; C2; B3; C5).	
	Branches trained by a different trainer were experiencing problems to use the system (C5)		
	Most problems experienced during the pilot were related to the system challenges rather than to people challenges (I1; C5)		

Under the new process which is shown in Figure 25, the cheque application is made and loaded straight into the system. From here the only manual processes are the receiving of the cheque books from NCR and despatching of the same to the branches. Throughout the process there is full visibility of each request (C5-ISER)

Figure 24 Old Cheque processing process (source : I-SERVE project plan, 2013)

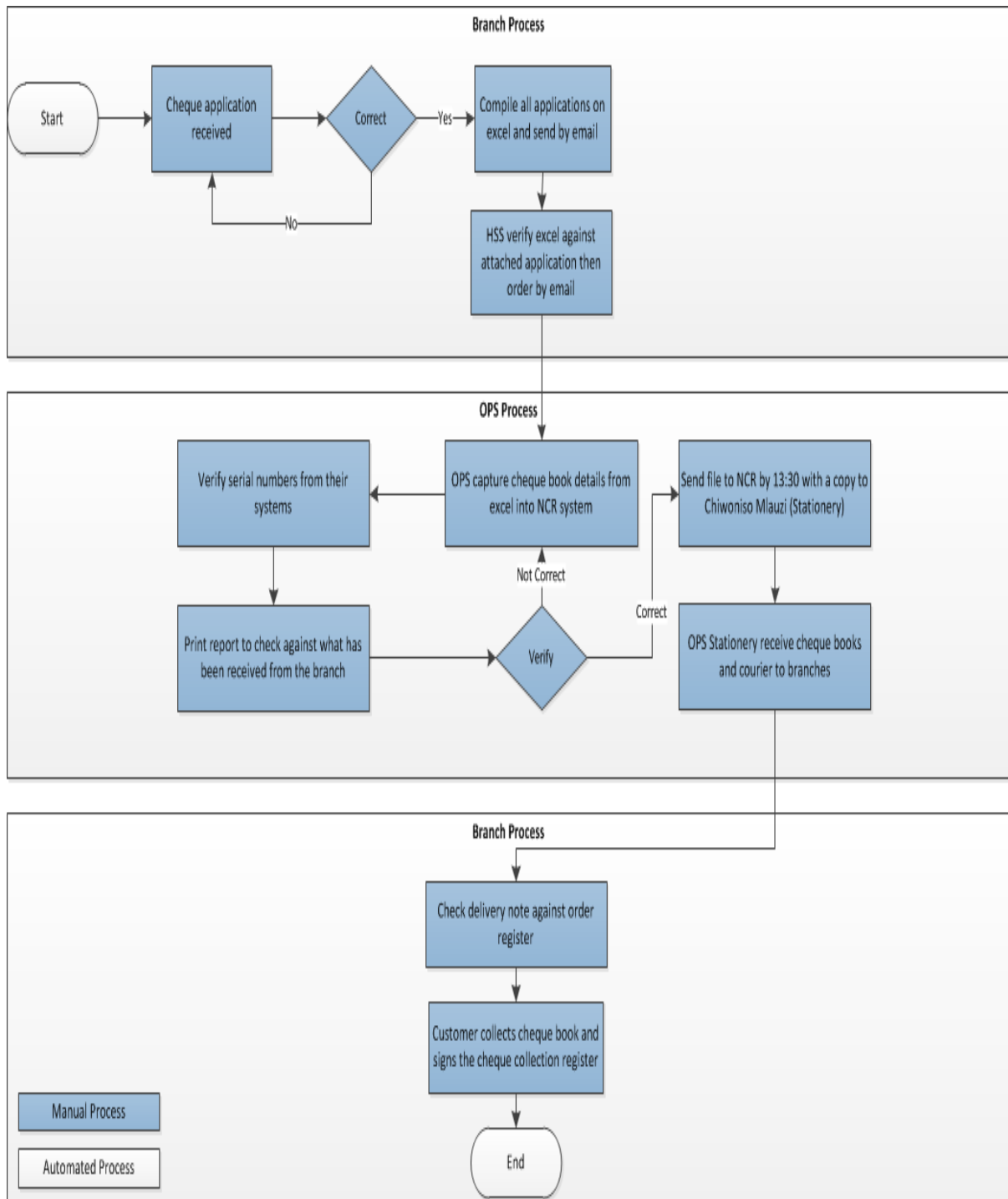
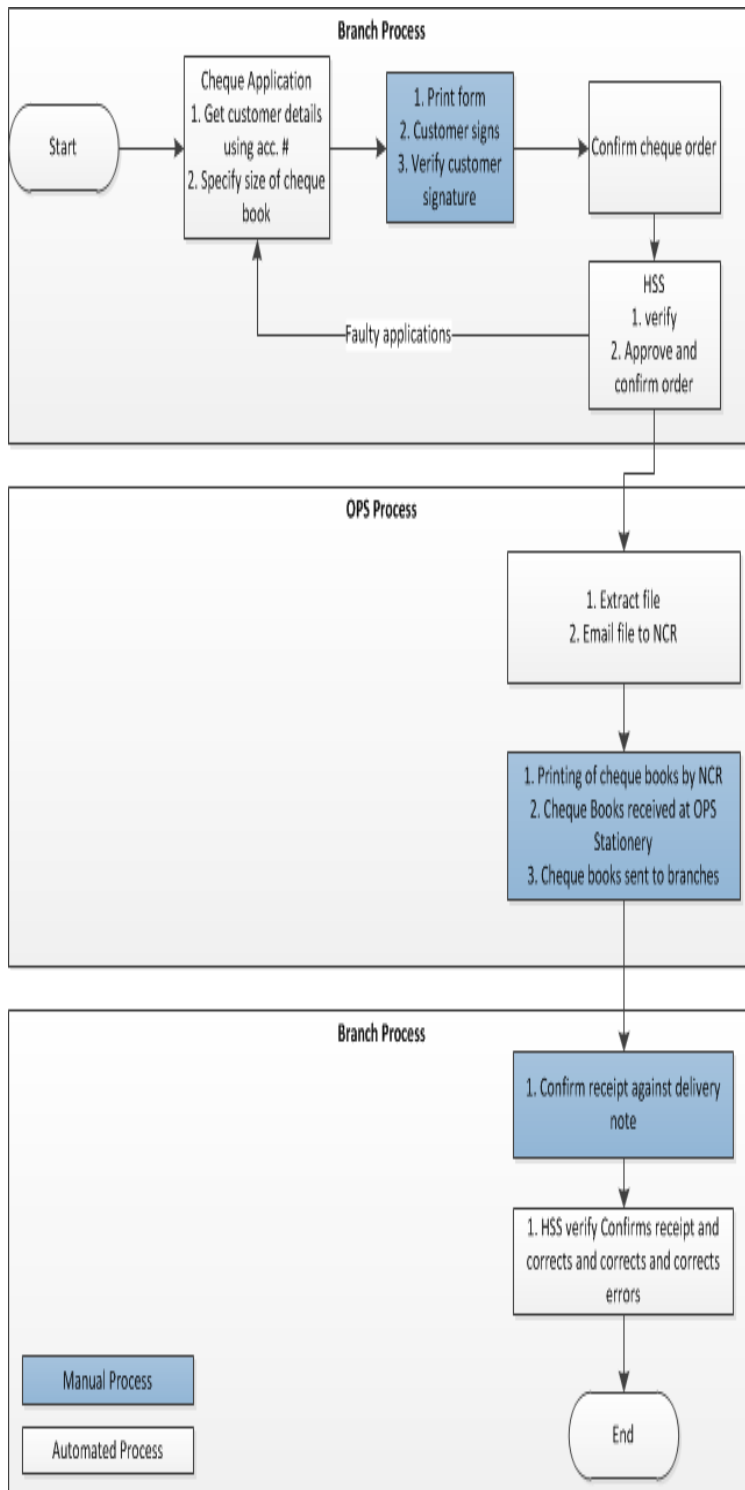


Figure 25 New optimised process for cheque processing (source: I-SERVE project plan, 2013)



TASKS

1. Send email/SMS alerts to customer/AE/RM/PB for cheque book collection upon branch receipt of the cheque book.
2. Create charge file, forward to DPC and branch network. The task will also remove all customers that are not supposed to be charged.
3. Track all orders/applications
4. Trigger notification/alert users on all orders that need action.
5. Provide reports.
 - Turnaround times
 - User trends
 - NCR and Customer fees

Debit Card Process

The process tracks all embossed cards from end to end and automates most of the manual processes in the card creation. Automatically notifies customers on card collections upon receipt of the cards by the branch and charges for the card accordingly. Figure 26 below shows the exact process and how it works (P1-ISER; I1-ISER).

Under the old process, of the 16 processes involved, only 4 are automated whereas under the new process, of the 14 steps only 3 are manual (P1-ISER, I1-ISER; C2-ISER).

Figure 26 Old Process for ATM card applications (source: I-SERVE project plan, 2013)

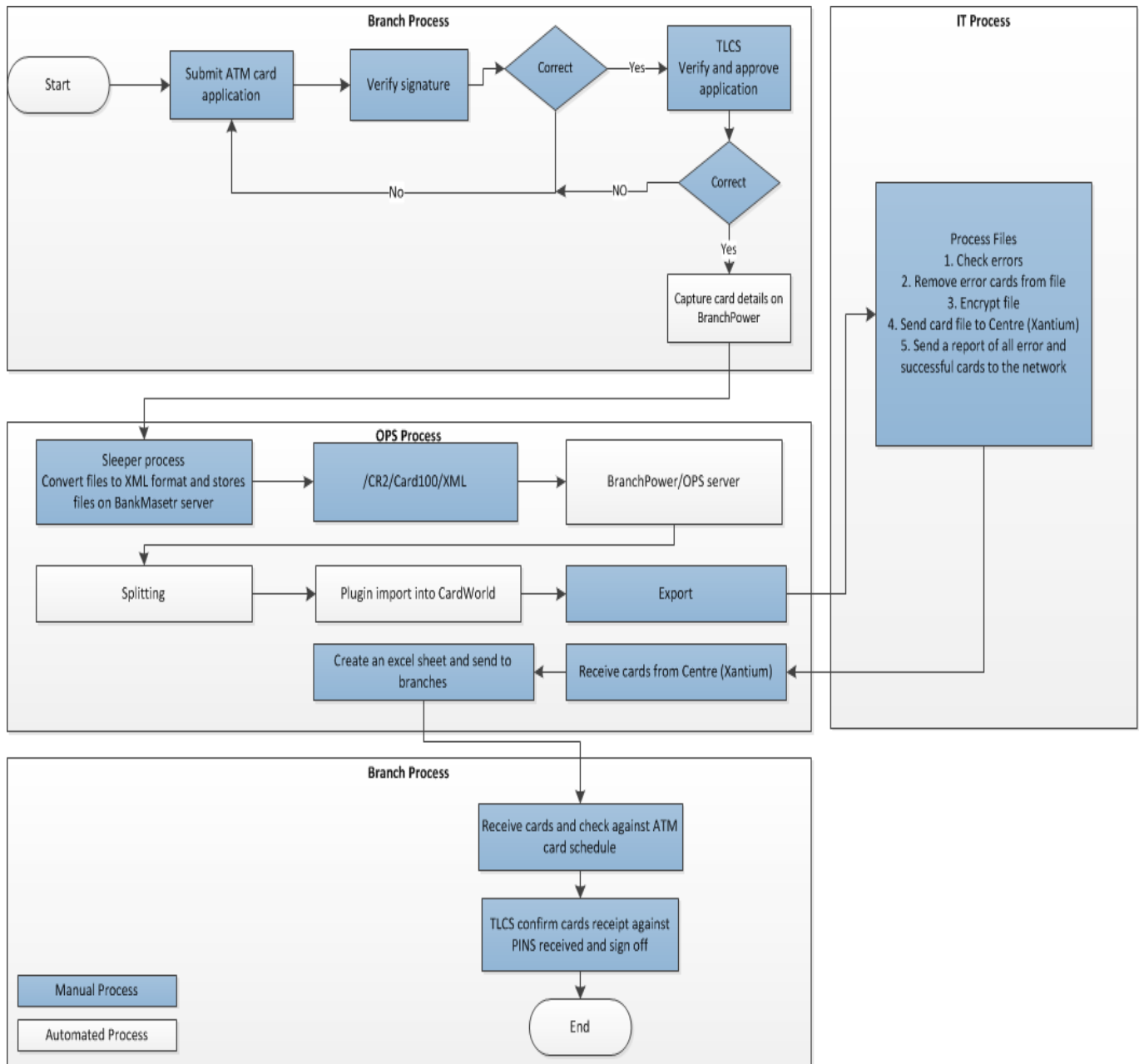
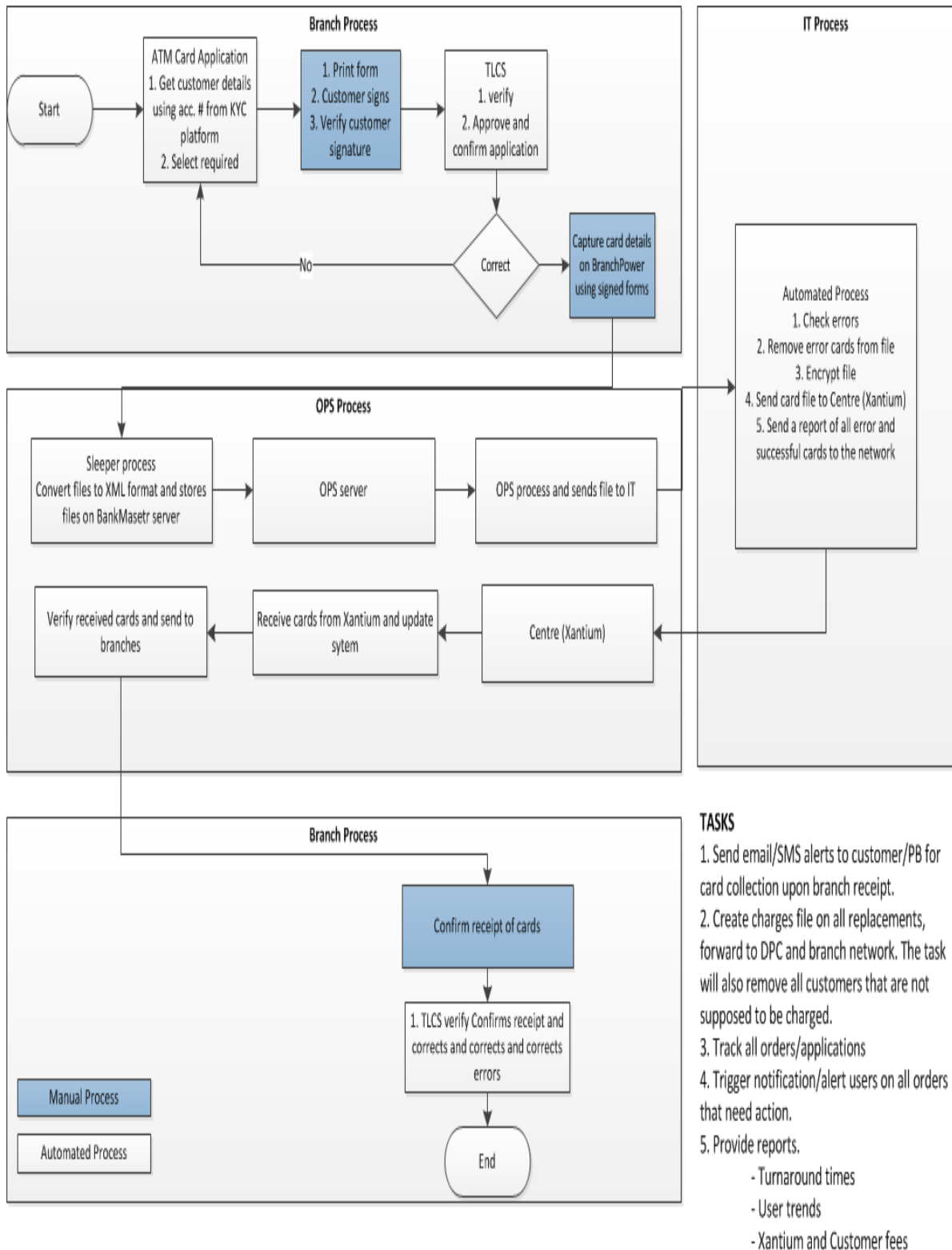


Figure 27 New Process for ATM card applications (source: ISERVE project plan, 2013)



Customer Complaints

The customer complaints platform which was also developed under the i-serve solution, as part of this study, provides a complaint management solution suite that handles all

correspondence of the complaint management cycle by receiving a complaint, logging in the details, assigning to the responsible personnel/team, resolving the complaint and giving feedback to the customer. This system also captures most transactions that are done on the enquires i.e. queries, requests, ATM captured cards so that there is a broader view of customer transactions, particularly in the branches (B1-ISER; P4-ISER; C2-ISER; B3-ISER; C5-ISER).

It was also planned at this point that the next phase would be to develop an interactive platform that was to link customers directly to the system through the web (Jooste, 2016; Edelman, 2015). This was to provide customers with a self-service channel which would allow users to log or enquire on their transactions (I2-ISER; P4-ISER; C2-ISER; C5-ISER).

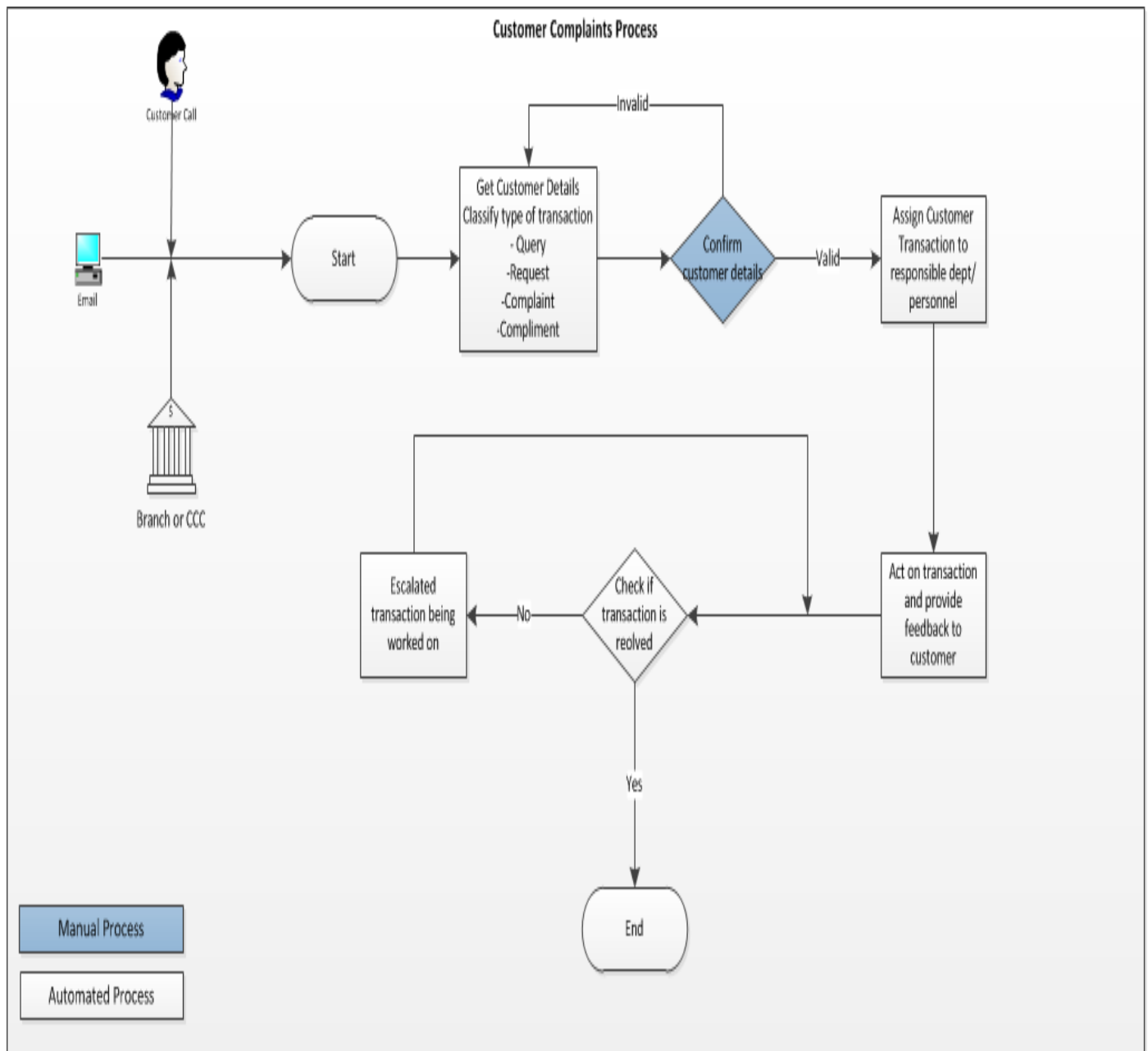
The definition of success for the I-serve system would be an improvement and tracking capability for cheque books at 5 days TAT, ATM cards at 10 days and customer complaints at 2 days as business outcomes. The system was also be tested for the capability of giving customer feedback, minimum human interaction and an audit trail of each transaction logged on the system. Table 43 below shows this.

The multifunctional team that was involved in the project which resulted in this solution developed an implementation schedule post the solution design and the work was supposed to be completed and launched to the users within a period of 9 weeks. The plan covered areas such as data collection to understand the extent of the problems if any, system development, user acceptance testing, rollout and continuous monitoring of the performance of the system (B1—ISER).

After the solution was piloted, some key points were identified in the first evaluation report where 15 branches were asked for feedback including the four branches under this sample (Capital City, Dwangwa, Bwaila and Zomba) and the following were the findings (P2):

- 13 out of the 15 branches indicated that they had not had any serious problems pertaining to I-Serve processes even though there were technical hitches during the early days after go-live. The system used to be slow and users experienced some error responses from the system but these were resolved (I1).
- 2 branches reported that they had customers who were receiving endless text messages notifying them to collect their cards and cheque books some days after they had already done so. However, at the time of the report the issue had been resolved (I1).

Figure 28 Automated Customer Complaints management process (source: I-SERVE project plan, 2013)



TASKS

1. Assign a tracking number to tasks/issues received
2. Send reminders on all items that are to be in Red
3. Analyse trends
4. Track complaints from start to end
5. Record all activities with a customer.
6. Provide customer notification on outstanding issues.
7. Send email/alerts on action items under your queue

Table 43 Benefits of the I-serve system (source: I-SERVE project plan, 2013)

Key Result Area	Success Factor
Turnaround Time	<p>Monitor and track TAT by ensuring that departmental and overall TATs are being adhered to.</p> <ul style="list-style-type: none"> Cheque Book within 5 working days (Operations 3 days, customer consultants 2 days) (BO) ATM card within 10 working days (Operations 7 days, customer consultants 2 days) (BO) Customer complaints 2 working days (BO) <p>Proactively send reminders/alerts on items that are yet to be due (P4)</p> <p>Escalate on items that are outside of the agreed TAT (C5).</p>
Customer feedback	<ul style="list-style-type: none"> Send emails/SMS to customers on the progress of their transaction (P4). Provide timely feedback on customer transactions (P4).
Minimal human intervention	<ul style="list-style-type: none"> Reduced revenue leakage (B1) Provide single entry of customer transactions to avoid errors (C2; P1; B1; P4). Increased staff productivity (C2).
Audit trail	<ul style="list-style-type: none"> Easy follow up of processes at any single point (C2; C5; P1). Track user actions on customer transactions (C2; C5; B5).

Users at one of the branches were not able to use the I-Serve system since its roll-out and they have been communicating to IT/Help Desk which has been unresponsive (I1; B1).

- Two branches that were trained by a different trainer were experiencing problems in understanding the system since the trainer did not touch on a few areas. In terms of training, the enhancements that have been made on the system need to be advised to the learning and development team for incorporation into training and continued coaching (C5).

- However, generally, the issues experienced across the network are basically technical and not training related. Despite this, it is critical that on-going training takes place to cover as refresher courses as well for new staff as some leave the roles (I1; C5).

In summary, the solution developed and piloted seemed to resolve some of the issues raised by the customer insights. The intervention was, therefore, adopted for further implementation and adoption during the second cycle of the study.

4.2.5 Intervention three – TATs in BB

Reference is made to Section 4.2.2 where the customer insights were analysed and action plans were developed which align with the issues that were picked up by the head of business banking as requiring urgent attention (INTBUSB). The improvement of TATs in BB was picked as a critical area requiring attention and needs to be improved especially for term loans and guarantees. The TAT for guarantees is focussed on first in AR cycle one, followed by improving of the term loans and overdrafts in cycle 2.

The BPI team that was brought in to help implement the first intervention was asked to plan to resolve for overdrafts, LC's and guarantees (B1-BBTAT1; P1-BBTAT1; P4-BBTAT1). The key issues that were identified are discussed using the BCPI framework in line with MKC Relationship Management model as shown in figure 29 below.

The following were the key outcomes:

Business Focus

Discussions were held with RMs in BB, legal department, risk department and the credit department to uncover the issues that impact on the customer TAT in as far guarantees are concerned. The credit risk components were considered as part of the processes that were being addressed during this cycle. Apart from this, one of the major contentions that resulted in delayed guarantees was the difference in wording for the guarantee that was required by some donors who were funding the projects being financed by SBM (BI-BBTAT1). The bank was not willing to adopt the donor agent's preferred wording as this would have left the bank exposed unduly (B4-BBTAT1). Customers were sometimes submitting their requests late and where there were no limits already approved; this was delaying the approval process of the guarantee.

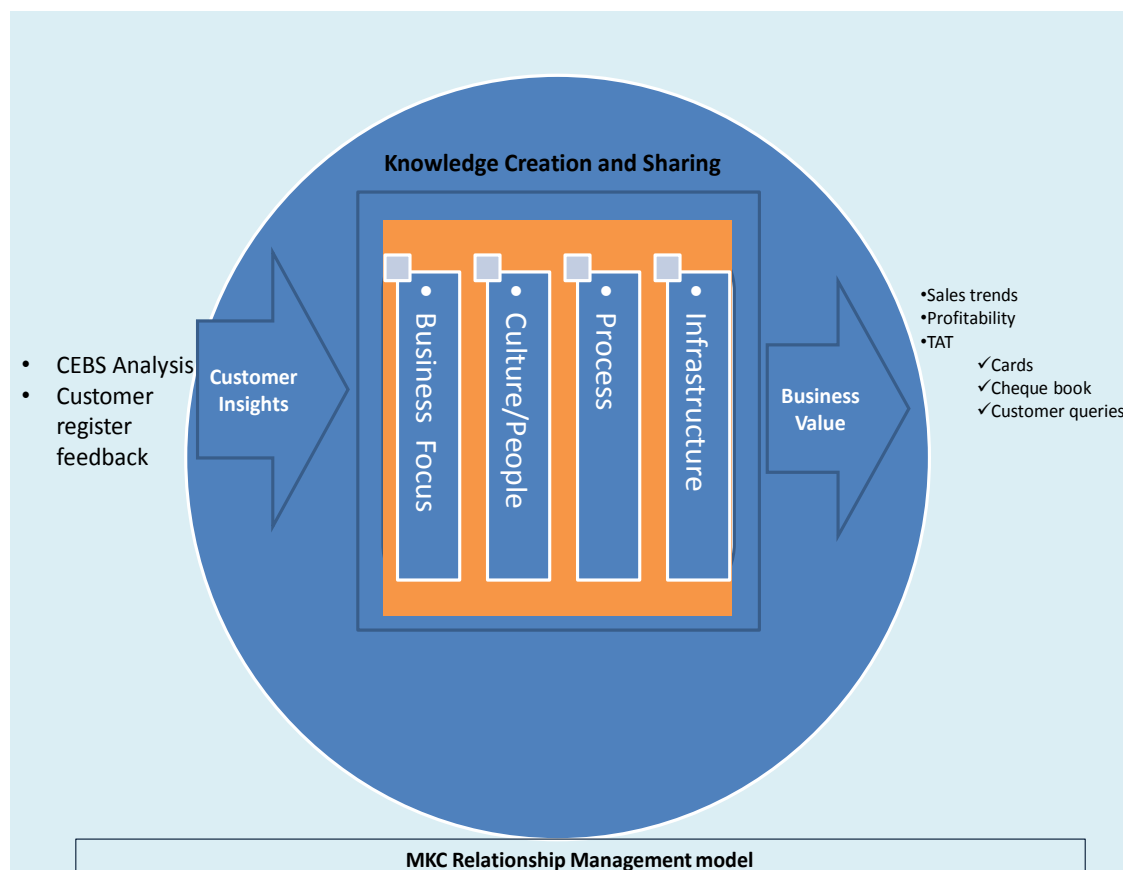
Culture/People

Consultation was a key component of designing this solution and it was done with all staff impacted by the intervention (C5-BBTAT1). Staff needed to be upskilled to know the requirements for guarantee applications (C5-BBTAT1).

Process

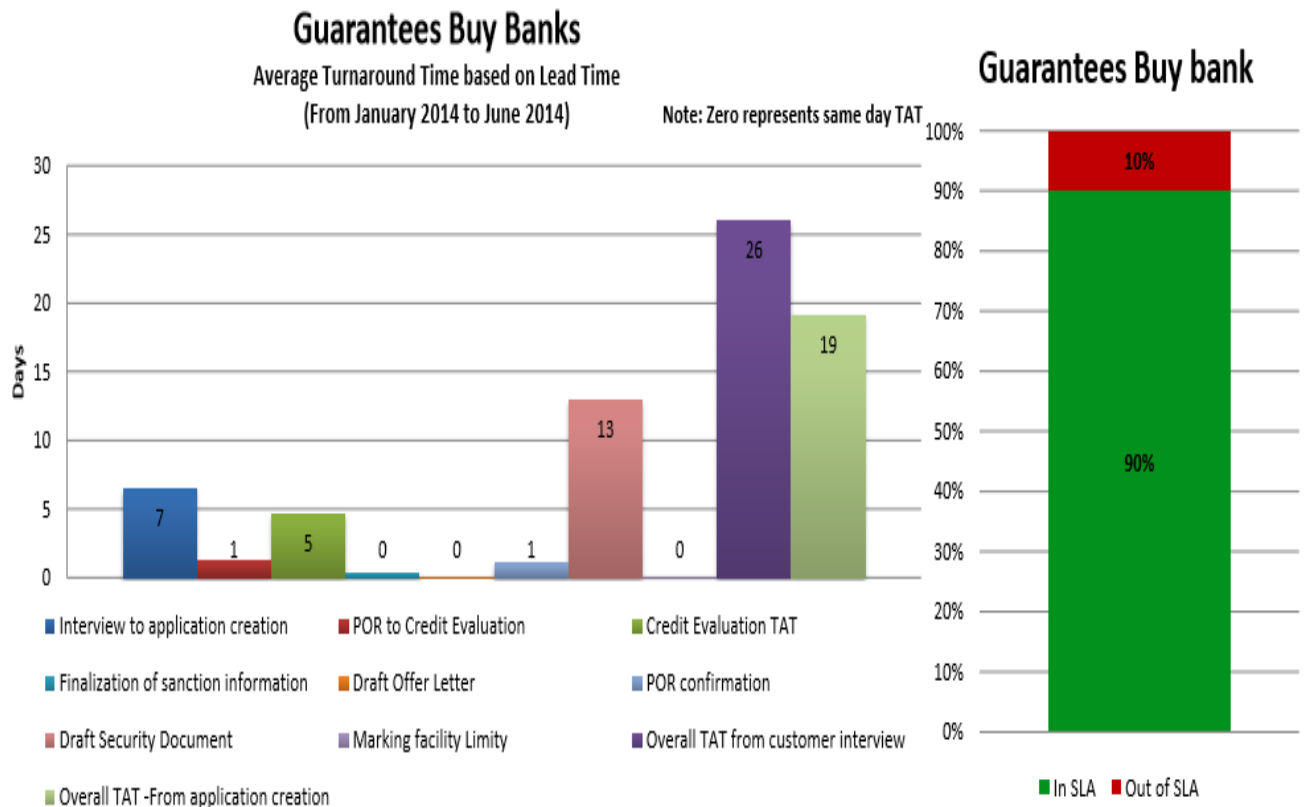
Guarantees are usually required by clients at very short notice and TAT on this is extremely critical. However, the TAT on guarantees was taking longer than 48 hours which is the maximum time it should take the Bank to issue a guarantee-BBTAT1pg. In terms of process, it was clear that the RMs represents the interest of the customer but could not fulfil the need timeously in the absence of a credit limit. There was a bottle-neck in the process where a common seal was being used to sign guarantees and this meant that a board member had to sign the guarantee. Board members were not always readily available to sign off the guarantees-BBTAT1.

Figure 29 MKC Relationship Management model highlighting the KM process (source: Author)



The Figures 30 and 31 below show that instead of delivering LC's and guarantees to customers within 48 hours, it was taking 26 and 40 days respectively.

Figure 30 Guarantee issuing process (Source Guarantee TAT project, 2014)

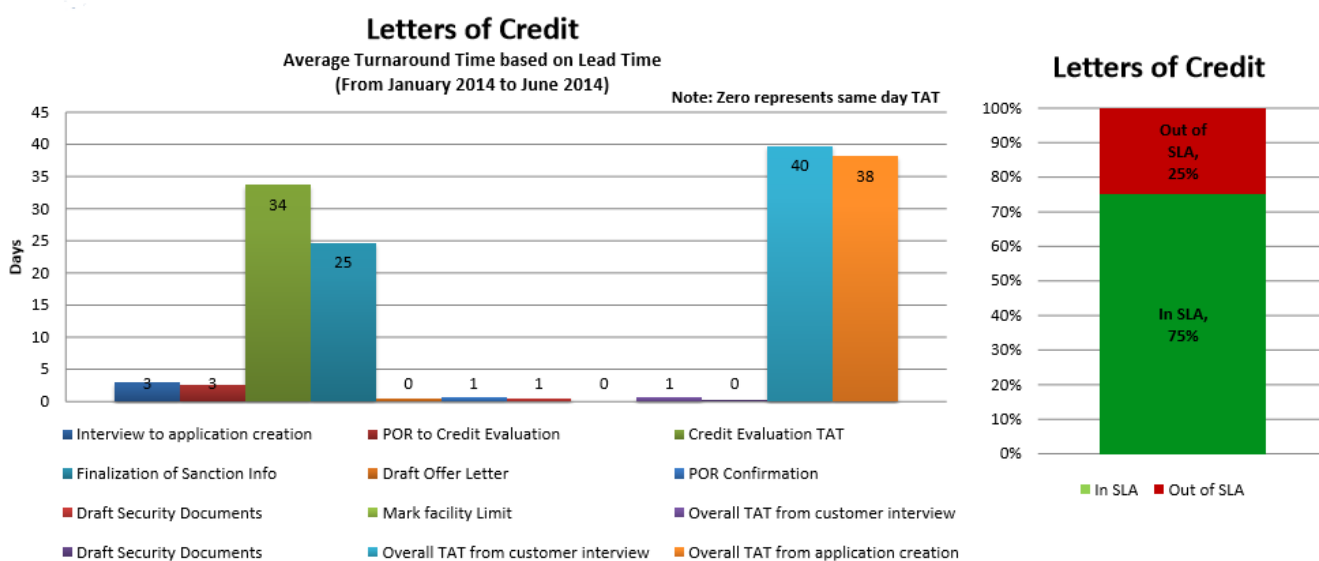


Infrastructure

It was recommended that the CRM tool – salesforce should be used to help build a better understanding of the customer needs. This was following the customer feedback which revealed that customers expected SBM to be more proactive in terms of managing customer relationships INTBUSB:

“The point is that it is about planning around your customers through CVCA’s (customer value chain analysis); RMs need to ensure that all top clients in their portfolios have completed CVCA’s” Head BB

Figure 31 Letter of Credit issuing process (Source Guarantee TAT project, 2014)



In more detail, the below Table 44 shows the exact data that was collected in this intervention. The details of this intervention will now be described in detail. This initiative was started at the end of 2013 after observing that the bank had customer feedback on the period of time to takes to approve customer facilities and giving customers the LCs and guarantees (INTBUSB) The aim of this inquiry was to explore the reasons why bank guarantees in business banking were taking longer than the agreed 48 hours to deliver to the customer after application (P1-BBTAT1pg2). A detailed investigation into the issue was carried out as part of the first cycle of AR and proposals were developed to ensure that customer service is improved and complaints are reduced (Ci4-BBTAT1).

Discussion were held with the stakeholders listed below who were involved in the end-to-end process of issuance of bank guarantees as well as LCs and each had to put forward the reasons why they felt the guarantees were taking longer to issue. The following stakeholders were the key touch points for guarantees to be processed:

- Relationship Managers: Present the application for a bank guarantee/LC on behalf of the customer (Ci4; -BBTAT1pg7; P1-BBTAT1pg7).
- Credit Evaluation: Evaluate and approve facilities for bank guarantees (B5-BBTAT1pg7).
- Credit Collateral: Establish the guarantee upon analysing the appropriate documentation and issue after subsequent vetting by legal and sign-off by the delegated signatories (B5-BBTAT1pg7).

Table 44 BCPI Analysis of intervention 3 (source: Author)

Business Focus	Culture/People	Process	Infrastructure
Discussions were held with all key stakeholders to establish the possible causes (B1;C5)	Discussions were held with all key stakeholders to establish the possible causes (B1;C5)	Bank guarantees were taking longer than 48hours (P1)	Salesforce was identified as a potential solution to support proactive CRM
Credit department was responsible for doing a credit risk analysis on the customer and approve the facility where guarantee is not cash covered (B5)	RMs were submitting inadequate documentation to Credit Collateral, resulting in back and forth engagements and that affected the TAT. This was resolved through a proposed solution to train all RMs on the requirements (P1; Ci4; C5).	RMs were responsible for submitting applications on behalf of customers (P1; Ci4)	
Credit Collateral was responsible for establishing the guarantee upon analysing the appropriate documentation and issue the guarantee after subsequent vetting by legal and sign-off by the delegated signatories (B5).		A bank guarantee cannot be established in the absence of a credit limit (P1;B5)	
Legal was for vetting the guarantees according to the bank's prescribed standards (B5).		Sometimes customers brought the requests for guarantees at the last minute and usually had no credit limit in place causing long TAT (Ci4;P1;B5)	
Sometimes customers bought the requests for guarantees at the last minute and usually had no credit limit in place causing long TAT (Ci4;P1;B5)		RMs were submitting inadequate documentation to Credit Collateral, resulting in back and forth engagements and that affected the TAT (P1; Ci4; C5).	
Bank guarantee formats were sometimes not acceptable to the organisations seeking the guarantee. The potential solution for this was to share the formats in advance with customers (B5; Ci4)		The guarantees were being issued under common seal and this meant it could only be signed by the Directors of the Board (B5;P1)	
The guarantees were being issues under common seal and this meant it could only be signed by the Directors of the Board. It was proposed that a different security paper be used rather than a common seal. This availed more signatories for guarantees (B5;P1)			

- Legal: Vet the guarantees according to the bank's prescribed standards (B5-BBTAT1pg7).

The teams were engaged to find out the reasons why the process was not working well and various reasons were discovered as main cause of the long TAT. A detailed description of each reason is given below (BBTAT1pg25):

- No Credit limit marked on the customer account: If there is no existing facility / credit limit for a particular client, then an application needed to be put together first for a credit facility to be approved. Applications were sent through to credit evaluation for approval and this process has a TAT of 48 hours. Therefore this created a lag of 48 hours before the application for guarantee even commenced. The two processes cannot be done simultaneously as the limit is a condition precedent to the guarantee (P1;B5).
- Late Submission: Customers usually brought their applications on the last day for bidding period. RMs were then under pressure to provide the guarantees which often led them into flouting some processes or submitting inadequate documentation (Ci4; P1; B5).
- Inadequate documentation: RMs were submitting inadequate documentation to Credit Collateral, resulting in back and forth engagements and that affected the TAT (P1; Ci4; C5).
- Formats / Templates which do not comply with the bank's set standards: Some guarantees which were presented to legal did not comply with the bank's acceptable templates. Approvals had to then be obtained if the bank was to adopt or re-word the clauses that were new or not part of the bank's acceptable templates. This usually took a lot of time and affected the TAT. Such organisations as the EU or World Bank and many donors usually present their own templates with their own wording to be adopted by the bank (B5: Ci4).
- Availability of the signatories: This has also come up as one of the issues that affected the TAT for guarantees. The bank's policy states that only the board directors and the company secretary can sign on the guarantees where a common seal is used and when for some reason or another they are not available, it usually results the guarantees taking longer to be issued to a customer (B1; B5).

Table 45 summarises the frequent reasons why an applications for a guarantee took longer than the agreed TAT of 48 hours and who was responsible for finding a resolution to this.

Table 45 Reasons for slow TATs on guarantees (source: BB TAT project, 2013)

	Reason	Party responsible
1.	Limit for guarantees not available (B5)	RM
2.	Last minute submission of application (Ci4)	RM / Customer
3.	Inadequate documentation provided (C5)	RM
4.	Format of guarantee not according to the bank's prescribed standards (B5)	Legal / RM / CE
5.	Availability of signatories (P1; B5)	Legal / CC

Table 46 below provides some verbatim quotes from the various stakeholders who were part of the solution design (RMs, credit and legal).

Proposed solutions

Below are the possible solutions that were identified through stakeholder engagements:

- **Importance of account plans:** RMs were strongly encouraged to have account plans for their new and existing customers. This ensured that they anticipate future demands of the client and they were able make the appropriate provisions for facilities for instruments like guarantees therefore avoiding the last minute rushes (P4- BBTAT1pg25). Salesforce, an intervention which was part of this study helped in resolving the issue of account plans for each customers through tracking of the customer value chain analysis (CVCA's) which helped anticipate the customer's needs (P1- BBTAT1pg25; I1 BBTAT1pg25; Ci4 BBTAT1pg25).
- **The Bank's approved guarantee formats were shared with customers:** This ensured that conflicts were minimised when guarantees were submitted for vetting and sign-off as all the bank's requirements would have been met. Where donor formats were required, engagements took place with the donor bodies to reach a mutual understanding (B5 BBTAT1pg; C14 BBTAT1pg44, P1 BBTAT1pg44).
- **Training for RMs:** The RMs were trained on the documents required for a guarantee to be established so that they can clearly explain the documentation required to the customer (C5 BBTAT1pg25; Ci4 BBTAT1pg25).
- **Availability of Signatories:** On availability of signatories, RMs were made aware of the delegated signatories in the event that authorised signatories were not available in order to ensure that they get sign-off as quickly as possible. However, in order to get round the challenge of the use of the common seal, the bank printed security paper for printing guarantees. This ensured that guarantees could now be signed by senior

managers as well and not necessarily board directors (P1-BBTAT1pg44;B5 BBTAT1pg44).

Table 46 Reasons for challenges in issuing guarantees and LC's on time (source: BBTAT1pg6)

Category	Verbatim quote	Key Issue
Ci4	<i>"The workload is too much for us even when my both our relationship officers are present,.....we are forced to sit down and help them to capture applications on CAMS"</i>	Staff shortage
P1	<i>"no motivations done for existing customers if they would like to add or increase (credit) facility hence they have to go through the same process as new customer"</i>	No etiquette motivations supplied for existing customers
Ci4, P1	<i>"internal processes complexity hinders the business, because even existing customers go through the same screening as if they were new customers"</i>	Internal processes are complex, they don't cater for existing customers
C5	<i>"sufficient supporting security documents not being supplied for collateral reasons....incorrect filling of application documents"</i>	Staff not knowledgeable enough to guide the customer in filling application forms

Having designed the solution together with the RMs, credit, legal and collateral teams, it was agreed that this solution be adopted, during cycle 2 of this AR study, the intervention will be tested.

4.2.6 Intervention four - Salesforce

As observed in the customer insights Section, 4.2.1 above, one of the major causes of poor customer feedback was around the ability to proactively manage customer relationships (CEBS12; CEBS13, INTBUSB). Furthermore, and for intervention three discussed above to be successful, it was necessary to enhance proactive management of customer relationships as highlighted by the Head of business banking in the interview:

"The point is that it is about planning around your customers through CVCA's (customer value chain analysis); RMs need to ensure that all top clients in their portfolios have completed CVCA's" Head BB

As highlighted in the quote above, this can be achieved by gaining a deeper understanding of customer's businesses; having closer and more frequent contact with the customers and by improving knowledge sharing among staff for the benefit of the customer.

Salesforce – a CRM tool – was, therefore, chosen by the Head of business banking to specifically improve the relationship management capability (I1-INTBUSB; Ci4- INTBUSB). The tool was introduced by SBG in 2012 and was costing Malawi in excess of 45,000 pounds (40% of the annual cost of the PBB system licences) in licensing fees yet was hardly being used by the RMs who were licenced (Bo4). In addition to this, there was opportunity to reduce the number of customers per portfolios in business banking in line with SBG best practise while taking into account the Malawi opportunity size (C2-INTBUSB).

Therefore salesforce was chosen in order to:

- Improve the proactive management of customer relationships (Ci4-INTBUSB).
- Improve the frequency of customer calls (Ci4-INTBUSB).
- Provision of relevant customer solutions (Ci4-INTBUSB).

Below is a summary of the finding under this intervention.

Business Focus

The use of salesforce would not only enable CRM but also manage the type of customers that PBB focusses on, the communication with such customers, and enable the strategic objectives of PBB which includes growing profitable customers to be achieved (Homkes, 2015; Edelman, 2015). The CRM tool also allows for close collaboration with all stakeholders required to support a customer relationship since customer information is up to date and accessible by different users of the system.

Culture/People

In order to improve staff capacity, the portfolio sizes were made smaller so that more focus could be placed on the profitable segments of the business (C2).

Process

While salesforce is cumbersome in terms of the need to constantly update all activities relating to the customer at any given point, it was considered value adding by the users who are RMs as they saw clear benefits in terms of enabling a deep understanding of the customers. It also enabled various stakeholders involved in a customer deal to know at what stage the deal is and what exactly their role is.

Infrastructure

A CRM tool called salesforce which is system based was used to enable the enhancement of customer relationships.

Upon introduction of the tool and also the streamlining of customer portfolios, the feedback received from the users particularly on the account planning process was as follows:

Table 47 BCPI data analysis for intervention 4 (source: Author)

Business Focus	Culture/People	Process	Infrastructure
Teamwork and collaboration was enabled through the use of the content management capability of salesforce (B1)	Smaller portfolio sizes (relationships per RM) (C2)	Salesforce enabled various stakeholders involved in a customer deal to know at what stage the deal is and what exactly their role is (P2)	Enhanced adoption of an existing CRM tool known as Salesforce (I1)
	Salesforce enabled collaboration and teamwork through knowledge sharing (C5)		

Table 48 Verbatim feedback on staff experience with intervention 4 (source: SF1,2013)

Category	Findings
Ci4	<i>"while I found it (salesforce)very cumbersome at the beginning it has enabled me to understand my customers better and even the customers are happy with the focus I now have on their business"</i> (I1; Ci4) <i>"(salesforce is) very insightful and has enabled me to find new opportunities from my customers"</i> (Ci4) <i>"before this(salesforce) I used to spend a lot of time focusing on the customers who do not even offer the greatest opportunity for the bank; now I spend my time with high value customers"</i> (Ci4; Bo4; C2)
C2	<i>"before this I used to spend a lot of time focusing on the customers who do not even offer the greatest opportunity for the bank; now I spend my time with high value customers"</i> (Ci4; Bo4; C2)
C5	<i>"we now simply log onto SalesForce.com and it give us all the leads and also gives reminders to everyone needed to realise a customer opportunity. Life is so much easier"</i> (C5; P2)
C7	<i>"there is no place to hide now, SalesForce.com reports on you if you have not followed through on leads"</i> (P1; C7)
P1	<i>"there is no place to hide now, SalesForce.com reports on you if you have not followed through on leads"</i> (P1; C7)
P2	<i>"we now simply log onto SalesForce.com and it give us all the leads and also gives reminders to everyone needed to realise a customer opportunity. Life is so much easier"</i> (C5; P2)
Bo4	<i>"I did not know I was losing out so much value from some of these individuals"</i> (Bo4) <i>"before this (salesforce usage)I used to spend a lot of time focusing on the customers who do not even offer the greatest opportunity for the bank; now I spend my time with high value customers"</i> (Ci4; Bo4; C2)

Some insights were gathered from the RMs in commercial banking who were the primary target users of this CRM tool when it was launched are presented below. The data below was gathered through a focus group discussion which sought to get more insight into the use of this tool as part of designing this intervention.

After 3 months of execution of the portfolio clean-up which involved moving customers that offered little opportunity to a lower segment as well as encouraging the use of salesforce, a list of the top 50 customers by revenue targets according to the account plans were extracted and the results were analysed. While it was still too early at this stage to see the impact of this on the total business, the chosen customers have registered growth in excess of 200% (Bo4-SF1).

Table 49 Commercial Banking Portfolio Contribution (source: Salesforce)

Relationship Manager	RM Code	Pre-migration			Post-migration		
		Customers	Total Income (MK'000)	Revenue per customer (MK'000)	Customers	Total Income (MK'000)	Revenue per customer (MK'000)
Portfolio LK	BM01	109	1,343,916	12,330	50	1,337,502	26,750
Portfolio WN	BM02	89	462,088	5,192	50	463,453	9,269
Portfolio IC	BM03	214	234,319	1,095	50	219,579	4,392
Portfolio FK	BM04	183	266,776	1,458	50	243,789	4,876
Totals		595	2,307,099	20,074	200	2,264,324	45,286

Figure 32 Funnel of opportunities (source: Salesforce report 1, 2013)

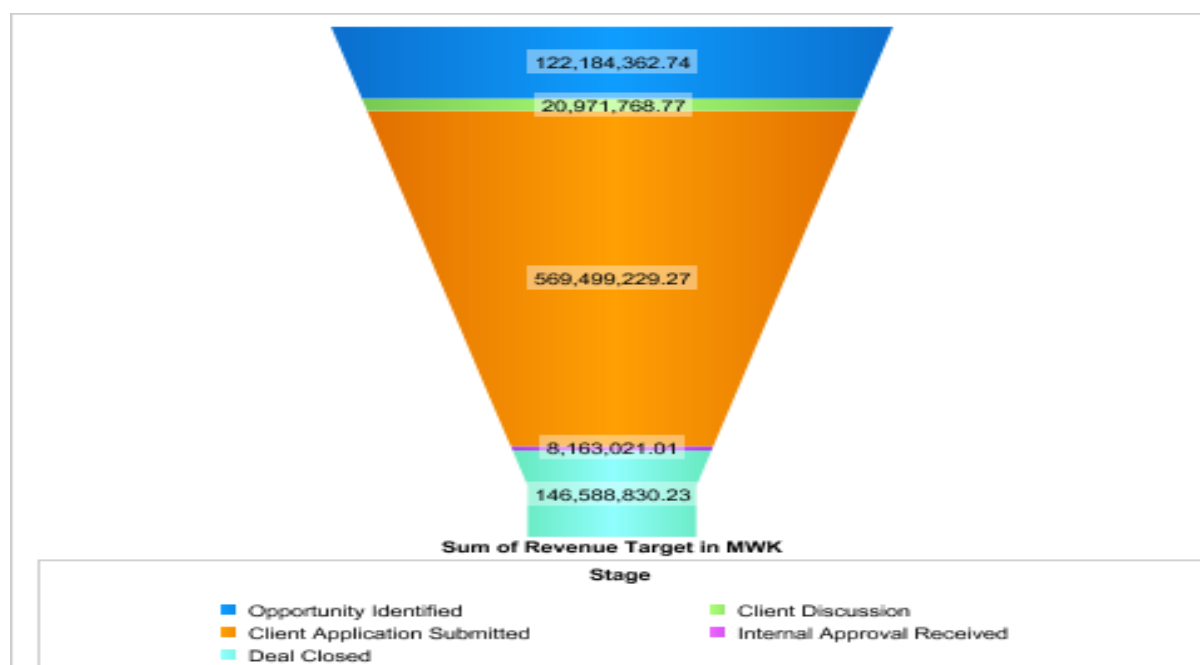


Table 46 above shows that prior to first round of AR on the MKC Relationship Management framework, the four RMs were looking after 595 customers and realising total revenue of K2.3bn annualised whereas after the intervention they were now managing below half of

these customers (only 200) and yet realising similar total revenue (K2.26bn) with greater potential to improve even further (Bo4).

Figure 32 above, complimented by Table 50, allow for close monitoring of lead conversions as generated by Salesforce enabling real-time knowledge sharing on where opportunities are held up and also close monitoring of conversion rates by all internal stakeholders in order to improve TAT for the customer (P2-SF1; C5-SF1; Bo1-SF1).

Table 50 Summary of opportunities (source: Salesforce report 1, 2013)

Stage	Revenue Target
Opportunity Identified (347 Opportunities)	MWK 122,184,362.74
Client Discussion (21 Opportunities)	MWK 20,971,768.77
Client Application Submitted (37 Opportunities)	MWK 569,499,229.27
Internal Approval Received (4 Opportunities)	MWK 8,163,021.01
Deal Closed (85 Opportunities)	MWK 146,588,830.23
Grand Totals (494 Opportunities)	MWK 867,407,212.03

4.2.7 Business Value as Output

So far in AR cycle one, the study has examined the customer insights, the knowledge management which is an internal process of gaining deeper insight into the customer insights and developing solutions and then developing and taking relevant actions to improve CRM. This section of the study explores the outcome/business value realised from the business in this current cycle. The MKC Relationship Management framework below highlights the part of the framework that is being focused on in this section.

Since this cycle of the study began by looking at the customer insights between 2011 and 2013 and the action developed was mainly to plan and pilot some of the four interventions developed, the output considered will be for the same period under review. The outputs will be looked at in terms of the analysis codes discussed in Section 4.1 and presented the figure 33 below.

In terms of the highlights of the findings in this section are discussed below:

TAT

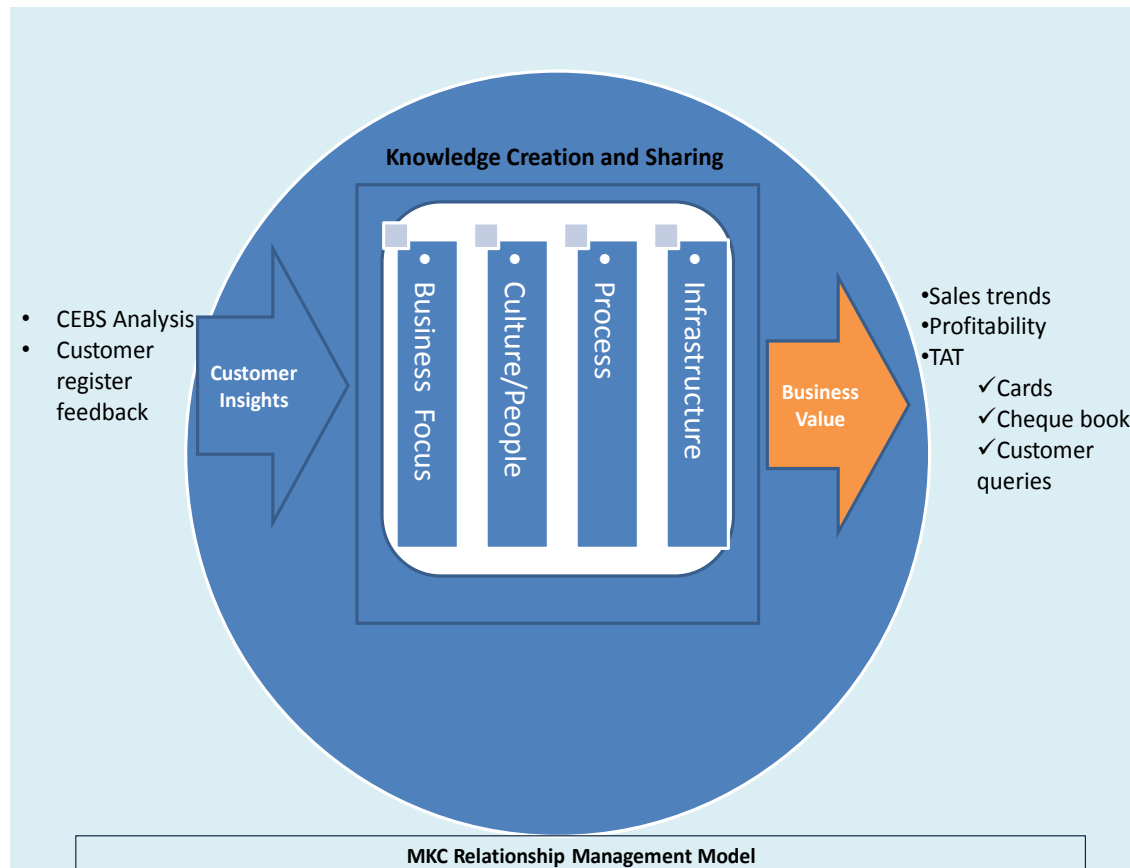
In terms of TAT during the period 2011-2013, there was no specific measure for this and improvements in all four interventions were going to improve visibility and measurement of this.

Sales

While PBB in total met its sales targets as well as grew the customer base during the period under review, the unit consistently failed to meet its cross-sell ratios across all three

business units under this study. As seen from the data analysed so far, this was because of limited CRM which did not enable the business to grow sales through retention and meeting customer needs (Ci4).

Figure 33 MKC Relationship Management model highlighting the Output (source: Author)



Service

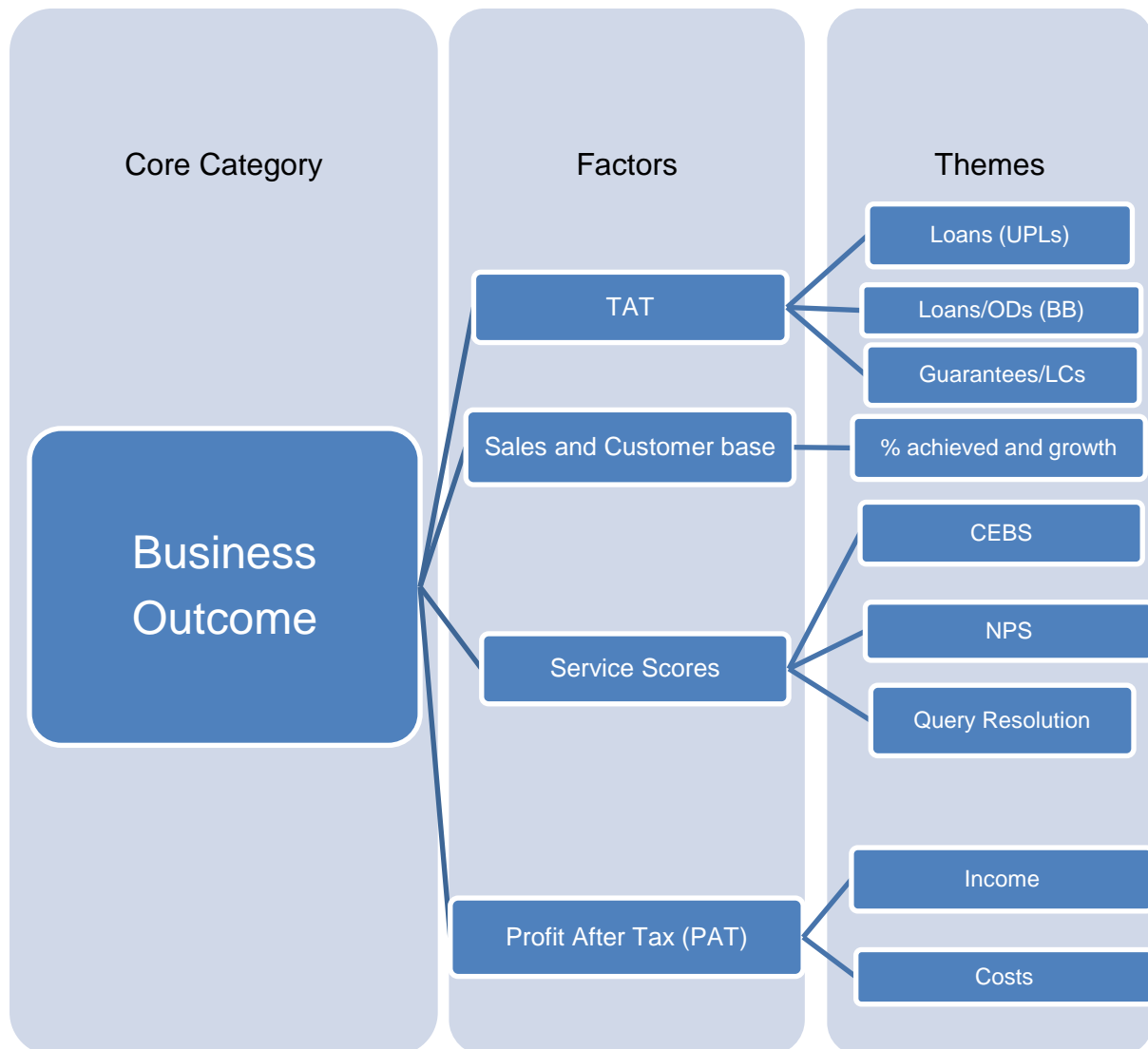
In terms of service, the best service ratings were consistently registered in branch banking with the biggest improvements in the other segments happening between 2011 and 2012 but another dip in takes place in both branch banking and private banking in 2013. This shows that service performance was neither consistent nor proactively being managed.

PAT

Despite PBB's significant contribution to the overall balance sheet of the bank at 51% of assets and 34% deposits and 30% total income as at June 2013, the actual PAT contribution was at 4% because of the huge cost base that PBB has. This makes the focus on efficiency

and cost reduction while growing the revenue as proposed in the four interventions a good strategy to adopt.

Figure 34 The Business Outcome factors and themes (source: Author)



Details of the findings

In terms of the actual details of the data analysed, these were as presented in figure 51 below.

TAT

There was no objective measure for TAT of most issues that have greatest customer impact such as debit cards, cheque books, customer complaints and loans as well as guarantees and LCs in all customer segments.

Table 51 Data Analysis on business Value (source; Author)

Category	Bo1 - TATs	Bo2 – Sales trends	Bo3 – Service Scores	Bo4 - PAT
	No way to objectively state TATs for most processes in the bank	While sales was improving each year, the cross sell ratio remained low and below budget in all the customer segments	CEBS scores were inconsistent across the business units as well as the year on year changes	PBB contributes quite significantly to the balance sheet of the bank
	Intervention one was expected to improve TAT for account opening and branch service	The number of customer also improved YoY between 2011-2013.	The Best CEBS scores were consistently in branch banking which is not relationship managed	However, the business unit sits on a lot of costs and this significantly reduces the business unit's contribution to PAT at a bank level
	Intervention two was expected to improve TAT for cheque books, cards UPLs	Judging the sales performance only one would believe that the business is doing very well yet CRM and cross sell is weak	All four proposed improvements were expected to improve the CEBS scores	All four interventions were expected to reduce costs hence profit improves
	Intervention three was expected to improve TAT for guarantees	The four proposed interventions were expected to improve the customer experience and it was assumed this would improve customer retention and hence cross sell		Reduced stationery costs were expected in intervention one and two
		It was assumed that once account opening is improved actual number of sales will improve too		Reduced Communication costs were expected in intervention one
		The improvement of the account opening and new account activation in intervention one was expected to improve the risk of new accounts with nil balances which means the customer has actually not started bringing value		Reduced costs in the form of less Non-performing loans was expected as a result of improvements in all intervention

		to the business		
				Improvements in all four interventions were expected to reduce the cost of credit
				The effective use of licenses in intervention four meant more efficient extraction of value from the cost base
				Focus on high value customers in intervention four expected to improve profitability

Sales trends

In both 2011 and 2012, PBB surpassed its sales budget 20% while by November 2013, PBB was above its sales budget by 6%. Despite this growth, the business units did not achieve the intended cross sell ratios which demonstrates that the sales could have been even higher if customers were having more than one product sold to them because of the cross sell opportunity across the various customer segments. In branch banking it remained at 2.8 and yet the acceptable benchmark within SBG was 3. In private banking, the ratio was at 3 against a budget of 4 according to the targets set at the SBG for this customer segment. In business banking it was at 3 but could go to as high as between 6 and 8 in accordance to the targets set by the SBG. There was scope, therefore, to grow the sales through cross sell to existing customers if CRM is improved. Table 52 below shows the sales trends across the 3 year period.

Table 52 Sales Trends (source: SBM Sales Department)

SALES VOLUME	2011	2012	2013 (Nov 2013)
Total Sales Volume Actual	109,062	118,982	84,513
Total Sales Volume Budget	91,040	99,152	79,685
% Achieved	120%	120%	106%

In terms of customer base, in 2011, the customer base grew from 105,000 customers to 131,499 and in 2012 this further grew to 135,000. In 2013, this number increased to 174,150. On average during the period under review the number of customers grew by 29% while the number of accounts grew by 35%. In 2012, about 140,000 customer accounts were closed as part of a data clean up exercise. These accounts were mainly composed of fully repaid loan accounts as well as fixed deposits with nil balances. The accounts were not being purged out of the system due to some challenges on the Bankmaster system (the core

banking system of SBM). Table 53 below shows the changes in customer numbers and accounts between 2011 and 2013.

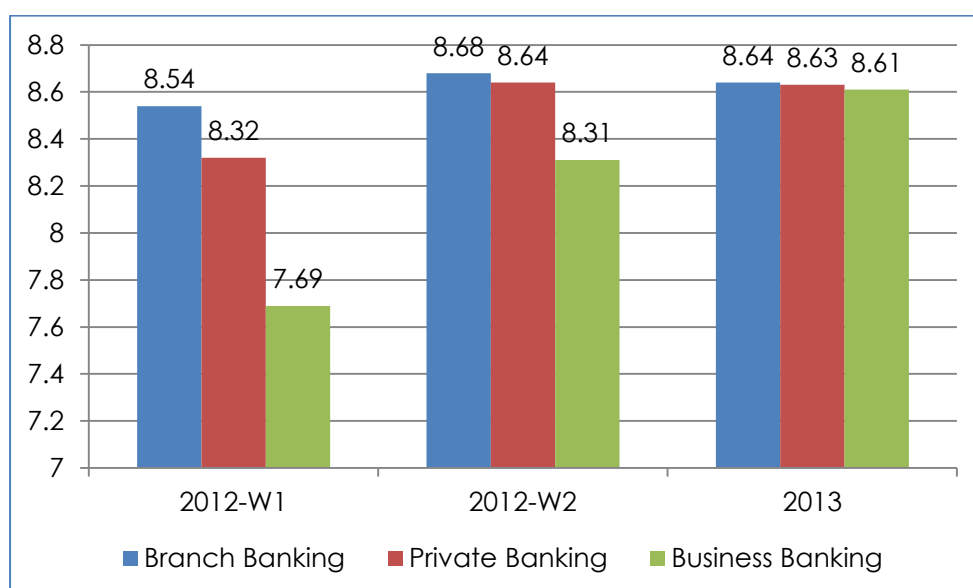
Table 53 PBB Customer Base (source: SBM Sales Department)

PBB Customer Base	2011	2012 (projected)	2013	% Growth Avg.
Total Customers	131,499	135,000	174,150	29%
Total Accounts	308,679	296,062 ¹	399,684	35%

Service

In terms of service, the CEBS results discussed in the customer insights reveal that the best service ratings were in branch banking where there was the least customer contact in terms of having a dedicated individual managing the customer. However, all three segments improved in terms of rating YoY though branch and private banking scores dropped between 2012 and 2013.

Figure 35 CEBS Results Summary 2011-2013 (source: CEBS Report, 2013)



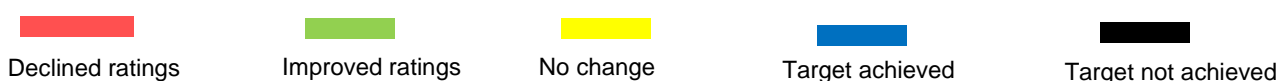
The same results are presented differently in Table 54 below, with a comparison between 2012 and 2013 as well as indicating if the targets have been met (Bo3). Looking across the business compared to the targets set, at bank level the targets are missed across the board, while at business unit level both private and business banking meet their targets while branch banking does not meet its target despite scoring higher than the other two. In

¹ A major data clean up took place resulting in the closure of 140,000 accounts

addition to this, both branch and private banking scores go down at business unit level despite the fact that customers clearly give feedback on what needs to be fixed (Ci4).

Table 54 CEBS Results versus target (source: CEBS Report, 2013)

BUSINESS UNIT	BANK				BUSINESS UNIT			
	2012	2013	INCREASE	TARGET ACHIEVED	2012	2013	INCREASE	TARGET ACHIEVED
Branch Banking	7.76	8.58	0.82		8.68	8.64	(0.04)	
Private Banking	7.77	7.72	(0.05)		8.64	8.63	(0.01)	
Business Banking	7.15	7.09	(0.06)		8.31	8.61	0.30	



Having appreciated the high level performance of each business unit, a deeper appreciation of how some randomly selected branches and the private bankers and RMs performed over the 3 year period and the exact areas of improvement as well as priority areas are discussed below.

Branch Banking performance

The performance of the branches will be scrutinised by randomly selecting some branches for purposes of taking a closer look at the trend over the 3 years under review. Table 55 below shows that while service at Capital City dipped somewhat in 2012, it improved significantly in 2013. Bwaila, however, has been declining over the three years in question while Zomba, like Capital City dipped in performance in 2012 only to pick up again in 2013. Scores for Zomba remain very low at below 8 throughout the period. Service at Dwangwa, on the other hand, was a very high 9.47 score in 2011 only to dip in 2012 and slightly improve in 2013. While service at Zomba saw the biggest improvement, it still remained way below the sampled branches (Bo3). Overall the performance of the individual branches is not consistent and does not show that there is effort made in rectifying the service issues highlighted by the customers (Ci4).

Table 55 CEBS results of sample branches 2011-2013 (source: SBM Customer Experience Department)

Branch	2011	2012	2013
Capital City	8.53	8.37	9.2
Bwaila	9.17	9.23	8.36
Zomba	7.90	6.17	7.98
Dwangwa	9.47	8.73	8.73

Private Banking Performance

In private banking, the Table 56 below shows the sampled portfolios of TK and MC whose results followed a similar trend to that of the overall scores in private banking unit (Bo3).

Table 56 CEBS scores of sample private bankers – 2011-2013 (source: SBM Customer Experience Department)

PRIVATE BANKER	2011	2012	2013	Change
TK	8.22	8.84	8.55	(0.29)
MC	8.00	8.78	8.38	(0.40)
Average for all Private Bankers	8.32	8.64	8.63	(0.01)

Despite this drop between 2012 and 2013, there was an increase in some attributes such as RMs being known by customers by name with an overall improvement of 17%. Table 57 below shows that both portfolios in the sample scored highly in this regard an improvement of 8% for MC and 12%.

Table 57 RMs being known by the customers by name (source: SBM Customer Experience Department)

PRIVATE BANKER	2012 SCORE (%)	2013 SCORE (%)	INCREASE (%)
MC	87	95	8
TK	83	95	12
OVERALL	79	96	17

Other top scoring attributes included; RMs responding and acting promptly to customer queries (C4-CEBS13pg10); RMs demonstrating knowledge of bank products and services (C5- CEBS13pg10); RMs using appropriate language when dealing with customers (C3-

CEBS13pg10); RMs dealing with customers and their needs in a respectable and professional manner (C3- CEBS13pg10) and timely transactions (Ci4- CEBS13pg10).

The outcome of these results showed that private banking needed to address the customer concerns that were being highlighted because both the relationship management and the customer loyalty were dwindling and these customers could easily be attracted to bank with other competing banks.

Business banking performance

In terms of business banking, the RMs ratings are indicated in table 58 below. In 2013, there was a change in RM from GC to WN (C2- CEBS13pg11). FK rating improved significantly to over a score of 9 at 9.2 while overall average improved by only 0.3 as both IC and LK ratings decreased with IC ratings going back to below 8 (Bo3- CEBS13pg11).

Table 58 RM overall CEBS score in BB between 2011 and 2013 (source: CEBS Report, 2013)

BUSINESS BANKER	2011	2012	2013	INCREASE
Portfolio WN	-	-	9.63	-
Portfolio FK	7.67	8.04	9.20	1.16
Portfolio LK	8.22	8.89	8.00	(0.89)
Portfolio IC	6.2	8.28	7.53	(0.75)
OVERALL	7.69	8.31	4.61	0.30

Profit After Tax

However, despite the large sales and customer numbers growth, as at June 2012, PBB only contributed 4% of the bank's PAT. This is despite contributing 51% of the bank's loan book, 34% of the deposit book and 30% of the income. The approach of looking at some cost saving measures adopted in the four interventions while growing the total income would significantly improve PBB's contribution to the bank's overall profitability. Table 59 below shows the actual contribution of the PBB business to the bank's total income. This contribution will be tracked in order to see if there is an improvement during the course of this study.

Table 59 PBB contribution to total Bank as at June 2012 (source: SBM Finance department Department)

Financial Metrics	PBB (MK'bn)	Total Bank (MK'bn)	PBB Contribution
Loans and advances	22.665	44.507	51%
Deposits	25.294	75.086	34%
Total income	3.182	10.581	30%
PAT	190	4.282	4%

4.2.8 Reflections on Cycle One of AR

In reflecting on cycle one of this study, a few observations were made and will be discussed below:

1. MKC Relationship Management model enables continuous improvement of CRM

Having gone through the entire MKC Relationship Management model in cycle one which included the customer insights; the solution design/action and review of the business outcomes; it emerged that to resolve the key customer issues that will help improve profitability, it was necessary that some interventions/projects should be put in place. This was because; no single solution could resolve all the customer issues. Besides, the four interventions identified (BIE and BO; I-serve, BB TATs and Salesforce) were not the comprehensive list of customer issues but a prioritisation of what could be practically done in this study. This therefore means that MKC Relationship Management model is a continuous process within an organisation. The outcome continuously feeds back to the customer insights process triggering more actions to be developed and acted upon.

2. Availability of management information that enables decision making

The absence of management information that could help with better decision making in the areas impacted the study. For example, it was of concern that there was no readily available data on how long it takes to deliver a debit card, cheque book, loan, guarantee, LC etc. to a customer. Moreover, it became clear during the study that the bank does not leverage on the data it collects from customers in the course of doing business. For example, the number of transactions that take place in the branch that could have otherwise taken place at an ATM would be a useful statistic to track and develop action plans around in order to reduce the complaints around queuing times in the branches. What was further observed was that the data is available but is not mined as there is no resource within PBB or its support functions to do this.

3. Acting on customer feedback (voice of the customer)

The third observation made is that there was a lack of discipline in documenting and acting on the voice of the customer. The customer complaints registers that are in the branches are a rich source of such data and yet the most comprehensive data collected and filed properly from this rich data source was the registers of 2012. There were barely

any physical or digital files and data available for 2013 and 2011. This restrains the actions that can be drawn to improve CRM.

In addition to this, the findings show that the bank does not leverage the extensive research and feedback that customers give through various researches and processes available to improve the customer experience. This is shown in the inconsistent customer ratings across the years and also across both branches and RMs as well as private bankers. Furthermore, relationship management is very poor, with branch banking consistently outperforming the higher touch segments and with private banking doing better than business banking during the review period. Generally all segments believe that they do not get value for money at SBM as pricing is too high.

4. Personal and Corporate relationship with the bank are inter-related

The BB customers also took opportunity to provide feedback on their personal accounts and specifically on fees as well as some deductions on their personal accounts. This goes to show that the customers also had personal relationships with the bank and therefore, there was further need to ensure that the customer experience is uniform across all segments and that a holistic view on CRM needed to be taken rather than considering the solutions as isolated by customer segment.

5. Time and Resource Constraints

Due to the limitations of the study in terms of time as well as technical capacity and resourcing, other relevant solutions that could have resolved the customers' issues as found in both the insights as well as informed by the literature review such as mobile banking, POS among others were out of scope in this study. However, the solutions continued to be developed as these were considered to be critical to CRM in banking.

6. Culture is the foundation of customer-centricity in Retail Banking

The culture/people aspects impact the manner customers are served as service is delivered through people and people are a major stakeholder in retail banking (Dokelman, 2013, Chidley et al, 2014). A key outcome that changed the model was the fact that the issues of people and culture are cross-cutting across all initiatives and impact process, infrastructure as well as business focus, making it an over-arching concept rather than one off the pillars as presented in Figure 9 above. Well managed people management processes build a culture of synchronised execution as all

stakeholders in the organisation align to meet common goals. This was clearly observed in developing the I-serve solution. In addition to this, if the aspects such as leadership are functioning well, the organisation is highly productive and initiatives such as this are accepted, adopted and could become successful when implemented. Again, this was observed when the four interventions were being designed.

7. Systems, process, and culture inter-relationship

There was an overlap in terms of the findings, an issue that related to process was related to the system and sometimes the people processes as well. For example, salesforce was identified to be a very good system that needed the commitment of people to use in a disciplined and consistent manner and which enabled content management (process). Salesforce is a system based platform that benefits the overall performance of the business. This too impacts on how the MKC Relationship Management model now looks like.

Figure 36 below shows the change that has taken place in the MKC Relationship Management model after testing it through cycle one of AR. The major changes relate to how culture is now an over-arching parameter of the knowledge creation and sharing process as well as the fact that the model is a cycle and continuous process rather than a linear process with a beginning and an end. In addition to this, the interaction between business focus, infrastructure and process became a more circular and interactive one as opposed to the initial model where they were independent pillars.

4.3 **Cycle 2 – Findings and discussion**

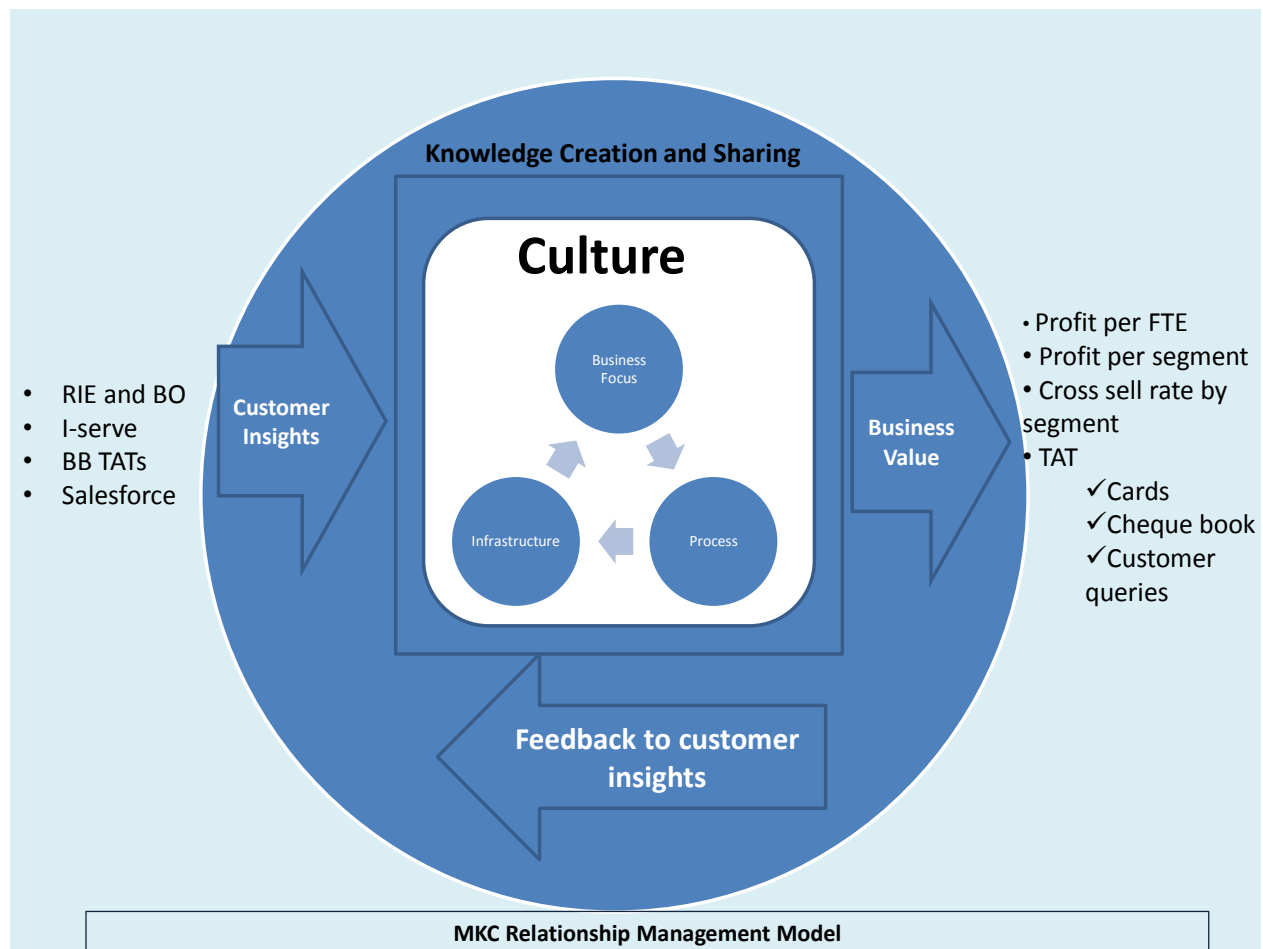
In this cycle, the reflections from cycle one were considered and used to inform this cycle of the research. The cycle involved planning; acting; observing and reflecting on the four interventions identified as key impact interventions would improve CRM at SBM using KM and thereby improve business value/profitability. The framework for this cycle was based on the modified MKC Relationship Management model as presented in figure 31 above. Below are the outcomes of the second cycle of the study.

4.3.1 **Intervention 1- RIE and BO**

In cycle one, under this intervention, two key streams of work were planned for, i.e. branch optimisation (BO) and the RIE for account opening, UPLs and cheque processing. The work was championed by the SBG branch banking and the SBG business performance

improvement teams with the support of the local branch banking and IT, operations and credit teams.

Figure 36 MKC Relationship Management model (source: Author)



In terms of branch optimisation in this cycle, the following will be done (RIEBO1):

- An analysis of the existing branch footprint (Capacity assessment; duty assessment; staff profiling; branch structure review; mapping and centralisation of functions) (C2; P1)
- Review, adapt and implement standardised operating model per branch (C2)
- Develop and implement self-service channel capabilities (P1; I1; B3)
- Design and implement support structures for self-service (CCC) (C2;I1)
- Change management and staff training (C5)

The deep dive work was done and branches under this research scope included were: Bwaila and Zomba branches. However, the results were used to develop plans for all the other branches in the bank. The optimised structure took into account the business needs

(customer, internal business, regulatory, or growth) that created this requirement, the following objectives were to be achieved as a result of implementing the action proposed:

- Optimised sales/service ratio with reduced administration issues (P1; B1)
- Optimised process to reduce cost to service and increased retention (P1; Bo2; Bo4)
- Enhanced quality of service (Bo3)
- Reduced operating costs (Bo4)
- Reduced operational risk (B4)

The second stream of work was an RIE which was conceptualised during 2013 in consultation with the branch banking experts in SBG as well as the SBM branch banking team supported by IT, Operations and credit. Three key processes (P1) were identified as a result of the customer insights in section 4.2.1 above and in consultation with the head of branch banking (INTBB) and these were as follows:

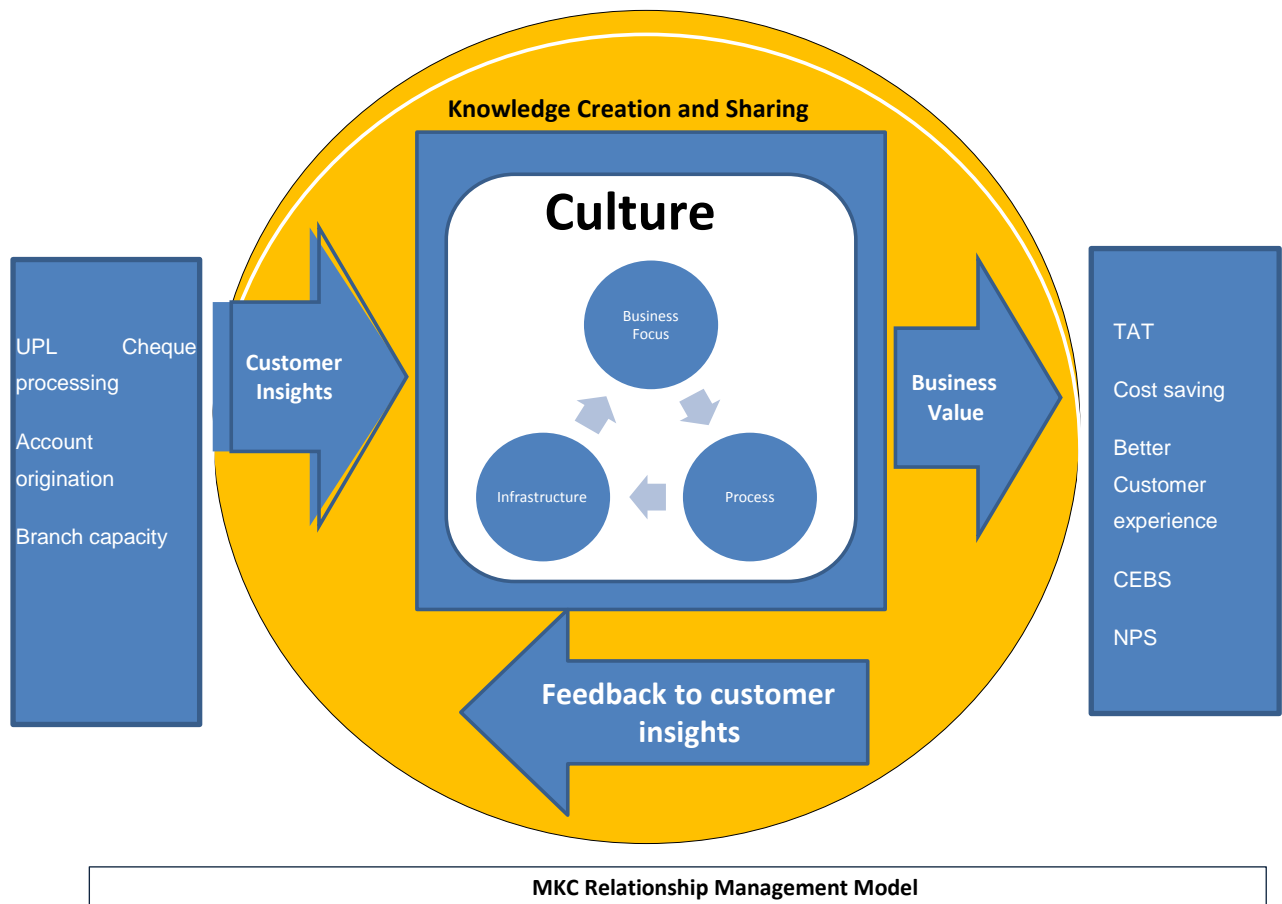
- Account Opening: From customer interview to the point of successfully opening the account within the network.
- Unsecured Personal Loans: From customer interview to the point of disbursement
- Cheque Processing: From customer deposit to the point where cheques are processed in POD centres

The process was followed by execution of the planned actions, in line with the MKC Relationship Management framework that was developed as part of the literature review. In cycle two, the customer insights remain the same as presented in cycle one since the actions developed in cycle one were not implemented fully and were therefore yet to impact on the customer experience from where the insights are derived. Additional actions planned for and adopted in this cycle were as follows:

1. Staff capacity by branch
2. Review of UPL process to improve efficiency
3. Additional ATM and branch rollout
4. Standardised account opening process

The next few paragraphs will therefore discuss the key outcomes of the research as presented in figure 37 below. Following execution of the actions, the following is a summary of the key outcomes in line with the section of the conceptual framework in the figure.

Figure 37 MKC Relationship Management Model with Knowledge creation and sharing highlighted (source: Author)



Business focus

In terms of business focus the key outstanding actions at the end of cycle two, related mainly to risk management in the form of development of scorecards to further improve and fast track decision making for UPLs. In addition to this, the opening of the BB accounts requires that the Registrar General first confirms the authenticity of the business registration certificate before the account is opened. The task team that was working on this project proposed that they get exemption to open accounts and have the verification done within 10days. This task was still outstanding at the end of cycle 2. In addition to this data was still being captured twice for account opening on the KYC system and the core banking system.

Culture/People

The culture/people aspects needed to begin by ensuring that the people management processes are embedded into the organisation so that everyone pulls in one direction (Buckingham et al, 2015). Apart from this, the branch banking team from SBG led in a capacity assessment exercise by asking people in various roles in the branches to record the activities they do on a daily basis and how long it takes them to do the activities over a period of over 30days. The exercise uncovered excess capacity in some branches while others had limited capacity (RIEBO2). Three support roles in the branch structure had different titles but similar functions.

In terms of knowledge sharing, shared folders enabled the sharing of process information thereby introducing some efficiency to serving the customers.

Process

Processes related to risk management remained unresolved at the end of cycle 2 of this study. Despite this, there were process improvements in as far as leveraging technology to improve process by having dual screens in the customer verification unit, a section in operations that verifies the authenticity of information given by customers who have applied for UPL's. This task was previously done by comparing a physical document with the information on a computer. In addition to this, streamlining double handling of some tasks and making it easier for customers to activate their bank account with SBM was also achieved.

Infrastructure

IT enables process and helps save costs and ideally technology should be deployed to enable better customer experience and not to cause it (Joppling, 2001; Appiah-Kubi et al, 2010; Sahaf, 2011). In this case, the IT systems that supported this initiative were the dual screens, scanning of documents to send to credit and CVU rather than sending physical documents to credit and CVU, CCC deployment and the deposit taking ATMs.

In terms of physical infrastructure, the fact that only 57% of the planned ATMs had been deployed meant that there was room for improvement. However, in addition to this, the integrated imaging solution was still outstanding at the end of this cycle of research which meant all the objectives of cost and efficiency had not yet been achieved.

Details of the findings

Table 60 below shows all the key findings from this cycle and the details are discussed after that.

Table 60 BCPI analysis of cycle 2 intervention 1 data (source: Author)

Business Focus	Culture/People	Process	Infrastructure
Risk based scorecard model for UPLs was yet to be developed (B5)	The easy aid guides for all the initiatives were yet to be developed (C5)	Data for building the risk based models was being built through eliminating declining of UPLs at source (P1/B5)	The integrated imaging solution was still outstanding (I1)
Data for building the risk based models was being built through eliminating declining of UPLs at source (P1/B5)	Upskilling of staff on back office duty of care on cheques as well as training for cheque verification so that there are more resources doing this task (C5)	Integrating KYC process into the system to avoid double capture was still outstanding (I1/P1/B5)	Integrating KYC process into the system to avoid double capture was still outstanding (I1/P1/B5)
Opening of BB accounts while verifying legitimacy of registration certificate was yet to be implemented (B5)	Shared file for tracking and more efficient process for cheque processing (C5)	Scanning of application pack for UPLs was adopted (P2/I1)	CCC was deployed one month behind schedule but was expected to relief the branch customer enquiries counters as well as private bankers and RMs in terms of complaints management (I1/Ci4)
Integrating KYC process into the system to avoid double capture was still outstanding (I1/P1/B5)	In addition to this, it was expected that more services will be introduced on the ATM, thereby building further capacity (I1, C2).	Checks in CVU were now being done using dual screens (P1/I1)	57% of the planned ATMs had been rolled out by November 2015 and this was expected to relief pressure from the branches (I2)
	Data on branch capacity showed that Zomba branch only required one customer consultant but had 3 while Capital City needed 6 and only had 4. Bwaila and Dwangwa have the optimal headcount on this role (C2).	Letter of undertaking was no longer required to be confirmed by branch staff as this was also being done in CVU (P1)	It was expected that the deposit taking machines would further improve the customer experience in the branch by reducing the number of customers coming in to make small deposits (I1, Ci4).
	On the customer service consultant role it was discovered that the Zomba branch required no customer service consultants and yet they had 2. Capital city required 2 yet they had 3; Dwangwa required 2 yet they had 1 and Bwaila required 2 and they had 1 (C2)	Error rates were incorporated into scorecards (P1/C7)	In addition to this, it was expected that more services will be introduced on the ATM, thereby building further capacity (I1, C2).
	In terms of teller capacity, it was found that	A standardised process was adopted	Scanning of application pack for UPLs was adopted (P2/I1)

	Zomba and Dwangwa required an extra teller, while capital city required two more. However, Bwaila was at an optimal level (C2).	to ensure all branches are using the same process for UPL origination and creating an account on the system was added to checklist to reduce branch error rates (P1)	
	There are 3 support roles in the branches and these were assessed together. It was discovered that Zomba, Dwangwa and Bwaila needed additional support while Capital City has an excess capacity of two staff (C2)	For cheque processing, the HSS check was removed and more back office staff empowered to do this (P1)	Checks in CVU were now being done using dual screens (P1/I1)
	Given the major discrepancy in the support roles, there was need to further interrogate their roles since there is supposed to be very little back office work in the branches. Upon further interrogation, it was discovered that these roles are quite similar (C2).	For cheque deposits, customer consultants were now helping customers to make their first deposit (P1)	
	Error rates were incorporated into scorecards (P1/C7)	New account holders were being given account numbers immediately thereby improving customer experience (P1/Ci4)	
	Tracking sheets were being created to enable visibility across multiple stakeholders for cheque deposits and storage was being done electronically (C5/P2)	Tracking sheets were being created to enable visibility across multiple stakeholders for cheque deposits and storage was being done electronically (C5/P2)	

Detailed discussion of the findings

The inputs for the first intervention were the design of the time and motion studies that were designed in the first cycle of the research and the framework as presented in the diagram above were used to as the plan for this cycle. The action plans for managing UPL process, the account origination process, cheque process and the branch optimisation initiatives were implemented in Capital City branch on a pilot basis with the intention of rolling this out to all other branches if the results were deemed successful. The aspects of business strategy, culture/people, process and infrastructure (BCPI) were analysed in line with the MKC Relationship Management model during the course of the implementation and the outcomes of improved TAT, better efficiency, reduced cost and improved customer experience (Ci4-RIEBO2; Bo4-RIEBO2) were looked at as the output which gave feedback into the reflection of this cycle on the intervention. The output of the reflection informed the planning for the next cycle of AR. Of the initiatives proposed in cycle one of this intervention, all the other initiatives (refer section 4.2.3) were implemented except the following:

- Easy aid guides were yet to be developed to help all staff across the branches know what to do and keep a consistent process for account opening, cheque processing as well as processing of UPLs (C5). This meant that knowledge sharing across the branches was not consistent to the point of ensuring that the customer experience was consistent across all the branches (Ci4).
- Development of integrated imaging solution had not yet started by the end of the cycle 2 (I1). This involved the imaging of all documents to ensure that the documents are available to multiple users who need to access the same across the entire bank.
- Risk based scorecard models for the UPLs were yet to be implemented (B4). However, these models it was discovered can take years to build and as a result, the staff originating UPLs were encouraged to capture all loan applications even those they knew would be rejected in order to use the data to build the models (P1).

Despite all this, the account origination process improved the number of funded accounts across the bank with Malawi becoming the best country among the countries in Standard Bank in Africa with 95% funded accounts as at September 2014. Malawi was seconded by Zambia at 93% and Tanzania at 90%. Our position was significantly above the group average which was at 77% at that time (Bo4).

YoY in Malawi the improvement between 2014 and 2015 was sustained with a decreased reduction in the number of unfunded accounts as shown in table 61 below:

Table 61 Year-on-Year (YoY) decrease in the number of unfunded accounts (source: SBM Customer Experience Department, 2015)

Month	2014	2015
January	41	16
February	55	12
March	20	9
April	47	21
May	59	30
Aug	54	9
Sep	123	16

Other outstanding initiatives included (RIEBO2):

- Easy aid for clearly illustrating; minimum requirements for account, opening origination (C5)
- Opening BB account while verifying with registrar of companies and enforce registrar to work within SLA (B5)
- Not yet started the separate enquiries counter according to customer requirements or increase capacity for handling customer enquiries (Ci4)
- Integrate KYC process into the system to avoid double capture as this delays account opening – not yet started (B5, I1)

The second RIE of improving TATs on UPLs was also adopted fully with loan applications moving from consuming 60 pages per loan to consuming only 10-11 pages per application (Bo4-RIEBO2). This impacted positively on reducing the volume of paper consumed in the branches. The TATs for UPLs also improved significantly with TATs sitting at 21h25mins for branch banking and 10h45mins for private banking and well within the SLAs as at September 2015. Tables 62 and 63 below, show results of the four sampled branches as well as the position of private banking overall as at September 2015 (Ci4-RIEBO2; Bo1-RIEBO2). Please note that the system was unable provide data by private bankers at the time of collecting this data.

Table 62 UPL TAT September 2015, branches (source: Rapid Improvement Event and branch optimisation report 2)

Branch	Submitted to Completed (total TAT)	Customer Consultant	Reworks	Customer Notification	Verification	PAS Data Capturer	CEM	Disbursement
Bwaila	22h51m	00h55m	00h35m	00h44m	18h25m	01h11m		02h20m
Capital City	19h03m	02h32m	04h55m	01h06m	11h58m	01h53m	01h04m	02h27m
Dwangwa	18h27m	04h17m	14h23m	01h00m	10h47m	00h46m	04h52m	02h10m
Zomba	19h34m	02h21m	03h11m	01h37m	12h31m	02h02m	00h26m	02h39m
Country average (all branches)	21h25m	04h00m	09h30m	01h02m	12h49m	01h53m	01h20m	02h34m

Table 63 UPL TAT September 2015, Private Banking (source: SBM Rapid Improvement Event and branch optimisation report 2)

Branch	Submitted to Completed (total TAT)	Customer Consultant	Reworks	Customer Notification	Verification	PAS Data Capturer	CEM	Disbursement
Private Banking Malawi	10h45m	03h21m	05h44m	00h55m	03h22m	02h02m	00h50m	01h42m

With regards to the cost of stationery, the savings made and spend has shifted to other areas in the business as shown in table 64 below and the areas that are still keeping this line up need to be explored further (Bo4):

Table 64 YoY changes in stationery costs (source: SBM Finance Department)

Stationery	2014 - YTD	2015 - YTD
475700 Printing Supply: Consumables	31	385
475900 Printing Supply: Outsourcing	365	
476200 Stationery Expenses: Cheque Books	97 878	102 014
476300 Stationery Expenses: Office Requisites	173 568	188 985
477200 Recovery: Stationery	(77 915)	(72 598)
M340400 Stationery & Printing	193 927	218 786

In terms of cheque processing, the following interventions were still outstanding by the end of cycle two of the research (RIEBO2):

- Upskilling of staff on back office duty of care on cheques as well as training for cheque verification so that there are more resources doing this task (C5).
- The development of cheque validation easy aid guides that would enable standardisation of the cheque payment process (C5).
- Shared file for tracking and more efficient process for cheque payment processing (C5).

In addition, there was still no formal measure of tracking the efficiency of cheque processing (Ci4; P1; C7). The outcomes that arose from implementing the planned actions for RIE and BO resulted in planned increases in the ATM capacity (I2), developing a CCC capability which was aimed at increasing the channels for customer complaints and queries the reduction of customers coming to the branch. In addition, the intervention assessed the capacity in the branches. The results of these interventions were as follows:

Improvement in ATM Capacity (I2-RIEBO2)

The number of ATMs was increased from 65 in December 2014 to 75 in December 2015 and another 11 ATMs had already been delivered but were yet to be deployed. By the end of cycle 2, the status of each of the sites that had been identified in cycle one was as shown in table 65 below.

The project team was expected that the deposit taking machines would further improve the customer experience in the branch by reducing the number of customers coming in to make small deposits (I1-RIEBO2, Ci4-RIEBO2). However, there was a delay in the roll out of the deposit taking ATMs and so the benefits were never realised. In addition to this, the project team had also expected that more services will be introduced on the ATM as planned, thereby building further capacity but again due to IT challenges, this never took place (I1-RIEBO2, C2-RIEBO2).

Branch staff capacity

From the time and motion (activity logs) data that was collected between August and September 2014, the results of this show that there are inconsistencies in capacity allocation across the branches as far as customer consultants, customer service consultants and tellers as well as support roles are concerned with some branches having excess capacity while others have less capacity than required (C2-RIEBO2). The tables 66 to 69 below show this data.

Table 65 Status of the new ATM sites (source: SBM Customer Channels department)

Location	Type	Status	Site Ready
Mzuzu BP	Offsite ATM	Installation Complete	Y
Lilongwe	Deposit taking ATM	Installation Complete	Y
Capital City	Deposit taking ATM	Installation Complete	Y
Mzuzu	Deposit taking ATM	Installation Complete	Y
Kanengo Puma	Offsite ATM	Contractor engaged to begin work	N
Lilongwe Main Total	Offsite ATM	Awaiting Landlord Approval for 2016	N
Total Independence	Offsite ATM	Awaiting Landlord Approval for 2016	N
DH Gelo	Offsite ATM	Site Re-Allocated	N
Bunda turnoff	Offsite ATM	Installation Complete	Y
Game relocation	Offsite ATM	Awaiting CIB Approval	N
Zomba	Branch attached	Installation Complete	Y
Balaka	Offsite ATM	Installation Complete	N
Kudya	Offsite ATM	Awaiting Landlord Approval	Y
Kristwick	Offsite ATM	Installation Complete	Y
Puma Blantyre	Offsite ATM	Awaiting Landlord Approval	N
Kabula Puma	Offsite ATM	Awaiting Landlord Approval	N
Puma Lotus	Offsite ATM	Under Construction	N
Mbowe	Offsite ATM	Installation Complete	Y
Zomba	Deposit taking ATM	Installation Complete	Y
Mwanza Puma	Offsite ATM	Installation Complete	Y
Mangochi relocation	Offsite ATM	Installation Complete	Y

Table 66 Capacity of customer consultants in sampled branches (source Rapid Improvement Event and branch optimisation report, 2014)

Branch Name	Volume	Available time	Standard time	CC Required	CC Authorised
ZOMBA	2191	480	8.26	1	3
CAPITAL CITY	10508	480	8.26	6	4
DWANGWA		480	8.26	-	
BWAILA	1534	480	8.26	1	1

Table 67 Capacity of customer service consultants in sampled branches (source – Rapid Improvement Event and branch optimisation report, 2014)

Branch Name	Volume	Available time	Standard time	CSC Required	CSC Authorised
ZOMBA	670	480	6.44	0	2
CAPITAL CITY	5519	480	6.44	2	3
DWANGWA	3712	480	6.44	2	1
BWAILA	3848	480	6.44	2	1

Table 68 Capacity of tellers in sampled branches (source – Rapid Improvement Event and branch optimisation report, 2014)

Branch Name	Volume	Available time	Standard time	Teller Required	Teller Authorised
ZOMBA	20601	480	3.41	5	6
CAPITAL CITY	52913	480	3.41	13	11
DWANGWA	11347	480	3.41	3	2
BWAILA	10688	480	3.41	3	3

Table 69 Capacity of support roles in sampled branches (source – Rapid Improvement Event and branch optimisation report, 2014)

Branch Name	Volume	Available time	Standard time	SSO, Frontline Support Required	ASO, Frontline Support Authorised
ZOMBA	6010	480	7.6	3	2
CAPITAL CITY	8251	480	7.6	4	6
DWANGWA	4638	480	7.6	2	0
BWAILA	3604	480	7.6	2	1

Given the inconsistencies in the capacity allocation, as part of the project, there was need to further interrogate the differences in the support roles which seem quite similar in nature. Below is a short description of the support roles as described in the job descriptions held in Human Capital Department (C2):

Officer frontline support: Officer Accounts Support and Officer Sales Support

Handle all routine functions associated with the enquiries counter such as receipt and filing of chequebooks, ATM cards, Visa debit cards etc, receipt and filing of collect statements and mail, issuing of bank cheques, Visa debit card, updating of savings passbooks and creation of standing orders. Understand and effectively control the risks associated with chequebooks, ATM cards and Visa debit cards Maintain a high level of integrity and ethical standards.

While, the role of the officer account support is mainly to:

Provide a support service to the personal and business markets with regard to new account processing, account maintenance and investment roll-overs. Understand the risks associated with opening of accounts, dealing with mandates and specimen signatures as well as maintain a high level of integrity and ethical standards.

And that of the officer sales support is to:

Provide a support service to the personal markets branch sales team with regard to the new account opening processing and maintenance. The incumbent is expected to take ownership of risk management, including KYC and money laundering risks associated with opening accounts, dealing with mandates and specimen signatures. Provide a readily available, service focussed, knowledgeable and experienced point of contact for new and existing

personal market customers by efficiently taking charge of back-office services to provide best customer experience. Ensure that the customer’s banking needs are identified and fulfilled cost-effectively, while maintaining a high level of integrity and ethical standards.

Table 67 above compares the tasks performed by the job holders.

Table 70 Similarities and differences between the support roles in service (source: Author)

Parameter	Officer Support	Frontline	Officer Account Support	Officer Sales Support
Management of risk	Yes		Yes	Yes
Fulfillment of customer request - service	Yes		Yes	Yes
Fulfillment of customer request - sales	Yes		Yes	Yes
Support on KYC compliance	No		No	Yes

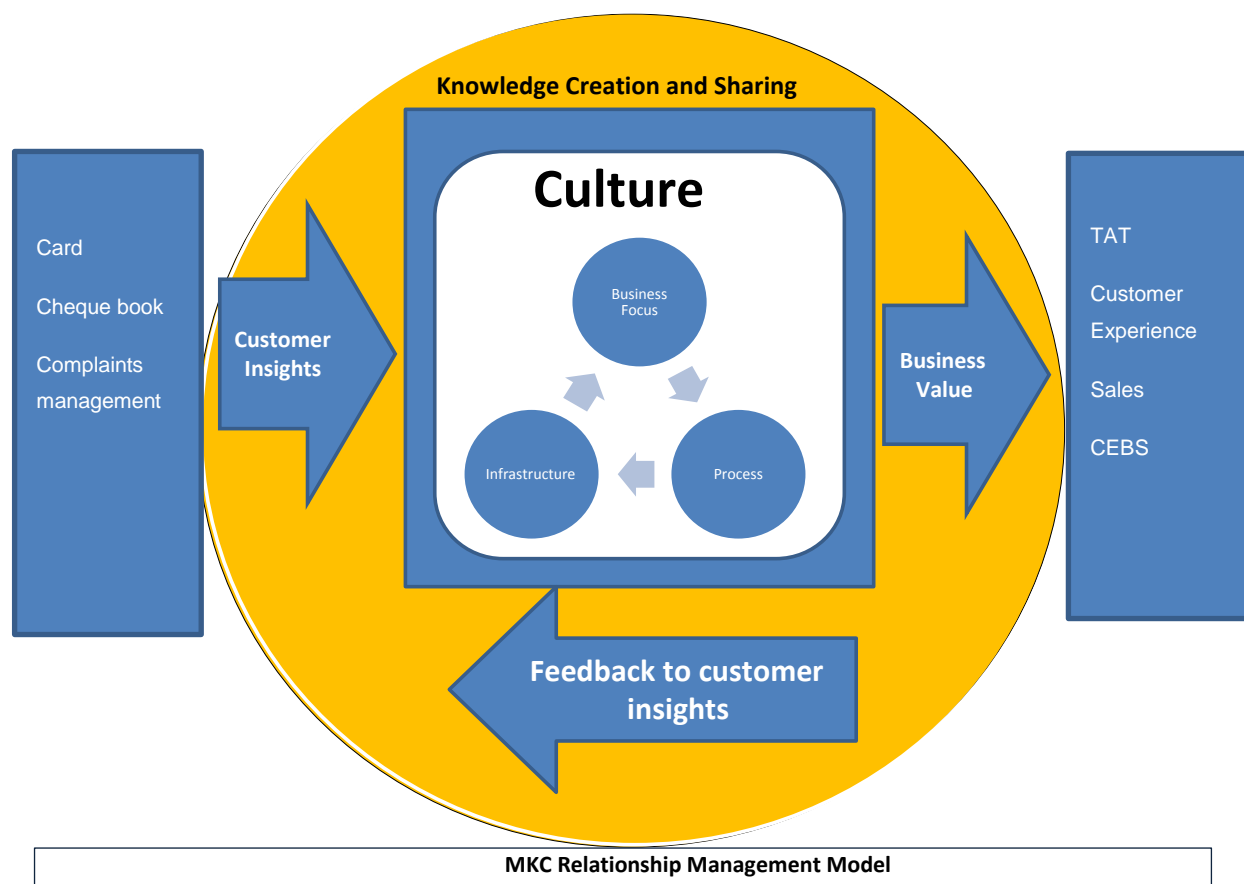
The matter relating to these roles should be explored further in the next cycle of AR together with outstanding actions that were planned for this cycle but were either not done or were not completed (Homkes, 2015). The impact of the changes made through this intervention will be seen in section 4.3.5 where business value will be discussed.

Having implemented and discussed the first intervention, the below discussion will now focus on the second intervention.

4.3.2 Intervention two – I-serve

The second intervention was to solve for the problem of turnaround times (TATs) for cheque books, ATM cards and customer complaints. In cycle one, a multi-disciplinary team conceptualised and developed a workflow system which was named I-serve and has been streamlined into the business. In this AR cycle, the system was further tested for impact following resolution of the initial challenges identified in AR cycle one. The second cycle was once again based on the MKC Relationship Management framework where the customers insights remain those as uncovered in cycle one. In cycle 2, however, the action taken is based on the middle part of the MKC Relationship Management framework highlighted below and is a continuation of the actions started in cycle one. The business value will be assessed after this cycle of the intervention in terms of the specific outcomes of this intervention.

Figure 38 The MKC Relationship Management Model for I-serve Intervention (Source: Author)



A summary of the main findings in cycle two of the intervention were as follows:

Business focus

The hugest opportunity offered by the i-serve intervention is its ability to support the management of the regulatory requirement on customer complaints management while actually improving the customer experience (B4-FGDSErpg4-5). However, for the system to be successful it required collaboration across staff in PBB, IT and operations. The fact that IT had cut off times for processing card orders meant delays in processing the cards (B2-FGDSErpg3) and thereby impacting on customer experience in that the card will be delayed. In addition to this, there is a strong dependence on IT in this intervention and the fact that IT was not as responsive on I-serve related queries (B2- FGDSErpg5) meant that the staff using the system were frustrated (C3- FGDSErpg6).

Culture/people

In terms of a high level summary of findings on this parameter, adoption proved a challenge especially on customer complaints. In terms of loading complaints into the I-serve system, it was found that staff were not doing this for the reason that they felt like they were betraying their colleagues by loading a customer complaint that relates to a colleague (C3-FGDSErpg6). (Hubbard, 2016)) In terms of usefulness of the I-serve system for query resolution, it was considered more useful for record keeping and sharing than for the actual process of resolving the problem as it was not linked to some stakeholders responsible for resolving the queries (C5-FGDSErpg5). Additionally, I-serve was not generating reference numbers for queries neither was it alerting the individual who inputted the query/complaint once the query was resolved (C5- FGDSErpg5).

On cards, staff sometimes still opted to process the cards outside of the I-serve system because the system requires one to capture the information into the core banking system as well as on I-serve making it cumbersome (C3- FGDSErpg2). (Edelman,2015; Jooste, 2016) Measurement of the TAT was also impacted by the fact that old items were not being cleared from the system and thereby impacting on the TAT measured in the system (P1-FGDSErpg2). In addition to this, not all staff knew how to capture the card order in the system and when orders are captured incorrectly, they are rejected later in the process. If the originating staff did not notice this, the cards captured in error remain unordered (C5 FGDSErpg3). Authorisation of cards was also taking long and as a result, staff decided to start using WhatsApp to remind each other about authorising cards (C5 FGDSErpg3/I1 FGDSErpg4). In some instances, cards and cheque books were being marked as received in the system before they are physically in the branch in order to meet performance targets (C3- FGDSErpg8/C7 FGDSErpg8). The I-serve system by design has a strong reliance on how customer details are captured at the point of opening the account. This means that the outcome of I-serve is determined at customer on-boarding. For example if a wrong customer segment is entered for a Private Banking customer, instead of a Platinum cheque book, the customer will get one for the segment code entered (C5-FGDSErpg9)(Fitts, 2014)

Despite all the challenges, staff believed that this system makes a positive difference in their lives (C3- FGDSErpg8). However, the opinion of the service team is that issues of service do not seem to be a priority because well consulted and developed service campaigns are never done in the same way as sales campaigns (C3 FGDSErpg11/C7 FGDSErpg11).

Process

In terms of the process, the summary of the findings shows that the I-serve system dealt with the challenges related to double capture which have in the past impacted on the customer experience (P1-FGDSErpg2; Ci4- FGDSErpg2). However, the system was not measuring the true customer experience but rather measured the TAT from the time the bank officer captured the customer's order though overall the measured TAT improved over time (I1-FGDSErpg1; Ci4- FGDSErpg1). In addition to this, some system flows such as the fact that the order was not processed from I-serve and there was no interface between the core banking system and I-serve resulting in double data capture meant that there was no true motivation to use I-serve since it seemed to be merely for record keeping and management to the user (I1 FGDSErpg2; P1- FGDSErpg2; C2- FGDSErpg2). Another major flow was the fact that the as far as complaints management is concerned the system did not notify the originator of the customer complaint when the issue was resolved. (P1- FGDSErpg9; I1-FGDSErpg9).

Infrastructure

The fact that there were multiple challenges that had to do with the performance of the system as well as the supporting processes that were designed (I1 FGDSErpg2,9; P1-FGDSErpg2,9). The system had not been set up to handle all the complaints and there was a dual system for managing the cards and customer complaints which defeated the point of the initiative in terms of reducing workload on the staff (C2- FGDSErpg2; I1- FGDSErpg2). It was also found that there was need for end-to-end management of the process given that the data that was used by the I-serve system would be developed at the point of account opening (P1- FGDSErpg9; C5- FGDSErpg9; I1- FGDSErpg9). The culture of service and collaboration was also found to be lacking given that the staff felt there was inadequate capacity to roll out important service initiatives such as the "Ndakufilani" campaign and the fact that some staff were willing to manipulate the system in order to get a good performance result (I1-FGDSErpg9; C3-FGDSErpg9; C7- FGDSErpg9).

Details of the findings

The tables 71 and 72 below show the details of the results of this cycle.

Table 71 Data Analysis summary on I-serve solution cycle 2 (source: Author)

Business Focus	Culture/People	Process	Infrastructure
There are system limitations with the card orders since there is a cut off time on cards to be processed for the day and the cards need to be authorised before order is accepted by IT and Operations. (I1; P1; B2)	Staff can choose to process the card outside of the I-serve system (C3)	New process ensured that the customer's name is always correct on their cheque books and cards provided that the data is properly captured at the beginning (P1; C5; Ci4)	One can opt when to start the tracking process by only inputting when the order is processed rather than the actual time when the customer makes a request (I1; P1)
I-serve if used properly can help to resolve the challenge of collating all customer complaints as required by the regulator (B4)	Staff do not clear old items from the system and this impacts on TAT as the old items still count and bring down the average TAT (C5; Bo1)	The new process has significantly improved TAT (P1; Ci4)	The system allows for a card to be ordered without it being captured in the system (I1)
The teams in operations and IT are working jointly with the PBB team in driving TAT on cards and cheque books (B2;Ci4)	Staff are not always competent at card capturing therefore errors arise resulting in rejected card orders that need rework and this impacts on TAT especially where staff do not notice that the card order has been rejected (C5; Ci4)	One can opt when to start the tracking process by only inputting when the order is processed rather than the actual time when the customer makes a request (I1; P1)	Information for cards and complaints has to be captured in both bankmaster and I-serve making it cumbersome (P1;I1)
The users of I-serve were not happy with IT's level of responsiveness to their challenges (B2)	Team can use whatsapp to prompt each other to authorise cards (C5;I1)	Information for cards and complaints has to be captured in both bankmaster and I-serve making it cumbersome (P1;I1)	Cards captured are processed through branchpower rather than through I-serve and process only happens at the end of the day (P1; Ci4; I1)
	I-serve is simply for records rather than to enable problem resolution (P2; C5; I1)	Cards captured are processed through branchpower rather than through I-serve and process only happens at the end of the day (P1; Ci4; I1)	There are system limitations with the card orders since there is a cut off time on cards to be processed for the day and the cards need to be authorised before order is accepted by IT and Operations. (I1; P1; B4)
	There is no reference number generated for each query making it difficult follow through on a shared	There are system limitations with the card orders since there is a cut off time on cards to be processed for the day and the cards need to be	Team can use whatsapp to prompt each other to authorise cards (C5;I1)

	responsibility query (C5; P2)	authorised before order is accepted by IT and Operations. (I1; P1; B4)	
	People feel like they are betraying each other if they record complaints a customer makes that has negative implications on a colleague (C3)	Cheque book TAT has improved from 10-12days to 3.5 to 5days (P1; Ci4)	
	The need to meet the set targets across all areas in the business driving a behaviour where branch staff are being forced to acknowledge cards and cheque books before they are in the branch (C3/C7)	On customer complaints, the system does not notify you when the problem has been resolved so you can tell the customer. It simply notifies the customer (P1;I1;Ci4)	On customer complaints, the system does not notify you when the problem has been resolved so you can tell the customer. It simply notifies the customer (P1;I1;Ci4)
	New process ensured that the customer's name is always correct on their cheque books and cards provided that the data is properly captured at the beginning (P1; C5; Ci4)	Customer complaints management has still not been fully adopted because like cards in i-serve, there is need to capture the complaint twice (P1).	I-serve is simply for records rather than to enable problem resolution (P1; C5; I1)
	Staff believe the system makes a positive difference in their lives (C3)	I-serve is simply for records rather than to enable problem resolution (P2; C5; I1)	Escalation of complaints on I-serve still not working (I1)
	A campaign that was developed to address the issues relating to management of customer complaints was never fully adopted (C3;C5)	There is no reference number generated for each query making it difficult follow through on a shared responsibility query (C5; P2)	Not all complaints types are available on the system (I1)
		New accounts cards and cheque books can only be placed a day after the customer places the order since the account has to be created in the system first (P1; Ci4)	Moving forward it was felt there was need to accept customer complaints even on-line and be able to link these to I-serve for tracking purposes (I1; P1; Ci4)
		Moving forward it was felt there was need to accept customer complaints even on-line and be able to link these to I-serve for tracking purposes (I1; P1; Ci4)	

Table 72 Verbatim feedback from users of the I-serve system (source: Author)

Comment
<p>"Despite us receiving a notification of receipt of a customer card, it is not sending an sms to the customer and have we sent the queries to Help Desk..... The problem is that card (sms) message does not go (to the customer)." (I1-FGDSErpg2; B1-FGDSErpg2)</p>
<p>"....you actually capture the information on the card (in Bankmaster) and you will also need to go into I-serve and then put in the information there again..... so you need to load it twice... unlike the cheque book, you have I-Serve" (I1-FGDSErpg2;P1-FGDSErpg2)</p>
<p>"....you find the some of the items captured in 2014 are still appearing here.....so they are still counting TAT (C5—FGDSErpg3; Bo1-FGDSErpg3)</p>
<p>"So right after cut off time, they run a file there are files that are rejected due capturing errors, there are some other files that are sent to Xantium for printing.." (I1-FGDSErpg3;C5-FGDSErpg3)</p>
<p>"Can we come up with the system that once a problem is solved it should be not only send sms to customer but to Line manager Because sometimes when you see a customer coming and you say what will I give , that problem is closed and so happy that has been resolved." (Ci4-FGDSErpg4;P1-FGDSErpg4; I1-FGDSErpg4)</p>
<p>"....why should somebody do both Help desk and I-serve?" (C5-FGDSErpg5;C3-FGDSErpg5)</p>
<p>"This will be comfortable knowing that the role of I Serve will be like Help Desk reducing the work load and right now why should I put I-Serve when I end up with so many customers in front of me?" (I1-FGDSErpg5;P1-FGDSErpg5;Ci4-FGDSErpg5)</p>
<p>"because (using I-serve) is about the data we are looking for so it's not a blame game or anything" (C3-FGDSErpg6)</p>
<p>"...but let's say I am on a website cant there be something that I can click and register my complaint. It logs somewhere in I-serve complaints register repository" (I1-FGDSErpg7; Ci4-FGDSErpg7)</p>
<p>"....but if the cheque books are not yet available for the customer yet you have agreed to accept the cheque book received in the system as advised by operations staff, when a customers comes and says I received a message that my cheque is ready and you say it's not ready the bank losses credibility" (C7-FGDSErpg8;Ci4-FGDSErpg8;C3-FGDSErpg8)</p>
<p>"If you open a current account today and order a cheque..... It will be impossible to process a cheque and a card together, because the information is not yet available in Bankmaster, they have to run end of the day, the account details will be available. But as a customer I don't care what you guy as are doing, from the day I have ordered the card/cheque book, I just want it." (P1-FGDSErpg8; I1-FGDSErpg8; Ci4-FGDSErpg8)</p>
<p>"But if you put it at the right segment. It picks a style; it looks at style actually and produces a cheque book according to the customer's segment in the system" (P1-FGDSErpg9; I1-FGDSErpg9; Ci4-FGDSErpg9)</p>

Detailed description of the findings

Following the initial planning and pilot phase of I-serve, a decision was taken to roll it out and formally launch it to all staff on the 21 January 2014. I-serve improved the visibility of the card, cheque book and complaints management. While all staff at the point of review of this AR cycle acknowledged that it was a good system, it still needed some improvements (FGDSERpg8).

The i-serve system resolved the issue of the possibility of getting a customer's name wrong (P1-FGDSERpg1; Ci4-FGDSERpg1). This was particularly important given that one of the branches had got done the card of the State President three times and had got the name and titles wrong each time. Not only was the card late but the bank was forced to take a card with a wrong name to the State President to use while we were correcting the name (Ci4-FGDSERpg1). Another critical issue on the tracking is that it was not picking up the true TAT but rather was picking up the production TAT – from when the card order is placed with the printers to when it returns to the branch rather than from when the customer actually orders (P1-FGDSERpg2; I1-FGDSERpg2). In addition to this, an sms alert was not being sent to the customer advising the customer that the card is ready for collection despite the branch getting a notification that the sms has been sent (I1-FGDSERpg2; Ci4-FGDSERpg2).

Another problem identified on the system is that the old card ordering system was not switched off when the I-serve was launched. This means that the card ordering process was running on two systems giving staff the choice to opt not to move to the new system (I1-FGDSERpg2; Ci4-FGDSERpg2; C5-FGDSERpg2)(Edelman, 2015). In addition to this, the orders are processed once a day with the possibility of some orders actually falling off if the orders are captured after cut off time (I1-FGDSERpg3; P1-FGDSERpg3). However, at the time of the focus group discussion, the IT team was testing a solution that would allow for card orders to be done in I-serve end to end (I1-FGDSERpg3). In addition to this, the card TAT is also understated because some items are not deleted from the queue (I1-FGDSERpg2; P1-FGDSERpg2; Bo1-FGDSERpg2). The maker, checker process on the cards also cause a delay as a supervisor has to check and authorise the order before it goes (P1-FGDSERpg3; B4-FGDSERpg3).

For the cheques to happen perhaps the TML CC can form a WhatsApp group similar to BB where they can remind each other daily to authorise cards and discuss other matters that impact them (I1-FGDSERpg4; C5-FGDSERpg4). This has worked well in improving adoption of salesforce in commercial banking (C5)

Customer complaints management has still not been fully adopted because like cards in i-serve, there is need to capture the complaint twice (P1-FGDSErpg2). I-serve is simply for records rather than to enable problem resolution (P2-FGDSErpg2; C5-FGDSErpg2; I1-FGDSErpg2). The escalation mechanisms also do not currently work and once an issue has been resolved, the system is unable to update this for the record. In fact there is no way of knowing if a problem is resolved except when you ask a customer (I1-FGDSErpg4; B5-FGDSErpg4). The system also does not have all complaints type (I1-FGDSErpg4). For example sms alerts are not there on the system, making it difficult to log such complaints type. There is also no reference number generated on each query again making it difficult to follow through and assign accountability (C5-FGDSErpg5). However, this solution solves for a challenge that the bank faces relating to the fact that Reserve Bank of Malawi, being the regulator has asked for a repository of all customer complaints and would like records of all complaints to be kept for their supervision (B5-FGDSErpg4; P2-FGDSErpg4).

There is also a cultural issue around people feeling like they are betraying a colleague if a customer comes into the branch to complain about the attitude of poor service provided by a specific individual (C3-FGDSErpg6). There is also an issue where now even the team in operations and IT are being proactive in managing TATs and are now collaborating better with the branches to deliver especially on cards and cheque books (B2-FGDSErpg8; B1-FGDSErpg8). However, this also has its disadvantages because as the team is trying to manage the TAT, they force the branch staff to accept the cheque books in the system before they physically receive them in the branches (C3-FGDSErpg8; C7-FGDSErpg8). This results in the customers receiving an sms that the cheque book is ready for collection when it is not at the branch. Resulting again in unhappy customers should the customer immediately call at the branch to pick up the cheque book (Edelman, 2015).

Generally, the team believes the system has made a difference in their life and will continue to do so especially once the issues raised herein are resolved (C3-FGDSErpg8).

Outcomes

Following the implementation of the actions stated in the foregoing section, there was significant improvement in the branch TATs for cheque books as shown in Table 73 below. A few specific branch TATs were considered and all showed to be within the agreed TAT of 5 days with an average of 3 days and 3 hours across all the branches. Despite the challenges with the system, it succeeded in creating management information for these key tasks that matter to the customers (Peyper, 2016)

Table 73 The TATs on Cheque books (source: SBM Customer experience department, 2015)

Branch	Time taken to authorise	time taken to send NCR	time taken to receive from NCR and send to branches	Time taken to accept	Average TAT	Average Tat days
Bwaila	0d :4h	0d :2h	1d :19h	1d :11h	3d :13h	3.13
Capital City	0d :3h	0d :2h	1d :16h	1d :4h	3d :3h	3.3
Dwangwa	0d :3h	0d :3h	1d :16h	1d :4h	3d :3h	3.3
Zomba	0d :2h	0d :3h	1d :14h	1d :9h	3d :5h	3.5
Avg all branches					3d.3h	3.3

With regards to debit card, TATs there was also significant improvement as shown in Table 72 above, with all branches meeting their target of 5 days. Of the branches selected, Dwangwa was still out of TAT target due to the courier challenges since the cards are produced in South Africa.

Table 74 Card TATs (Source: SBM Customer experience department, 2015)

Branch name	Average TAT	TAT Target
Bwaila	3	5
Zomba	3.7	5
Capital city	5.1	5
Dwangwa	7	5
Avg all branches	5	5

In terms of complaints management, Branch banking somewhat improved during 2015 considering the fact that there was a decline in the number of customers that reported a complaint to 8% down from 11% in 2014. 65% of the complaints were fully resolved an improvement from 45% in 2014. In addition to this, only 9% of the customers were not happy with the resolution as compared to 15% in the prior year. The overall score for the complaints resolution process improved to 8.4 from 7.8. This goes to show that the interventions put to resolve some of the branch challenges may be starting to bear fruit (CEBS15pg6).

4.3.3 Intervention three BB TATs

In the first cycle, under this intervention a solution was designed through focus group discussions led by the Business Performance Improvement (BPI) team in consultations with the BB RMs, the supporting staff in credit, operations, IT and risk to resolve the challenges around the guarantees first. This resulted in removing the common seal as a requirement on guarantees and replacing it with printing guarantees on security paper, thus improving the availability of people who could sign the guarantees since board members were no longer required to sign. Other improvements involved aligning expectations across different departments, especially in terms of ensuring RMs knew the documents they needed to provide for a customer to have the guarantee approved/processed (BBTAT1).

For cycle two of the study (February to May 2015), while embedding and fully adopting the improved guarantee process, it was planned that phase 2 of this intervention would consider improving the overdrafts and term loans. The conceptual framework that was applied, the MKC Relationship Management model is presented below (Figure 39). TAT that existed at that time was taken as the customer insights (customer experience) then resolved by looking at various BCPI components impacting the TATs of overdrafts and term loans. The solutions developed from the BCPI analysis were implemented and measurements taken and recorded.

The main findings in this cycle were:

Business focus

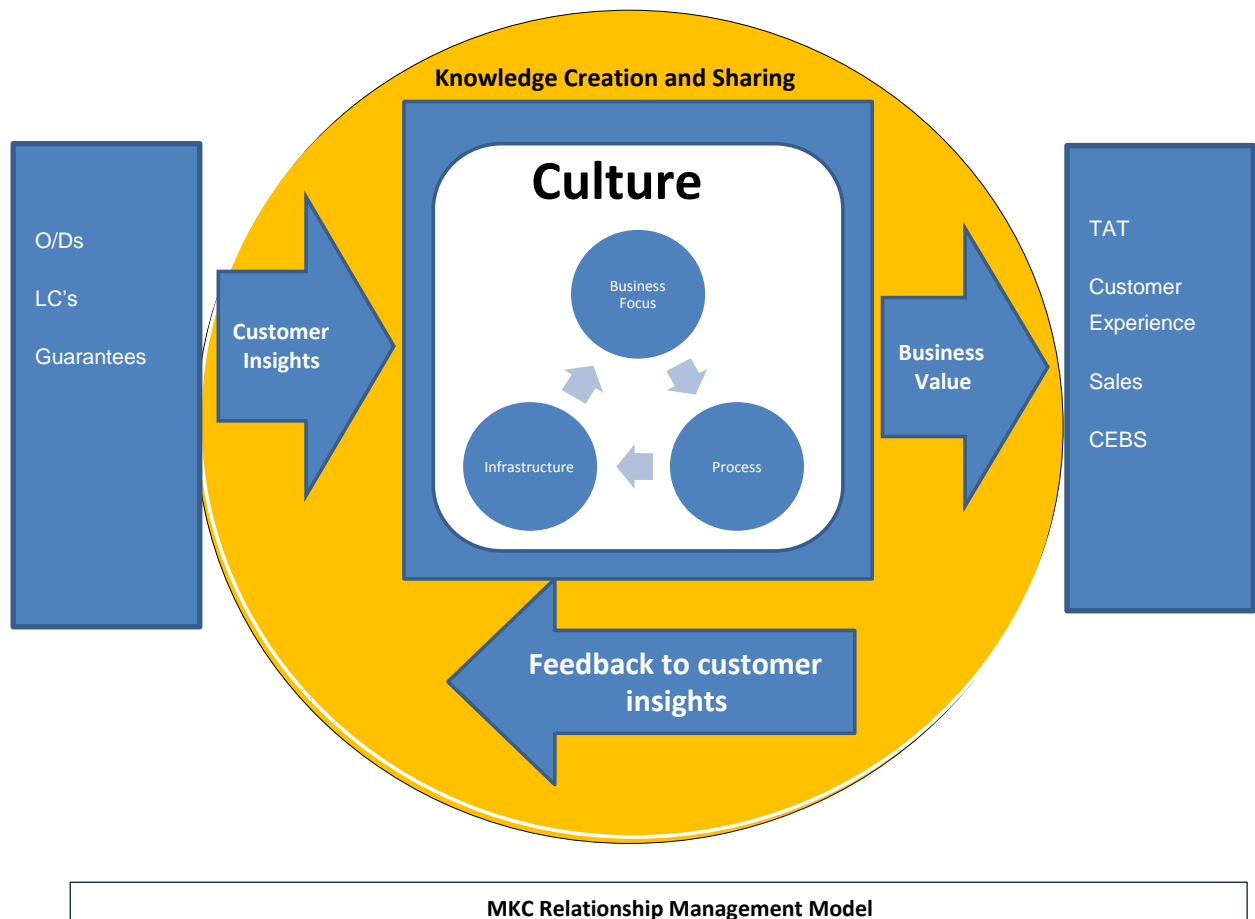
In terms of business focus, it was necessary to ensure that the initiatives were incorporated into the bankwide strategy and embedded as business as usual and thus come out of project mode. From the root cause analysis conducted post the consultation workshops led by the BPI team, It was also found that risk management made the bank internally focussed and there was need to find a way to manage both customer expectations and risk management issues (BBTAT2pg5b). Generally, where supporting departments were engaged, there was good cooperation which helped make the initiative realise improvement in the TATs (BBTAT2pg14).

Culture/people

The highest number of findings was linked to this area and most of the issues had to do with staff capacity and competence and these emanated into a high number of reworks and long TATs. Performance management aspects were also critical because while staff knew the initiatives in this project to be important, they were not paying due attention to them because of the fact that these factors did not form part of the performance contract. Incorporating the

relevant factors would help drive the right behaviour and attitude towards the project. Apart from this, it was believed that creating visibility through timely dashboards, training as well as easy aids and the presence of a change agent would continue to help in making the initiative sustainable (BBTAT2pg6b,10).

Figure 39 MKC Relationship Management model as applied to improve the BB TATs for overdrafts and loans (source: Author)



Process

Inefficient processes result in poor customer experience and long TAT (Fitts, 2014). As in intervention two above on card TATs, the same challenge appears for O/D and term loan TATs as measurement only occurs after the relationship person enters the customer's request into the tracking system and not when the customer made the request. In addition to this complexity of process as well as poor prioritisation combined with limited automation made the processes inefficient (BBTAT2pg2b). It was, therefore, necessary to introduce a level of simplicity and automation to enable a better customer experience in line with the objective that seeks to improve the customer experience while improving profitability. This

also offered an opportunity to apply the MKC Relationship Management framework at SBM, another key objective of this study.

Infrastructure

In terms of IT intervention, this is the only intervention which had the least IT impact with a CAMS system which measures only part of the process as well as the automation of the monitoring dashboards (BBTAT2pg13). However, as mentioned earlier, this measurement does not give the total customer experience as it only measures customer applications once the RM or originator decides to log it onto the system (BBTAT2pg11). The outcomes of this initiative will give insight into the implications of such limited monitoring systems.

Details of the findings

This intervention was part of the lean six sigma project to reduce the TATs in Business and in this cycle and was led by the BPI team from SBG. The focus was on reducing TATs for Banking Term Loans (BTLs) and O/Ds from application capture to availability of the offer letter and for the Overdrafts segment from application capture to disbursement (P1-BBTAT2pg2b).

The root causes identified for the poor performance of these streams were generally (BBTAT2pg2a):

- Complexity of application documents (P1; Ci4)
- No prioritisation of applications (P1;Ci4)
- Multiple hand-offs (P1;Ci4)
- High number of reworks (C5)

Improved TAT was defined as improved end-to-end service level agreement (SLA) adherence, reduced rework rate, improved accuracy and customer satisfaction (Bo1-BBTAT2pg2a; Bo3-BBTAT2pg2a).

The key findings from the initial analysis were that, while an SLA standard was set at 10 days from the time an application is created in the CAMS system to the time a limit is loaded or disbursed, the actual situation on the ground was that (BBTAT2pg2a);

- For unsecured O/Ds – 89% of applications were outside of SLA (Bo1).
- For secured O/Ds – 91% of applications were outside of SLA (Bo1).
- Term Loans – Applications spend an average of 21 days in the credit department against the agreed end to end TAT of 2 days (Bo1).

The data in this intervention was collected between November 2014 and February 2015 and this was done through the involvement of all stakeholders in the process who included the Relationship Managers, Account Analysts, Business Bankers, the Credit Evaluation Manager, Collateral Preparation Officers and the Disbursement Officer and a process walkthrough formed part of the root cause analysis. Table 75 shows a summary of the data analysed in this cycle.

A cause and effect relationship for both term loans and overdrafts was established between the various factors identified and these were (BBTAT2pg3b,5b,9):

Origination process

- Origination process was taking too long (P1)
- There was a shortage of staff to support the origination process (C2)

Credit Evaluation process

- The credit evaluation process was also taking too long (P1; Ci4)

Application Quality

- The process of quality of application was observed to be too internally focussed and risk averse (B4; Ci4)
- The regular upskilling of staff was taking too long before it happens (C5)

Performance management

- The teams were not being measured on the time and quality metrics (C7)

The effect of all this was that the loans were taking too long to be assessed and approved and in addition to this, the offer letters were taking long to be originated thus impacting negatively on the customer experience (Ci4). Below is a diagrammatic presentation of the TATs as they were in each of the stakeholder spaces as presented diagrammatically in figures 41-42 below.

For each of the 6 root causes identified, some solutions were developed and executed through a workshop that was led by the BPI team in consultation with the RMs, credit team and head BB. Table 76 below shows each of the root causes as well as the solutions developed and executed (BBTAT2pg6b,10):

Table 75 Data Analysis of BB TATs (source: Author)

Business Focus	Culture/People	Process	Infrastructure
Incorporation of this initiative into business as usual across the bank (B1)	Too many reworks and rate remained high even after the interventions (C5/C3)	Application documents were too complex (P1;Ci4)	CAMS system has limitations in terms of measuring the actual end to end process (I1;P1)
Internally focused and risk averse credit process (B4; Ci4)	There was a shortage of staff to support the loan origination process (C2)	Applications were not prioritized in order of importance of customer and origination as well as credit evaluation was taking too long (P1;Ci4)	Automation of the dashboards was necessary to allow for real time reporting (I1; C5;P2)
Checklists were done in order to improve the internally focused and risk averse nature of the applications (B4)	Linking of project initiatives to performance management was done though needed time to test for sustainability (C7)	CAMS only measures TAT once the application is loaded rather than from the time that the customer shows an intention to borrow from the bank (P1; Ci4)	
IT support was good on granting system access where needed and this helped make the project a success (B2)	Having a formal change agent helped improve the results (C5)	Automation of the dashboards was necessary to allow for real time reporting (I1; C5;P2)	
Overall the project was impacted by cost management initiatives on the travel line in PBB (B1)	Continued ownership of the CAMS dashboards to make informed decisions regarding the performance of the products (C5;C7;C6)		
	Easy Aids were developed, credit clinics introduced and CAMS training was done in order to ensure staff knew what needed to be done (C5)		
	Constant and consistent communication was necessary to sustain the results (C5)		
	The team did not sustain the momentum of the project when the project managers were out of the country which made issues of sustainability a concern (C3)		
	Automation of the dashboards was necessary to allow for real time reporting (I1; C5;P2)		
	Reward and recognition were considered critical in supporting the ensuring sustainability (C6)		

Figure 40 Root cause analysis for the BB TAT Intervention (source: SBG Business Process Improvement department)

What was the root cause of the problem?

5

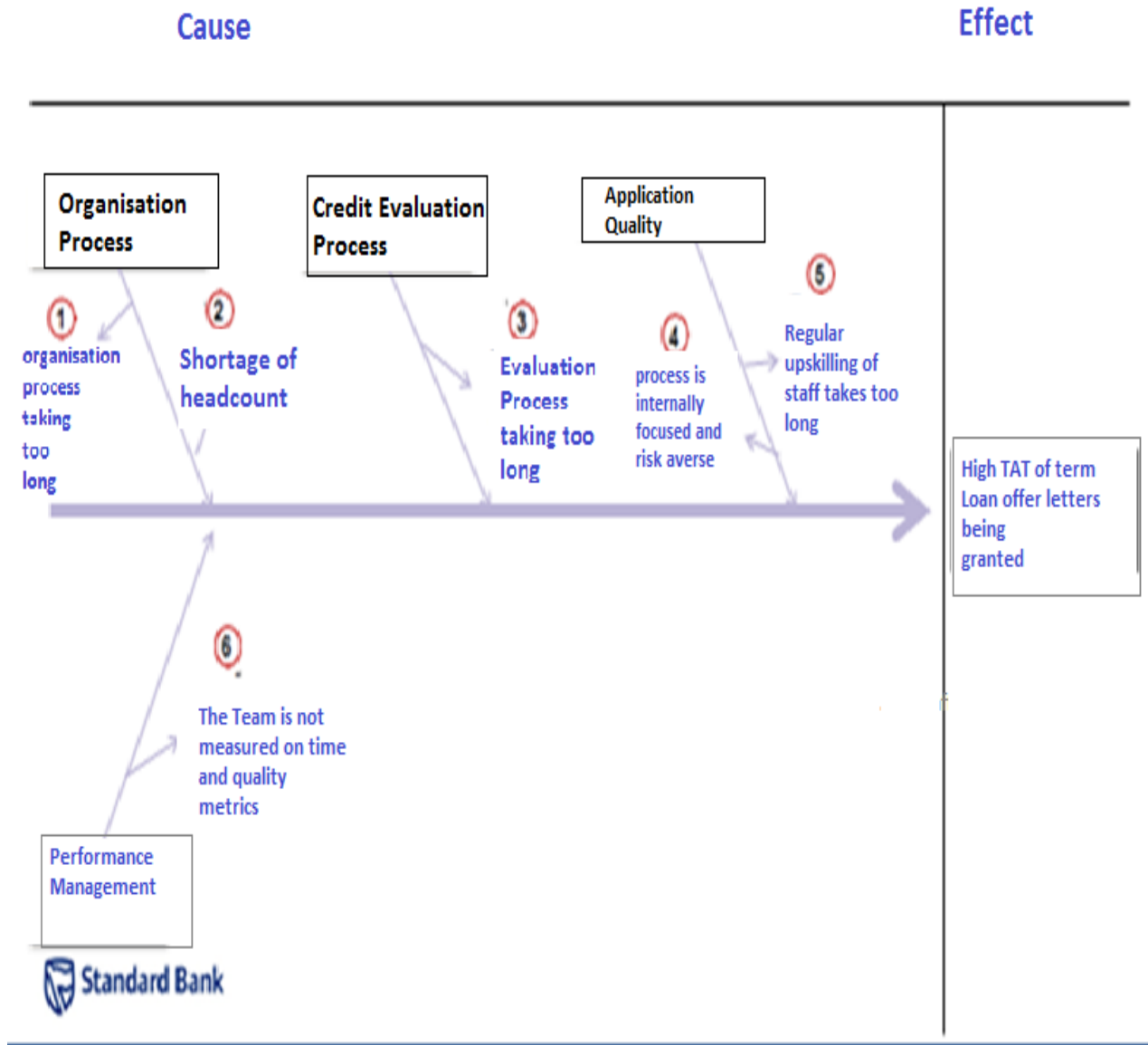


Figure 41 TATs for BB Term Loans (source: SBG Business Process Improvement Department)

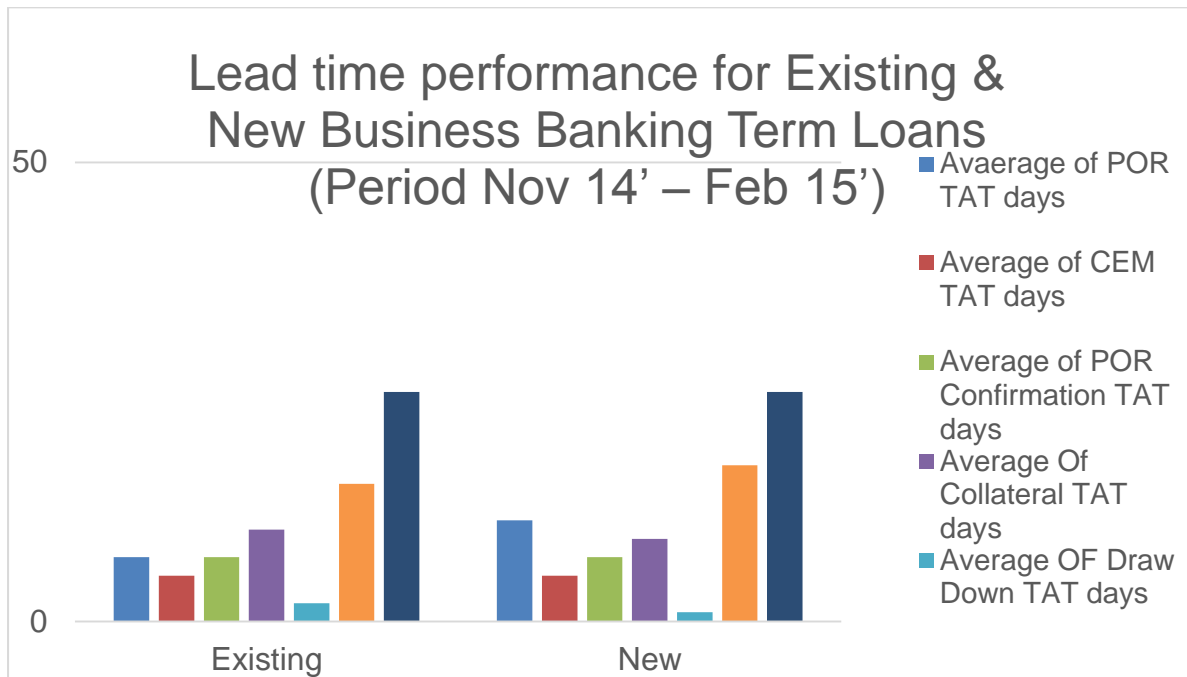


Figure 42 TATs for BB Overdrafts (source: SBG Business Process Improvement Department)

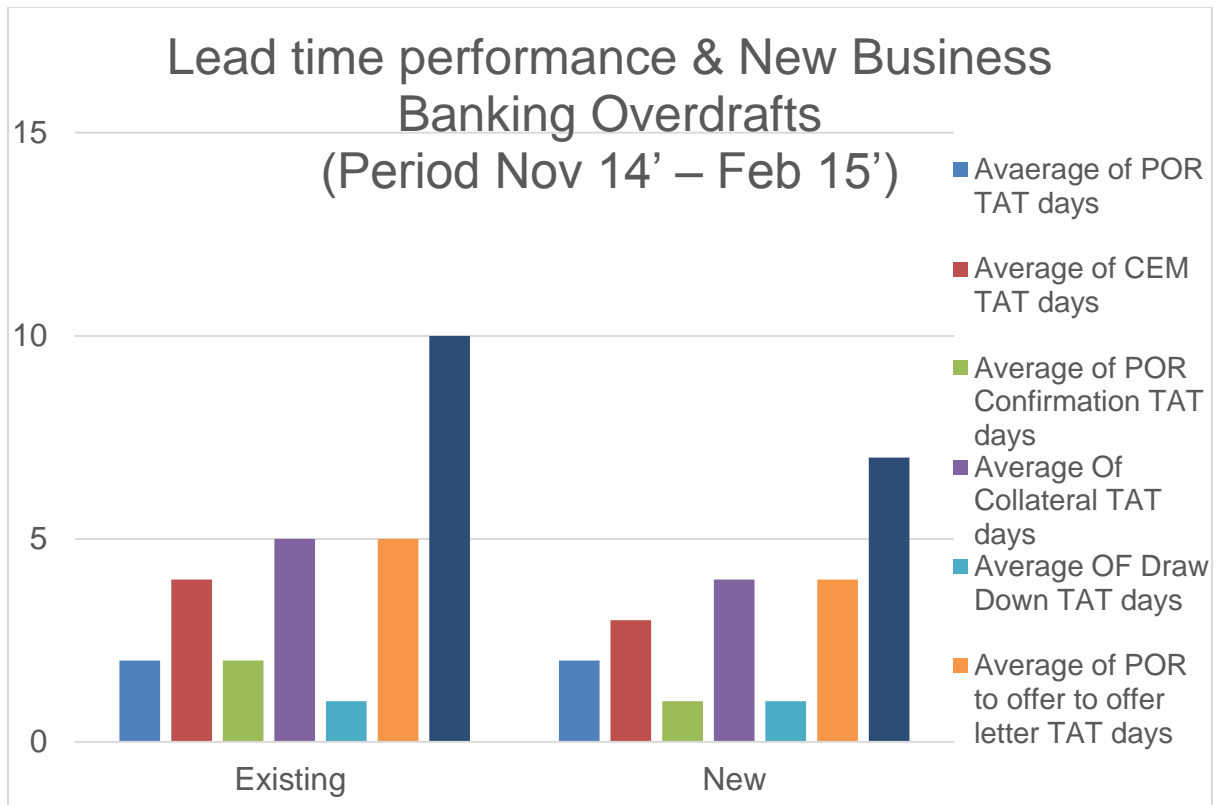
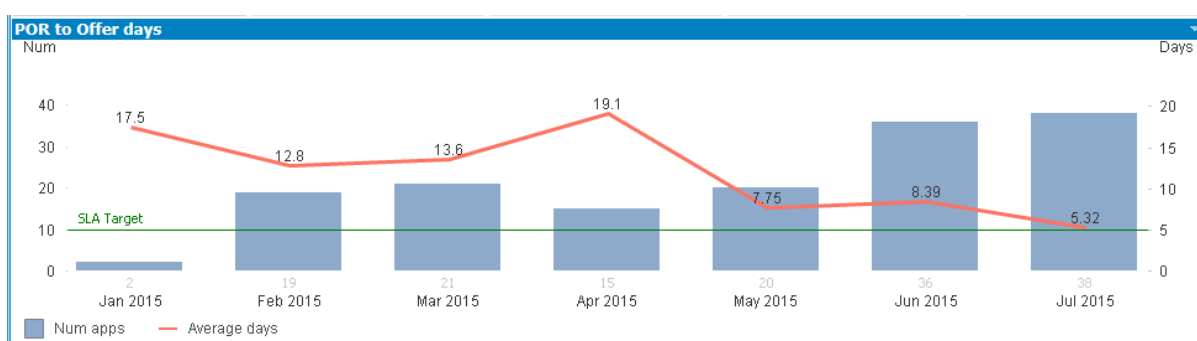


Table 76 Root causes and solutions for BB TATs (source: SBG Business Process Improvement Department)

Root cause	Solutions
Origination process taking too long (Ci4)	Dashboard was developed to monitor work coming through from each POR (C7) Easy Aids to support origination were created and published (C5)
Shortage of headcount	Staffing capacity reviewed against portfolio size (C2) Additional RMs added to reduce workload on current RMs (C2)
Evaluation process taking too long	Dashboard developed to monitor/hold credit accountable to SLA (C7)
Process internally focussed and risk averse	Checklist reviewed, finalised and signed off (B4)
Regular upskilling of staff takes too long	Staff provided with CAMS Training (C5) Credit clinics initiated and taking place weekly (C5)
The team not measured on time and quality metrics	Dashboard developed to monitor time and quality metrics based on SLA agreements (C7) Performance on these metrics incorporated into performance contracts (C7)

Following the execution of the solutions presented in the table above, the results improved significantly though there was still room for improvement. In January, the number of applications were very few and yet it took 17.5 days to process the term loans yet as the year progresses, the number of applications increased, while the actual number of days went down to about 5 days by July 2015 (Bo1-BBTAT2pg7b; Bo2-BBTAT2pg7b). Figure 43 and 44 below show the relationship between the number of term loan applications and the days it took to process them in CAMS.

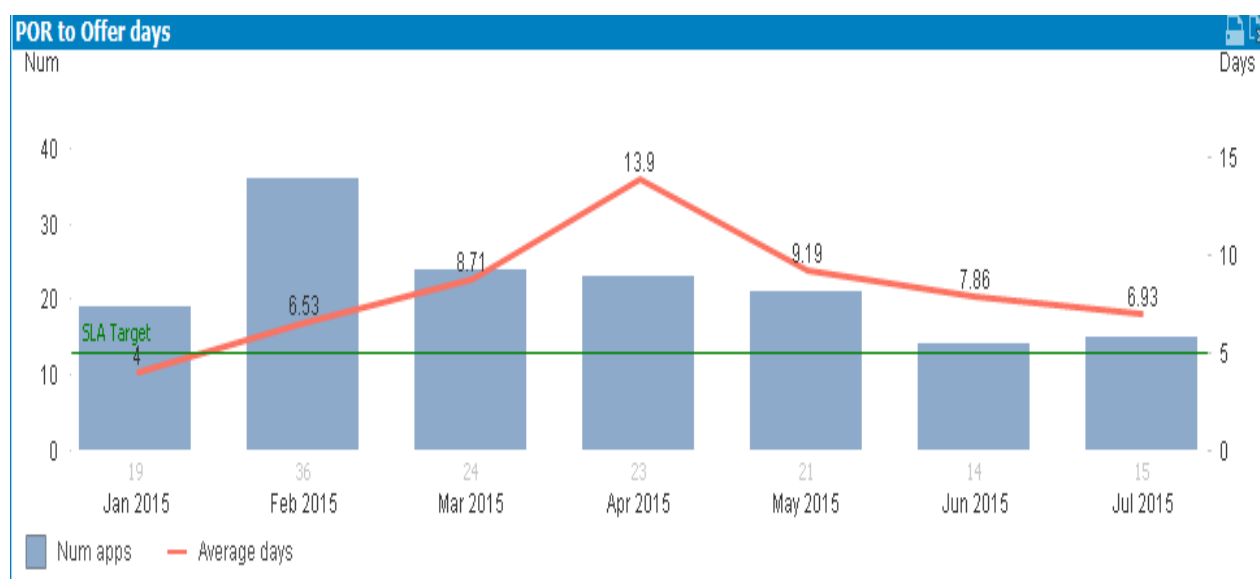
Figure 43 Trend of BB TATs for Term Loans – (source – SBG Business Process Improvement department, 2015)



in terms of overdrafts, the situation was different in that while the number of days remained below 10 as per the SLA agreement, the number of applications generally went down and the number of days took an upward trend before coming down again (Bo1-BBTA2pg11; Bo2-

BBTAT2pg11). Given that the TATs were generally within the TATs, the researcher did not probe deeper into this difference.

Figure 44 Trend of BB TATs for Overdrafts – (source – SBG Business Process Improvement department, 2015)



The definition of success was determined upfront and they were (BBTAT2pg2b):

Increase in market share resulting from improved SLA performance (Bo1).

- Customers seeing SBM as the go to bank for their Term Loans and Overdrafts (Bo2).
- Reduction in effort spent in non-value adding activities (rework) (C2)
- Improve customer experience in an effort to be more customer centric (Bo1)

In terms of financial benefit, the calculated details were based on the assumption that non-approved applications were not deleted on the CAMS system however, it has been confirmed that some stale applications get deleted. That being the case, the projects improvement initiative implemented has the potential to retain 60% of the total potential revenue lost which for term loan amounts to K43,389,422.84 as per calculations in table 77 below (Bo4):

If the same logic applies for Overdrafts, the additional revenue – K2,388,432,46

Total additional revenue generated would be K45,77,855.30 (Bo4-BBTAT2pg12).

A further tracking done in September 2015 just to test if the solutions had been truly embedded revealed that the TATs had were all still within the acceptable SLAs and that each work stream was generally within the acceptable time frame of the SLA except for the confirmation of the facility. Below is a graphical presentation of the performance of each work stream.

Table 77 Potential Financial Gain from Improved TATs in BB (source; SBG Business Process Improvement Department, 2014)

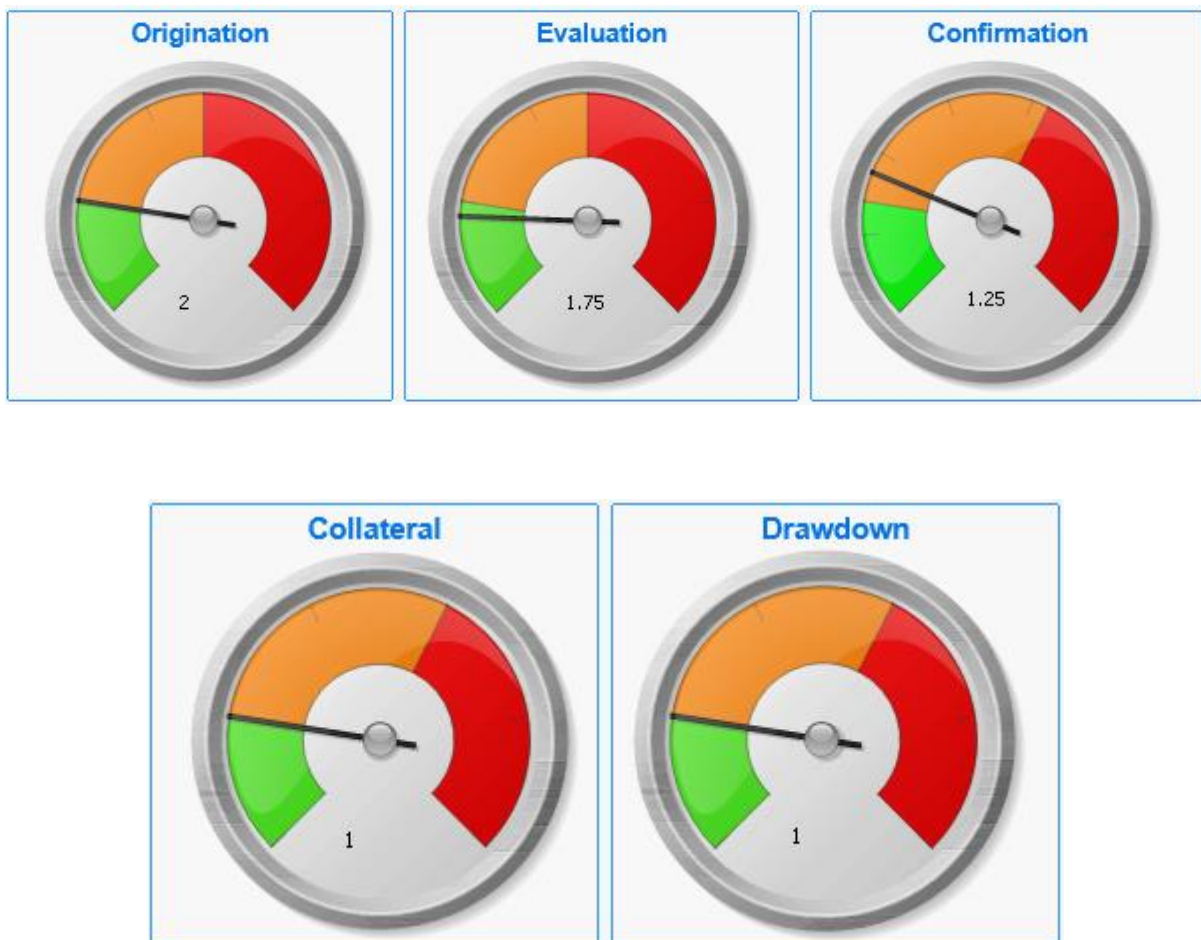
TERM LOANS	BASELINE PERFORMANCE
APPLICATION YEAR	JAN 2014 - DEC 2014
APPLICATION COUNT	259
TOTAL APPROVAL COUNT	230
PROJECTED APPROVAL YET TO HAPPEN	0
APPROVAL RATE	88.80%
TOTAL DRAWDOWN COUNT	227
PROJECTED DRAWDOWN YET TO HAPPEN	0
DRAWDOWN THROUGHPUT YIELD	98.70%
DRAWDOWN YIELD OF APPLICATION VOLUME	87.64%
VALUE OF TERM LOANS NOT BOOKED	1 757 662 263.00
ONCE OFF 2 % FEE FOR TERM LOANS NOT BOOKED	35 153 245.26
AVERAGE TERM LOAN TIME FRAME	48 MONTHS
AVERAGE INTEREST RATE FOR TERM LOAN	41.29%
POTENTIAL REVENUE FOR TERM LOANS NOT BOOKED (@41.29% INTEREST)	37 162 459.48
TOTAL POTENTIAL REVNUUE LOST (MKW)	72 315 704.74

In consulting with the stakeholders who helped design the intervention, it was established that there was still room for improvement because (BBTAT2pg14):

- The rework rates were still very high at close to 50% (C5; C3)
- The dashboards were not yet fully adopted. If they had the product owners would have been better able to make informed decisions regarding the performance of their products (C5;C7;C6).
- The project initiatives of time and quality had just been linked to employee KRA and Job Descriptions in order to ensure sustainable change and this required more time to measure the sustainability component (C7).

- The project needed to shift from a project mode into business as usual so that each individual in the value chain adopts the changes made during the project (B1)
- Having a formal change agent within BB made it easier and quicker to get things done during the project and if this was sustained, the results could be even better (C5)
- Consistent communication with the project working group was key to achieving project objectives and should be sustained (C5).

Figure 45 Trend of BB TATs for Term Loans as at September 2015 (source – SBG Business Process Improvement department, 2015)



In reflecting on this intervention, the following factors worked well (BBTAT2pg13):

- Support from the project change agent (B1).
- IT department's willingness to assist with regards to System Access required as part of the project (B2).
- Visibility of the deals in the pipeline made possible with the implementation of the pipeline report (C5).

- Easy Aids have assisted RMs with the Origination process In terms of standardisation (C5).
- The Implementation of the BB Dashboard made it easier to drive the right behaviour (C6)

However, as in any project, it was important to reflect on what did not go well. The aspects that did not go well were as follows (BBTAT2pg13):

- Since this project was being driven by the team from SBG, despite the fact that there was a local champion, the local team did not keep the momentum during the period when the team from SBG was not on the ground (C3).
- Cost constraints impacted the project because the PBB business was not doing very well in terms of cost management particularly on the travel line during the latter part of the initiative, it was difficult to have the SBG team on the ground more often (B1).
- Due to the two above, this impacted on the time taken to complete sign off of new initiatives (B1).

During the closing of this initiative, the BPI team from SBG highlighted that there was need to ensure that the solutions and controls implemented become business as usual and that momentum is kept on tracking the dashboards developed (B1). To make this even easier, it was recommended that the dashboards be automated to allow for real time reporting (I1; C6). In addition to this, consequence and reward management needed to be enforced in order to gain long term value as well as to embed the right behaviours (C6) (Buckingham, 2015). Making the initiatives sustainable by embedding them in performance management is the only way that the improvements in customer experience and profitability that can be had are sustained and this is critical to achieving the objectives of this study which include improving customer experience with a view to achieving improved profitability for the retail business at SBM.

In the next cycle of this research, it was determined that it would be critical to take outcomes of this research study so far and assess if the improvements made internally had improved the customer's perception of the bank through the CEBS survey and other customer feedback mechanisms. Having determined this as a way forward for this intervention, the next fourth intervention will now be discussed.

4.3.4 Intervention four – Salesforce

The main objective of the Salesforce intervention was to resolve the challenges related to Salesforce adoptions and usage which were identified in cycle two (Ci4). In the first cycle, the use of salesforce added to the efficiency of relationship management in terms of

customer focus (Ci4), teaming in support of a customer (B2) as well as enabling the mining of opportunities and hence improving income (Bo4) (section 4.2.6). Despite the positive sentiments given by the users of salesforce in BB in the first cycle, the usage rates remained low at 35% at the beginning of this AR cycle. However, by the end of the cycle, the average utilisation level had improved to 95% with some weeks registering 100% utilisation (P1-SF2pg1) and this translated into PAT growth with the business unit PAT growing by 161% year on year by September 2015 (Bo4-SF2pg1).

The key intervention in this cycle was to drive efficient use of the Salesforce system in order to improve both CRM (as measured through CEBS and other customer feedback) and hence business value in accordance to one of the objectives of this research study which seeks to improve customer relationship management by applying the MKC Relationship Management framework. The MKC Relationship Management framework will continue to be used with focus on the part highlighted in yellow as the customer insights have already been gathered in the first cycle of the study. The data collected that relates mainly to business, culture/people, process and infrastructure will be analysed and discussed and the business outcomes will then be considered thereafter. Figure 46 shows the MKC Relationship Management model that is being used to guide this research study.

The main findings in this cycle were (FGDBB;SF2):

Business focus

During this cycle utilisation of salesforce improved from 35% to 95% on average and the CRM tool was adopted beyond the BB RMs into private banking as well (B1-SF2pg1).

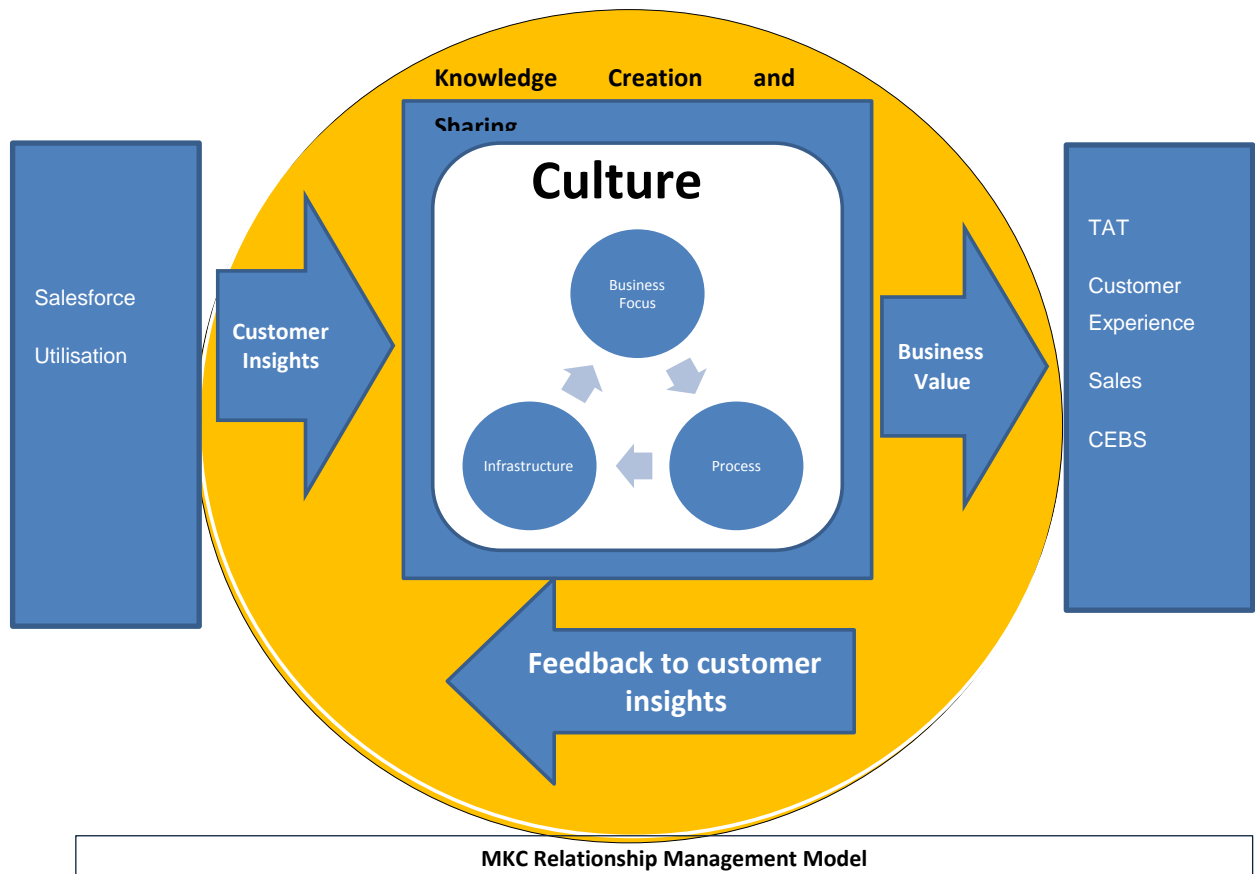
Culture/people

The biggest driver of the success of this initiative was in the interventions that took place in the culture/people space. The RMs needed to accept the CRM tool as beneficial for them and to make it count in their performance contracts since it was a new way of managing customers and could have been viewed as more administrative at first. The restructure of the portfolios in this cycle further freed up capacity among the RMs which benefited CRM and also profitability (FGDBUSB).

Among some of the issues that hold some RMs back, especially the female ones is the fact that some customers misunderstand the RM model and start taking the relationship personally, even bordering on sexual harassment which makes the female RMs uncomfortable (FDGBUSBpg12. Other issues relate to bankwide collaboration where RMs felt that the support units are not customer-centric and leadership was not empathetic to them in times when the business was not doing well (FGDBUSPg5). This issue had been

picked up in cycle one and seems to still be unresolved (4.2.6). This therefore needs more specific action in the next cycle as it is clearly impacting on the customer relationships.

Figure 46 MKC Relationship Management model for the Salesforce Intervention in cycle 2 (source: Author)



Process

Efficient use of Salesforce enables customer retention which in turn also enables more income for the customers. It also enables better business value since existing customers if well managed continue to grow and increase their business with the bank and also enable the bank to make annuity income at SBM retail banking and test of it will improve CRM and profitability. On the other hand, prospecting for new customers is expensive for the bank since the bank has to spend when prospecting for the customers in the form of dinners/lunches (FGDBBpg10).

Infrastructure

The fact that this process is completely automated and the fact that the system is stable, always available even on the mobile phone made it user friendly and enhanced the chances of full adoption (FGDBBpg22).

Detailed discussion on the findings

Given the nature of this intervention, it was necessary to start the utilisation drive with a discussion forum involving all the RMs and their account analysts as well as the business banking unit head. These are the main users of the system for purposes of this study though during the course of this study emphasis also starts to be placed on the private banking team to also start using salesforce. The data that will be discussed was that which was collected during the focus group discussion (FGD) and the relevant actions that followed the suggestions that the team made during the FGD. Below is a Table 78 that shows a summary of the data analysed in this cycle (FDGBB).

From the data presented in table 79 below which was derived from the focus group discussion with the RMs in business banking (FGDBB), it was found that Salesforce was still considered by the RMs as an enabling tool that not only enabled increased profitability from customers but also helped in managing time and tasks (P1; Ci4; Bo4). Despite this acknowledgement, at the time of the discussion forum with the users which was held at the beginning of cycle two of the AR, utilisation was still very low at 35% (P1). The team highlighted the need to clean up on the users and get all users with licences using the tool apart from commercial banking team only who were scoped in the discussion (P1; B1).

Issues of staff capacity also arose in this particular intervention with the team highlighting the challenges they faced around the balance of using salesforce which is administration and the time they had to spend in front of the customer dealing with customer issues (C2; Ci4). As a result, logging into salesforce during the day was a challenge (C2).

To embed the use of salesforce, the team proposed that it should be mandatory rather than optional tool (C7). This way, it will be mainstreamed and not viewed as a disturbance or additional non-value adding task. In fact, the team acknowledged that all their work can actually be done on salesforce including sending customer e-mails (P1). Furthermore, it was seen as a versatile tool since it can be accessed even over the mobile phone (I1). All that is required is a commitment of time (C3).

Since the data collected was through an FGD, the rich verbatim data has also been included below as part of the findings.

Table 78 Data Analysis of the Salesforce Intervention (Source: Author)

Business Focus	Culture/People	Process	Infrastructure
Utilisation was at 35% and moved to 95% during this cycle and had also become a PBB wide initiative rather than only a BB one (P1; B1)	The balance between administration (Salesforce utilisation) and customer meetings was highlighted as a challenge which was resolved by restructuring the customer portfolios (C2; Ci4)	With Salesforce, the system is the process (P1;I1)	With Salesforce, the system is the process (P1;I1)
The bank becomes more comfortable over time to lend to customers that have banked with them longer (Ci4;B5)	To improve utilisation the team agreed that it should be included in the performance contract as a mandatory tool (C7)	RMs as an enabling tool that not only enabled increased profitability from customers but also helped in managing time and tasks (P1; Ci4; Bo4)	Always available and a versatile tool which can be accessed even on the mobile phone (I1)
Being part of the SBG also made management of customers easier due to the big capital base as well as the training exposure and access to experts. However, being part of SBG made the regulator stricter with SBM on issues of compliance such as KYC (B1; B5; C5; Ci4).	The team acknowledged that there was need for a change in attitude where the RMs create time to log into Salesforce (C3)	Utilisation was at 35% and moved to 95% during this cycle and had also become a PBB wide initiative rather than only a BB one (P1; B1)	
Management of KYC documents was impacting CRM negatively as the bank kept losing customer documents (B5; Ci4; P1)	Some customers misunderstand the bank's relationship management model and start getting personal with female RMs making them uncomfortable or even lodging false customer complaints. (C3; C7; Ci4)	There was need to clean up the user list in order to improve accuracy of the system users (P1)	
There was need for greater collaboration across all the departments in the bank for the benefit of the customer. The perceived differences in grades for jobs at a similar level in business and support departments as well as differences in remunerations created disharmony (B2; C6)	Being part of the SBG also made management of customers easier due to the big capital base as well as the training exposure and access to experts (B1; B5; C5; Ci4).	Most RM related work can be done on Salesforce including sending customers e-mails (P1; Ci4)	
	Staff can be motivated by mere recognition and support during tough times (C6)	Management of KYC documents was impacting CRM negatively as the bank kept losing customer documents (B5; Ci4; P1)	
	The Executive supporting the CRM effort through the		

	Senior Banker program was appreciated by the RMs and showed that leadership had empathy for their roles (Ci4; C1)		
	There was need for greater collaboration across all the departments in the bank for the benefit of the customer. The perceived differences in grades for jobs at a similar level in business and support departments as well as differences in remunerations created disharmony (B2; C6)		

Table 79 Verbatim feedback from Users of the Salesforce System (source: Author)

Category	Commentary
Ci	<p><i>"(we need to enhance relationships with) the client as well as the internal customers"</i> (Ci4-FDGBBpg6; B2-FDGBBpg6)</p> <p><i>"I think if you retain customers for longer period, they can add a lot of value in terms of referral business..."</i> (Ci4-FDGBBpg3; Bo4-FDGBBpg3)</p> <p><i>"if we can realise that this customer is our customer.....is it possible that some of these customer service courses be extended to our colleagues in support, legal and in credit...not that they do not value the client but maybe to enhance their understanding; why we call upon them to hurry up.....it appears (when you ask them to hurry up) you disturb their work flow"</i> (Ci4-FDGBBpg16;B16)</p> <p><i>"we need to enhance relationships with clients and teams"</i> (Ci4-FDGBBpg23; B2-FDGBBpg23)</p> <p><i>"(On KYC).....if I was the customer I would be annoyed and can't be sending documents three times... it is proper regulation but the way it's handled, (it becomes a hindrance because we are not giving that service as expected by clients)"</i> (Ci4-FDGBBpg7-FDGBBpg7; B5)</p> <p><i>"if we have a targeted view of the portfolio and know which customer actually makes us money and gives the right contribution...."</i> (Ci4-FDGBBpg20)</p> <p><i>"so we are saving in terms of retention because the customer is completely nailed with us"</i> (Ci4-FDGBBpg3)</p> <p><i>"what customers need is interaction. You have to be there when they have a problem.....give them what they want within our capabilities"</i> (Ci4-FDGBBpg11)</p>
B	<p><i>"if we can realise that this customer is our customer.....is it possible that some of these customer service courses be extended to our colleagues in support, legal and in credit...not that they do not value the client but maybe to enhance their understanding; why we call upon them to hurry up.....it appears (when you ask them to hurry up) you disturb their work flow"</i> (Ci4-FDGBBpg20;B2-FDGBBpg20)</p> <p><i>"we need to enhance relationships with clients and teams"</i> (Ci4-FDGBBpg22; B2-FDGBBpg22)</p> <p><i>"only salesforce can talk into the future"</i> (I1-FDGBBpg15; Ci4-FDGBBpg15)</p> <p><i>"we want a system that can help us to track arrears on a daily basis"</i> (I1-FDGBBpg14; B5-FDGBBpg14)</p> <p><i>"(On KYC).....if I was the customer I would be annoyed and can't be sending documents three times... it is proper regulation but the way it's handled, it becomes a hindrance because we are not giving that service as expected by clients"</i> (Ci4-FDGBBpg7; B5-FDGBBpg7)</p> <p><i>"loans should be quality ones.....we end up with NPLs.....so quality loans will bring us more profits and revenue"</i> (B5-FDGBBpg5;Bo4-FDGBBpg5)</p> <p><i>"...when you are walking, you are not even walking with confidence and you just think everyone is talking about your performance..."</i> (B2-FDGBBpg16; C3-FDGBBpg16; C7-FDGBBpg16)</p>

	<p><i>"teamwork with stakeholders (is important)"</i> (B2-FDGBBpg23)</p> <p><i>"great execution, less firefighting, cohesion in working"</i> (B2; -FDGBBpg23 B1-FDGBBpg23)</p> <p><i>"taking business to everyone and make them understand"</i> (C1-FDGBBpg23; B1-FDGBBpg23)</p> <p><i>"if we can realise that this customer is our customer.....is it possible that some of these customer service courses be extended to our colleagues in support, legal and in credit...not that they do not value the client but maybe to enhance their understanding; why we call upon them to hurry up.....it appears (when you ask them to hurry up) you disturb their work flow"</i> (Ci4-FDGBBpg20; B2-FDGBBpg20; C5-FDGBBpg20)</p>
C	<p><i>"taking business to everyone and make them understand"</i> (C1-FDGBBpg23; B1-FDGBBpg23)</p> <p><i>"I have to face the customer and a number of customers do not book (appointments).....when you try to log into salesforce you realise that there is another customer waiting to see you...."</i> (C2-FDGBBpg21)</p> <p><i>"Discipline (in using the tools we have)...and realisation of the tools that we have"</i> (C3-FDGBBpg23)</p> <p><i>".....we need self-driven ambition, passionate employees because they are the ones that are in their own quest for success"</i> (C3-FDGBBpg4; C4-FDGBBpg4)</p> <p><i>"...when you are walking, you are not even walking with confidence and you just think everyone is talking about your performance..."</i> (B2-FDGBBpg16; C3-FDGBBpg16; C7-FDGBBpg16)</p> <p><i>"Standard Bank has appetite to make more money.....they are trying their best to make sure that we make money.....training, the people coming from centre....all that to make sure that their business in Malawi is profitable"</i> (C5-FDGBBpg9; B04-FDGBBpg9)</p> <p><i>"if we can realise that this customer is our customer.....is it possible that some of these customer service courses be extended to our colleagues in support, legal and in credit...not that they do not value the client but maybe to enhance their understanding; why we call upon them to hurry up.....it appears (when you ask them to hurry up) you disturb their work flow"</i> (Ci4-FDGBBpg20; B2-FDGBBpg20; C5-FDGBBpg20)</p>
I	<p><i>"we want a system that can help us to track arrears on a daily basis"</i> (I1-FDGBBpg14; B5-FDGBBpg14)</p> <p><i>"only salesforce can talk of the future"</i> (I1-FDGBBpg15; B3-FDGBBpg15)</p>

The RMs acknowledged that it also takes long to prospect for new clients and to start making money from them (Ci4; Bo4); whereas with existing customers, you know you earn money each month (Bo4). The RMs highlighted that they spent on customers through dinners and time even before the bank started making money from them (Ci4; Bo4). The RMs claimed to have observed that with time, customers grow as their businesses grow and when this happens, the bank's income grows as well (Ci4; Bo4) and their contribution to the balance sheet (Bo4). On the other hand, if an existing customer leaves, they leave with all their revenue immediately which is not always replaceable immediately (Ci4; Bo4). The relationship built with customers over time also made the bank more comfortable to lend more to the customers (Ci4, B5).

In order to get the best from a customer, there was need to be there for them proactively (Ci4). However, it was observed that managing customers was not always easy (Ci4). Some customers were demanding and called at night or even over weekends and prefer to deal with the single point of contact; building the relationship to such an extent that when the RM moved to another bank, the account moves as well (Ci4, B1). However, some misunderstood relationship management and started getting personal (Ci4). At this point, it is important to remain professional and respectful but not tolerant of proposals (such as asking you to meet for drinks at weekends) made especially by some male customer to female RMs (Ci4, C3). Such customers once declined could lodge false complaints against the member of staff (Ci4; C7).

Apart from managing CRM, RMs pointed that they would appreciate more tools such as those at other banks such as OIBM Bank that enable RMs to track their arrears on a daily basis (I1). Further, the RMs expressed the fact that they were happy about being part of the SBG as this gave them a competitive edge over the competition in that the bank was adequately capitalised and able to lend large amounts of money to our customers (B1; B5; Ci4). In addition to this, the training and exposure given to staff as well as the expert support from SBG were highlighted as very well appreciated (C5):

An issue that emerged as we were discussing CRM and Salesforce was impact of KYC on CRM. While some staff thought it was a compliance issue that needed to be managed, it was frustrating for the customers when they gave us KYC documents several times and we kept losing them (B5; Ci4; P1). How we handled such documents mattered and impacted on our service to customers. We needed to meet the customers' expectations and they would understand the regulation and cooperate with us (B5; B1). In the same vein, the regulator had two standards for banks when it came to KYC: the tougher one for SBM, and the lighter

one for the other banks. The team believed that the regulator had higher standards for SBM since it is an international bank (B5).

As the discussion with the RMs continued, they highlighted that while they come to work to achieve their targets and manage customer relationships well, there was more to motivation than just simply meeting one's targets and being remunerated (C6; C3). There was still a view that the employer should recognize the effort made by staff just like some customers wrote to give positive feedback about them to the bank as this energised them (C6). In addition to this, the staff wanted to operate in an environment where there was a sense of belonging and have had to reach out to each other to feel this sense of belonging in tough times as they felt the leadership was more interested in their output than their welfare (B1; C1; C6). This was more pronounced during 2014 when the PBB business was not doing well and other people in the bank were gossiping about the team to a point where they were ashamed (B2; C3; C6). However, the team members agreed that even positive feedback given to each other in the team can increase the level of satisfaction in the team (C6). In addition to that, they acknowledged the need to balance the employee and customer needs (Ci4; C6). The senior banker program where the executives pair up with RMs to support key relationships is well received by the RMs (B1; Ci4). However, there was still room for improvement on collaboration for the sake of the customer and the team of RMs felt that this is clearly lacking in the organisation (B2). Even the support units tended to look down on a business unit that was not doing well instead of supporting them and realising that all salaries come from the customers that are being served by that business unit (B2, B1, Ci4).

To try and bridge this gap Head PBB appointed people in IT, credit, finance and operations to participate in a global retail banking accreditation program because the bank was so divided that people found it strange to see people from CIB walk into PBB working area and vice versa (B2; C5). These barriers stood in the way of the business (B1; B2). However, where communication took place to establish a common ground from the top, then business followed (C1; B1, B2). People did not always work in the best interest of the customer and when one looked at issues in this way, one was seen to be pushy (B2; C3). The perceived difference in remuneration between the staff in support departments and those in the business units as well as the differences in grading as more senior staff were found in the business units was also an issue that created a barrier and impacted on how initiatives were implemented (C2; B2). While some success may have been registered in the initiatives researched in this study, the success could have been even greater if collaboration was at the highest level.

Having completed the second cycle of the AR by implementing another round of actions on the four interventions and following the guide as provided by the MKC Relationship Management model in Figure 42 below, the business value/output should now be reviewed with a view to informing the next cycle of customer insights and action. The following section will consider the business value/output of the actions taken. (Buckingham, 2015; Edelman, 2015).

4.3.5 Business value as Output

In AR cycle 2, the study implemented another round of action on the four interventions that were developed in AR cycle one. The customer insights in this cycle were the same ones as in cycle one because AR cycle 2 was a continuation/enhancement of the first cycle. In this section of AR cycle 2, is an analysis of the outcomes/business value realised by the business following the implementation of the second cycle. The study was still guided by the MKC Relationship Management model and the section of the model under discussion is highlighted in the Figure 47 below:

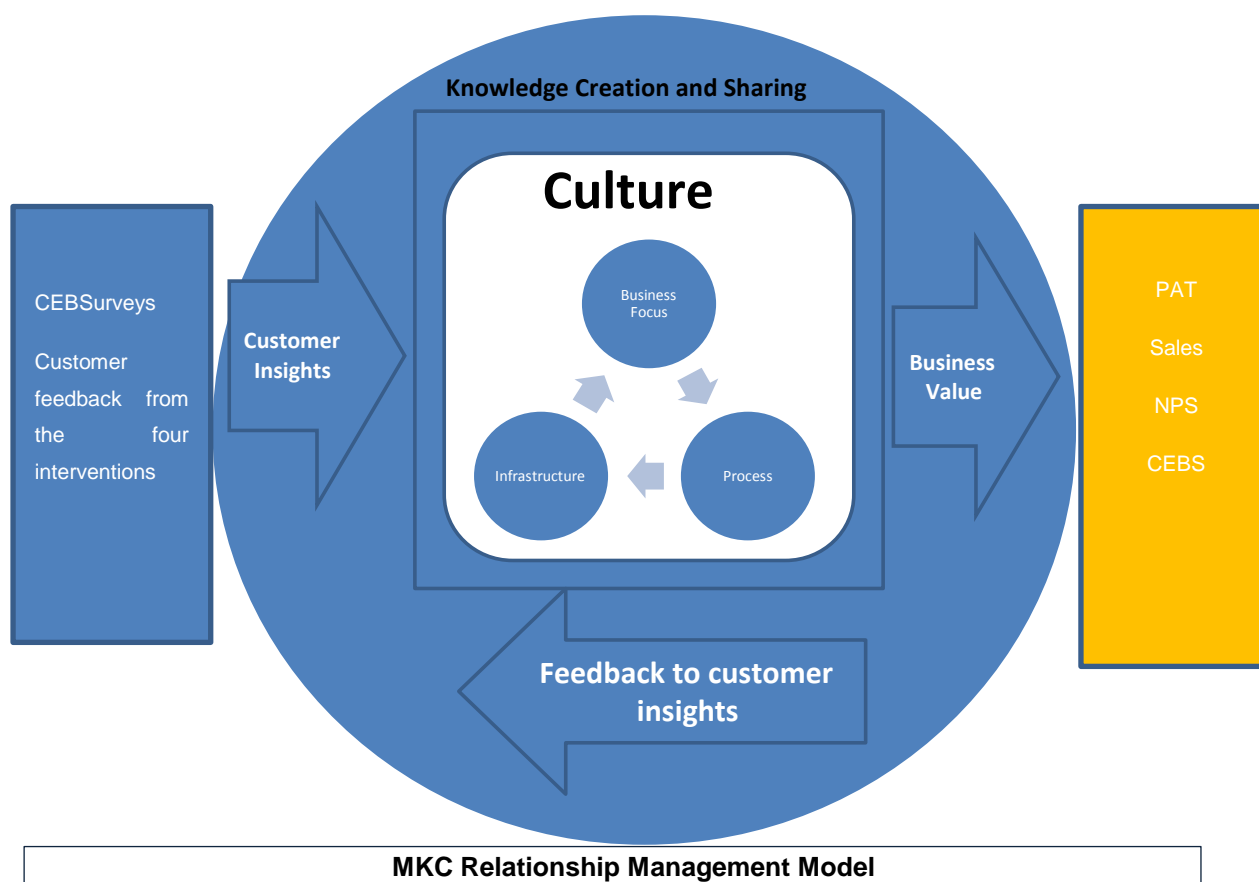
Having implemented the second round of action for the four interventions of branch optimisation, I-serve, BB TATs and Salesforce, the impact on the results are presented below. The business results/outputs will be examined in terms of the analysis codes discussed in Section 4.1 and presented the Figure 48 below.

In terms of the highlights of the findings in this section are discussed below:

TAT

The biggest achievement in this parameter was the fact that there was greater visibility in terms of the process and accountabilities and thus making it easier to manage both internally and also in terms of the updates that are given to customer. The visibility was created for cards, cheque books, UPLs, BB T/L and O/Ds. In terms of guarantees and customer complaints, there were still some challenges for the latter in terms of a system that can measure this and in the former in terms of adoption levels. Furthermore, there was no way of tracking the account opening TATs as the system is not yet capable of doing this. Though visibility was created on the TATs, it was noted that on cards, cheque books and BB T/Ls and O/D's, the true end to end customer TAT was not being measured as the system only tracks from when the officer enters the requests into the system and not from when the customer makes the request.

Figure 47 MKC Relationship Management model with the Business Output highlighted (source: Author)



Management of customer expectations became easier because there was now statistics to support the TAT and also to continuously manage the inefficiencies in order to improve the set targets and improve further the customer experience.

Sales

In terms of sales, there was an overall decline in branch and private banking of 7% on Current accounts between 2014 and 2015. UPL's grew YoY in branch banking but there was a huge decline in Private Banking of 56% which resulted in failure to meet the 2015 targets.

Despite this decline in current accounts between the two years, the actual customer base grew, which meant that most of the sales were made to new rather than to existing customers. This has a tendency to bring the cross sell ratio down. The actual customer base in branch banking grew from 180,874 to 204,091 a growth of 13% while private banking grew from 1,976 customers to 2,650 customers, a growth of 34%.

In Business banking, there was a 7% growth in current accounts and excellent growth in both term loans and O/Ds. There was a 141% growth on guarantees and this could be as a result of the improvement in process as well as the visibility that was created by the

initiatives in this study. The Head of department also created a great sense of urgency. In terms of actual number of customers, the number of customers grew from 15,230 to 17,212 a total growth in customer growth of 13%.

Figure 48 Factors and themes of Business Outcome category (source: Author)

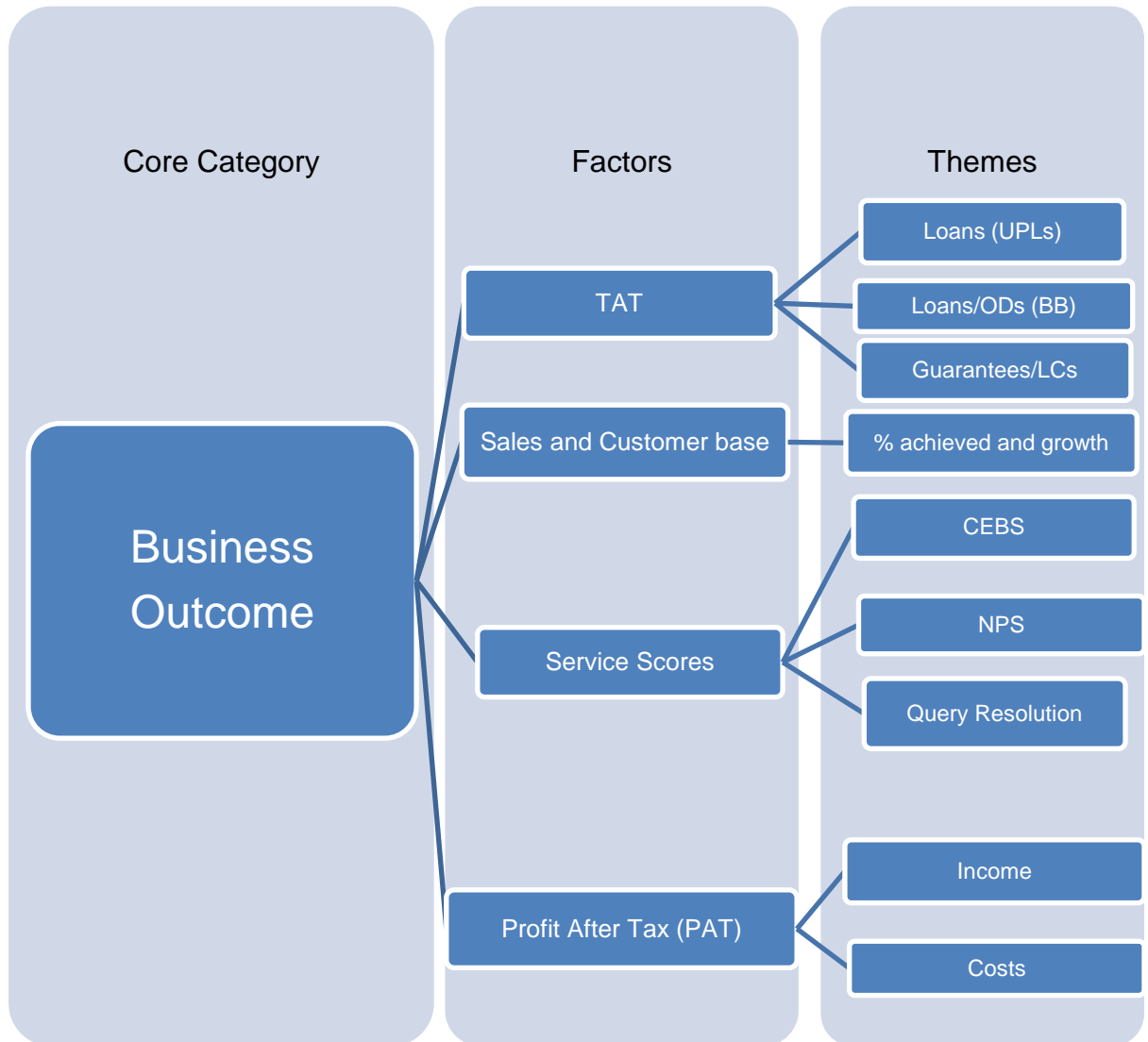


Table 80 TAT movements (source: SBM Customer Experience Department)

Parameter	AR Cycle one	AR Cycle two	Target
UPLs		21h25m	48 hours
BB T/Ls and O/Ds	Unknown	5-7days	10days
Cards	Unknown	5days	7days
Cheque books	Unknown	3d3hrs	5days

Table 81 Growth in customer numbers between 2014 and 2015 (source: SBM Sales Department)

segment	2014 number of customers	2015 number of customers	% change
Branch banking	180,874	204,091	13
Private banking	1,976	2,650	34
Business Banking	15,230	17,212	13

Service Performance CEBS, NPS and query resolution

The overall CEBS rating for all portfolios and branches has not improved from an average 8.5 last year to 8.5 in 2015. The Branches and individual portfolios were rated higher than the Bank, however, the Bank score has improved from 8.0 last year to 8.2 in 2015.

The CEBS scores in branch banking and business banking decreased YoY while that of Private Banking improved. Only branch banking met the targeted scores for the year 2015. On average the bank's performance remained flat between 2014 and 2015. Table 82 below shows this.

Table 82 CEBS scores (source: SBM Customer Experience Department)

CEBS results post Cycle 2				
Business Segment	2014 score	2015 score	2015 target	% change YoY
Branch Banking	8.87	8.73	8.7	0.01
Business Banking	8.6	8	8.8	-0.07
Private Banking	8.2	8.7	8.8	-0.06
Average	8.5	8.5	0	0

Table 83 NPS scores (source: SBM Customer Experience Department)

NPS scores post Cycle 2			
Business Segment	2014 score	2015 score	2015 budget variance
Branch Banking	38	48	40
Business Banking	43	52	50
Private Banking	52	72	55

In terms of The Net Promoter Scores (NPS) (Based on "Likelihood of customers to recommend our service to others), there were improvements YoY in all three segments. For branches, the overall score was 48 against a target of 40 while in BB the score was 52 against a target of 50 while for Private Banking it was at 72 against a score of 55 (Bo3). Table 83 above shows these results. This is contrary to the CEBS results and goes to show that while customers were not fully satisfied with SBM services, they were still confident to recommend it to other. This could be a vote of confidence in SBM's ability to improve our levels of service (Reichheld, 2011).

The key areas of concern as far as service is concerned were (CEBS15):

- Willingness and effort made for you by the staff has dropped from 9.2 to 8.7 (C3)
- Standard Bank handles transaction/request/ query in good time without mistakes has dropped from 9.0 to 8.6 (Ci4)
- Long queuing time, satisfaction rating has dropped from 8.8 last year to 7.6 this year (Ci1)
- Business Banking RM's knowledge and keeping customers abreast of products and services, satisfaction rating has dropped from 8.1 last year to 7.8 this year (Ci4)
- Business Banking RMs offer expert advice when there is a problem with your business account e.g. a problem clearing a cheque dropped from 8.7 to 7.9 (Ci4)

In as far as customer complaints is concerned, there was a general decrease in the number of complaints lodged across all three segments and customer rating of the ability of the bank to resolve customer complaints improved from 7.8 to 8.4 in branches, 8.1 to 8.6 in business banking and 6.4 to 8.3 in business banking.

Customers who reported complaints decreased during the period.

PAT

While the customer base grew, actual sales volumes dropped YoY, and service levels remained generally flat in view terms of CEBS but improved in terms of NPS, the overall profitability of the business improved YoY. The PAT of PBB had improved by over 100% and was above the budgeted figure for 2015 by over 40% while the total income had increased YoY by 50%. Given the outcomes on the customer growth, improved TAT as well an improved NPS score and a marked improvement in salesforce utilisation; this result can be partially attributed to the initiatives of this study.

Details of the PAT over a period of 3 years show that the biggest growth in total income, as well as loans took place between 2014 and 2015. The total PAT also increased during the same period by over 100% while total income grew by 50%. During 2014 and 2015 period, the cost to income ratio also grew the least though between 2012 and 2013 the actual ratio went down. These means that more cost initiatives need to be put in place in order to bring this down. In addition to this, it might be too early to see the full benefit of the interventions of this study because they are yet to be fully embedded in the business. Other factors also impact on the PAT result and, therefore, this outcome should not be viewed as completely attributable to the four initiatives.

Table 84 Customers query resolution score 2014-2015 (source: CEBS Report, 2015)

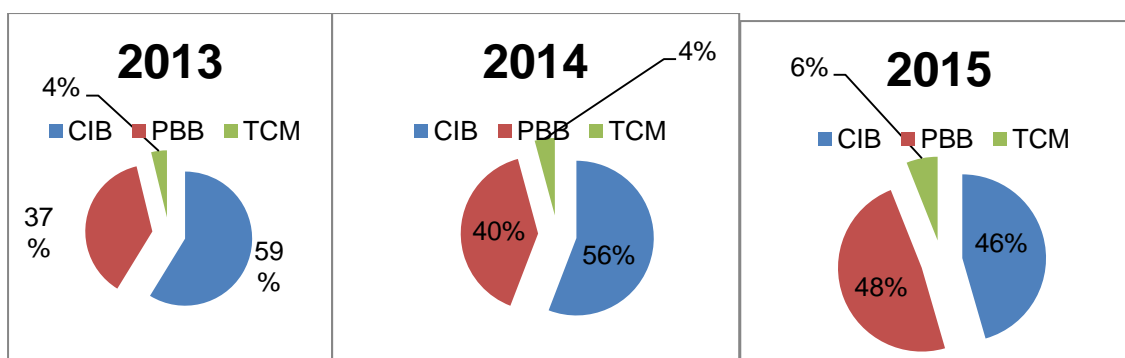
Query resolution scores			
Business Segment	2014 score	2015 score	Comment
Branch Banking	7.8	8.4	Number of customer who reported complaints dropped from 11% to 8%
Business Banking	8.1	8.6	Number of complaints dropped from 29.7% to 11%
Private Banking	6.4	8.3	Number of complaints dropped from 18% to 5.9%

Table 85 PAT Analysis 2012-2015 (source: PBB Finance Department)

Income Statement	2012	2013	2014	2015	CAGR (%)
Total Income (K'bn)	8 144	12 218	13 971	17 538	29.14
Cost to income ratio (%)	72%	59%	67%	68%	-1.89
Loans (K'bn)	23 044	24 108	28 394	37 708	18.26%
Deposits	29 747	42 624	63 415	72 794	32.69%

PBB's contribution to the SBM profitability has been improving throughout the period of this study. In 2013, PBB's contribution was only 37% of the Bank's total income. In 2014, this improved to 40% while in 2015, the contribution further improved to 48%. Figure 49 presents a pictorial representation of this improving contribution.

Figure 49 PBB's contribution to the overall SBM business 2013-2015 (source: PBB Finance Department)



Details of the findings

In terms of the actual details of the data analysed, these were as in Table 86 below:

Table 86 Detailed outcome of the Business Value analysis in Cycle 2 (source: Author)

Bo1 - TATs	Bo2 – Sales trends	Bo3 – Service Scores	Bo4 - PAT
TAT measurements established as a result of I-serve and BB TATs for cards and BB T/L and O/Ds do not measure true TAT but rather TAT from the time the request is logged into the system so current TAT's may be good but customer experience could still be bad	Branch and private bank sales declined 7% YoY between 2014 and 2014	Customer retention was expected to improve because of all the four interventions. This is measured using the cross sell ratio which was at 1.96 against a budget of 3 as at September 2015 as well as the DTF ratio in BB which was on target at .506 against a target of .500 another key measure is the closed accounts ratio which was at 4.2 against a budget of 10 at the time of closing the AR Cycle	Malawi had best score in funded accounts scoring 95% of all new accounts being funded. This drives Net interest income through credit deposits (liabilities) growth
UPL TATs improved significantly with TATs sitting at 21h25mins for branch banking and 10h45mins for private banking at the end of the AR cycle	UPLs growth was in branches but private banking declined 56% YoY	Improvements in general levels of customer service were also expected as a result of all four interventions. The average CEBS score moved from 8.73 to 8.7 in branch banking; 8 to 8.8 in BB and 8.7 to 8.8 in Private banking. The NPS score moved from 38 to 48 in branch banking; 43 to 52 in BB and 52 to 72 in Private banking	The improvement in the processes and structures in interventions 1,2 and 3 are expected to result in a lower cost to serve or at worst a shift in costs towards IT related expenses and away from people related inefficiencies as well as stationery
TAT's may be distorted as a result of old items that are not cleared on both the I-serve and the CAMS systems. There is therefore need to manage the data in this systems carefully	Accounts opened with nil balances stood at only 5% with Malawi registering the best result in Africa at SBG	All four proposed improvements were expected to improve the CEBS scores yet CEBS remained flat year on year.	The intervention on BB TATs in this cycle were expected to generate revenue growth of K45,77,855.30
Intervention three was expected to improve TAT for guarantees and this happened as most guarantees are now issued within 48hours and fewer customer complaints though opportunity to improve still remains	Customers grew in all three segments as follows: Branch 180,874 to 204, 091; Private Banking 1,976 to 2,650 and BB from 15,230 to 17,212	The four initiatives were also expected to improve the NPS score and this indeed improved. It means that while customer satisfaction had not improved YoY, they were more confident about recommending our service	Stationery costs went up from K193,297 to K218,786. Given that inflation was at about 20% and the cost of consumables increase from K31m in the previous year to K285m in 2015 at the time of closing cycle 2 meant that the cost on this line had shifted in line with the

		to others and this is a positive movement	interventions implemented.
TAT for cheque books improved and came to below the SLA TAT of 5days to 3days and 3 hours on average across all branches	BB current accounts grew by 7% while guarantees grew by 141%		PAT grew 100% YoY; performance 50% above budget; contribution to SBM income improved from 40% to 48% by end December 2015
Card TATs were on target at 5 days against a budget of 5 days			Total deposits grew from about K63bn to K72bn while loans grew from K28bn to K28bn I 2015 alone
			Cost to income ratio grew 1% from 67 to 68

4.3.6 Reflections on the second cycle

In cycle one, the following observations were made in the reflections and were taken into account in cycle two:

1. MKC Relationship Management model as a continuous process

MKC Relationship Management model proved that it is indeed a tool for continuous improvement at SBM and also that it can actually be applied at SBM in line with the objective to see if the MKC Relationship Management framework can be applied at SBM. The interventions between cycle one and two remained the same with improvements made to each initiative between the two cycles. The business output improved and the total income contribution of PBB moved from 37% in 2013 to 40% in 2014 and 48% in 2015 as shown in Figure 49 above.

2. Leveraging management information

Leveraging off the data available in the system was enhanced in cycle two with tracking dashboards done for each of the parameters under focus. The discipline of tracking data was embedded in cycle two and has become part of the staff performance contracts. This did not require heavy investment in IT systems and thus achieved the objective that sought to improve CRM and profitability with limited IT systems investment.

3. Acting on Customer feedback

Acting on the voice of the customer was also taken into cycle two. Cycle one actions were developed on the basis of the voice of the customer and some of the improvements made resulted in customers rating the bank better in terms of the

NPS scores and also in terms of how customers rate our ability to resolve their problems. Acting on the customer feedback helped to improve the customer experience which is fulfilling the objective of improving CRM once again.

4. Impact on cross sell ratio

It was observed in the first cycle that the concept of cross selling and DTF were relevant and needed to be adopted. In cycle two, tracking the two ratios was enhanced. While DTF improved during the period cross sell remained around 1.96. The DTF ratio improvement means that customers were more confident to buy additional products with the bank and thus were spending more with the bank. The objective of improving profitability was thus being achieved.

5. Resource and time limitation on study focus areas

The fact that this study was not looking at mobile banking and POS meant failure to pay attention to an emerging trend in banking as part of this research. However, in cycle two, it was still not possible to include these because limitations observed of time to implement and control over the projects given dependence on SBG still remained.

6. The role of culture in CRM

The fact that culture (people issues) is a cross-cutting concept in the manner it relates to CRM, systems and supporting processes, for example, people choose when to capture information into the system continued to be an important factor. In fact in cycle two, the influence of culture impacted the entire end to end model of MKC Relationship Management model rather than merely just the section of intervention implementation as was discovered in cycle 2 of the study. This is because the outcomes were partly influenced by the people/culture issues and these in turn impacted on the customer experience. For example, the fact that staff showed customers a bad attitude may have emanated from the remuneration or other factors within the organisation. The MKC Relationship Management framework was changed to indicate this fact. This was a very important discovery because it stresses the need to test conceptual frameworks so that they become more applicable in reality.

7. Process is influenced by system capability

The fact that systems and process influence each other continued to be an important aspect in the study. The role that people play in interacting with the system was also more pronounced as cycle two of the interventions were being

implemented. This was most pronounced in the I-serve intervention where people chose to use the system inconsistently.

Following the full cycle of implementation of cycle two, a reflection on the cycle was carried out and a few additional observations were made as follows:

8. Results of interventions take time to register in customer surveys

Despite the progress in two cycles, CEBS remained the same on average and deteriorated in some segments while the NPS score improved in all the segments. Besides, the number of customer complaints reduced and the score of the customer resolution process improved. Other parameters that improved were the total income, the loan and deposit book, the number of customers. This shows that the interventions were bearing fruit and with time there could be a direct impact across all outputs. It also goes to show that some outputs were impacted by the actions faster than others. For example, NPS grows faster than the CEBS and the loan book faster than the income it brings (this is working on the assumption that all other influencing factors such as pricing etc. remain constant). In terms of the objectives, this reflection shows that the MKC Relationship Management framework is not a quick fix but a long term deliberate strategy that indeed can be applied to improve the results.

9. Matrices on CRM should be beneficial to the customers

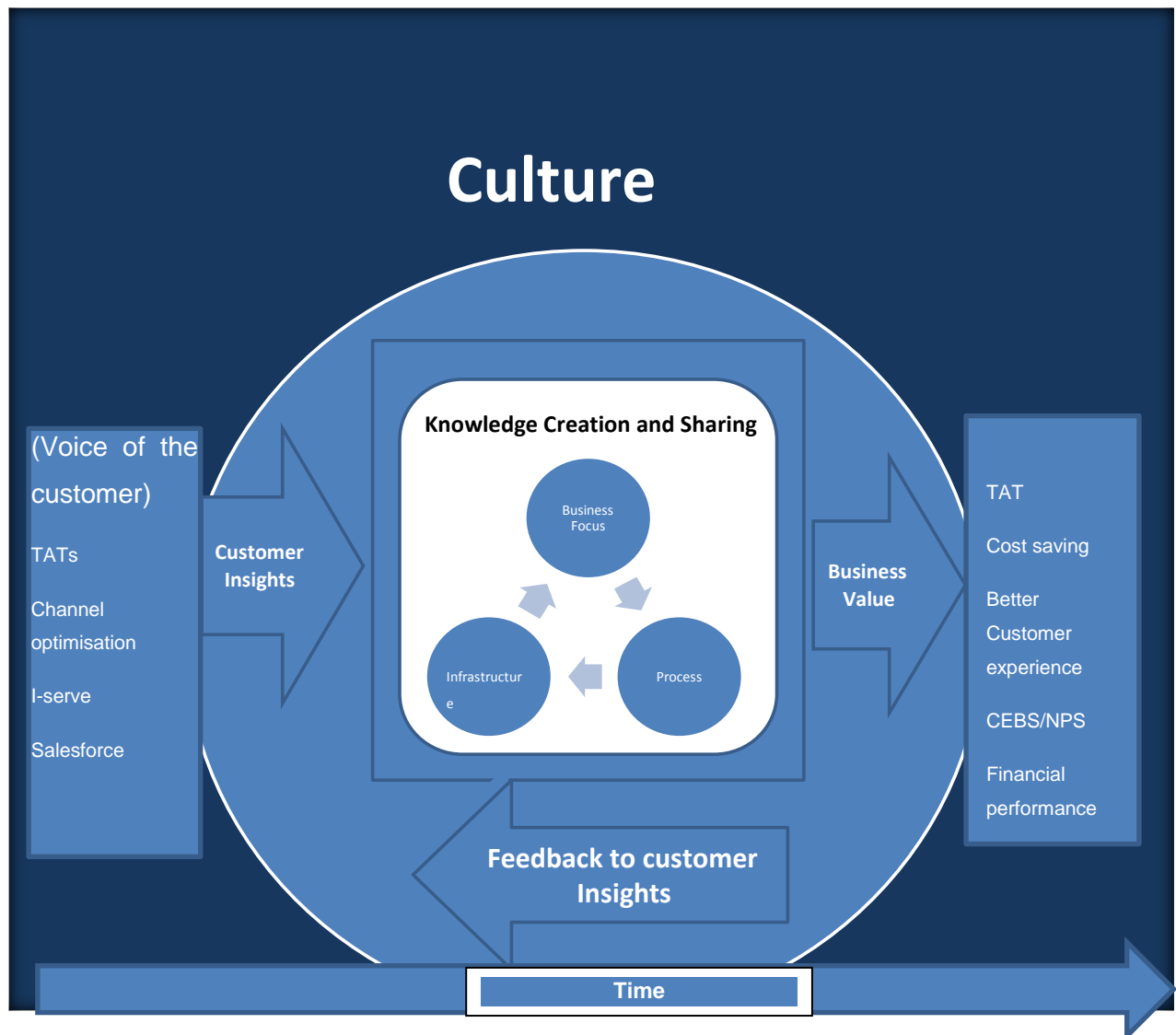
Another factor that influenced the outcome particularly of CEBS is the fact that some of the measurements were not yet measuring all critical TATs and in some instances, the true customer experience was not being measured in the TATs. For example in BB, the O/D and BTL TATs were only tracked from the time that the staff decided to enter the customer applications into the system. To the customer, the true customer experience was from the time that the application was first discussed with the RM. This applied for cheque books, debit cards as well as all the TAT measured used in this study.

10. Customer needs shift and their expectations increase over time

The changing needs of customers is more pronounced due to the fact that this study did not include in its scope alternative channels for customer delivery such as POS and mobile banking. These channels were already being offered by competitors at the time of starting the study and SBM still remained behind in terms of offering alternative channels having only launched POS in April 2015 and was still in the final stages of testing mobile banking at the conclusion of this study. Customers today want banking to be part of their lifestyle and are not keen on

waiting in queues in branches and ATMs to make simple transactions (King 2012; Skinner, 2014). The fact that the MKC Relationship Management model is cyclical in nature means there is always opportunity to take into account the voice of the customer over the lifetime of the organisation.

Figure 50 Final representation of the MKC Relationship Management model (source: Author)



1. CRM improvement takes time

Given the fact that by end of cycle two, the interventions had not yet been bedded down and become business as usual in the organisation meant that becoming a service oriented organisation takes time. The MKC Relationship Management model is a useful model to relentlessly execute improvements in CRM but it takes continuous improvement and a cultural shift for this to be achieved. This fact cannot, however be fully appreciated during the duration of this study.

2. CRM system do not need to be complex

The systems that drive improved CRM do not need to be complex; even a simple home-grown system like I-serve can make a difference. How people relate to the system has got even more implications than the actual system. Take for example I-serve and Salesforce. While Salesforce is a sleek system, it did not result in people adopting it effortlessly. And while I-serve still has challenges, where it has been adopted it has made a positive impact.

In view of these reflections, the MKC Relationship Management model was improved further to incorporate the relationship that people/culture issues has with other aspects of the model. Figure 45 below, shows that after testing the model through cycle two of AR, the role of culture shows that it even impacts on the business value/output through performance management systems which further impact on how customer experience and therefore perceive the bank. This is particularly observed in I-serve and BB TATs where there are attempts to manipulate TATs with a view to managing the end result on the scorecard.

4.4 **Planning for Cycle 3**

Having reflected on cycle two of the research, it is indeed true that the four interventions put in place have improved the performance of the business. However, new customer feedback collected after cycle 2 in 2015 still shows that there is room for improvement especially on: the CEBS scores; branch banking queuing time; need for additional customer channels as well as on fostering a culture that enables improved CRM. Given these facts, there is opportunity to think more deeply about how to move the business forward even further. This study will be concluded at the planning stage of cycle 3. The interventions implemented so far will be examined once again and considered in view of the customer insights from customers and consultations will be done with the stakeholders in the form of a business review and planning meeting to find out how the retail banking business at SBM can respond to the insights gathered.

4.4.1 **Culture Insights**

The first cycle of the research started with the planning which sought to find out the key issues that make a difference to the customer. This was the customer insight part of the MKC Relationship Management model as illustrated in Figure 45 below. The customer insights were derived from document analysis of CEBS surveys between 2011 and 2013 as well as customer feedback from the branches. In addition to this, the possible issues to be resolved were arrived at in consultation with the impacted heads of division as well as other key stakeholders that support the PBB business both in Malawi and at SBG. To close cycle one of this study, four interventions were drawn to address some of the customer issues and

these were: BIE and BO; I-serve system for TAT management; BB TATs and Salesforce. In cycle 2, the planned interventions from cycle one were implemented and results analysed and reflected upon. In this cycle of AR, new customer insights based on the 2015 CEBS report and 2015 customer feedback was analysed with a view to understanding the impact of the interventions implemented in cycle two. Besides, the cultural aspects picked up during the course of the research are also analysed with a view to developing action plans for them given the fact that culture had emerged as a key factor in driving both CRM and KM. Cycle 3 action plans were not acted upon as part of this research study because as part of the findings in cycle 2, it was discovered that it takes time for a cultural shift to happen and also for the initiatives to make a full impact on the customers across all aspects of business value as defined by this study.

This cycle began by considering the cross-cutting cultural insights before planning the action to be taken as part of cycle 3 and concluding the study

Analysis of cross cutting cultural issues

The analysis of the cross-cutting Culture insights as well as the 2015 people audit which was analysed in line with the analysis categories established in Section 4.1 of this study. Figure 46 below shows these analysis categories which include: leadership (C1); organisational structure - churn and staff capacity (C2); employee attitudes/professionalism (C3); recruitment, on-boarding and promotions (C4); employee learning - knowledge sharing, competence and training (C5); remuneration, reward/recognition systems (C6); performance management (C7) and empowerment (C8).

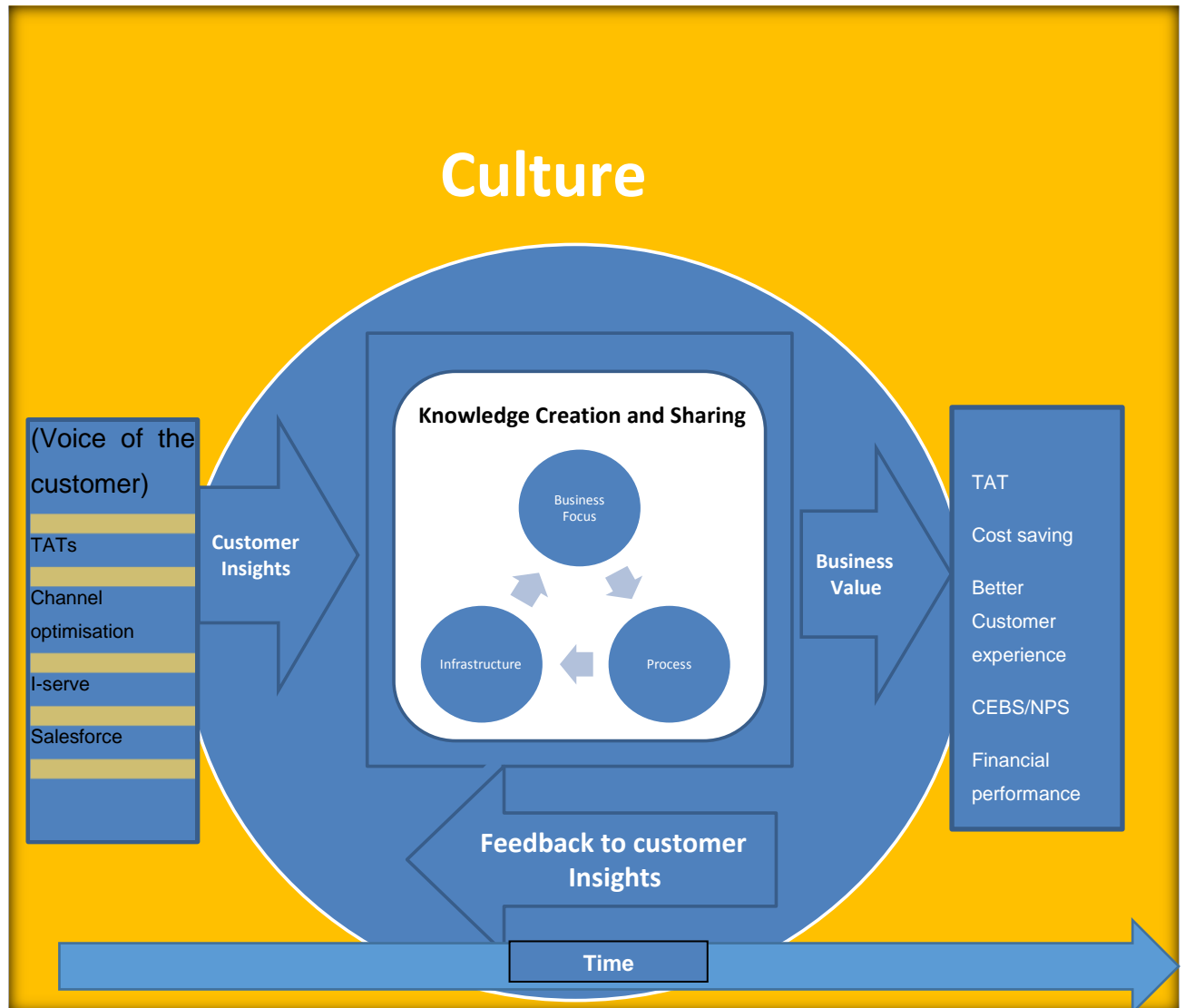
The following were the findings which were drawn from the report done after the FDG that the CE had with staff at all levels in the organisation (FGDCE) as well as cultural issues (C) that emerged during this research coded C1-C7:

Leadership (C1)

The aspects of leadership in intervention one and two revealed that the last people engagement survey prior to the one conducted in 2014-2015 had been conducted in 2008-2009 (B1). This probably explains why there was a gap in understanding between management and staff as shown in the verbatim data in Table 89 below. The verbatim data was collected during the FGD with the CE in 2013 who had just joined the bank and did the FGDs as part of a familiarisation tour. Issues of trust in leadership, lack of empathy during tough economic times, lack of confidence in the leadership's ability to drive a customer-centric strategy, and in being courageous and fearless in fighting the cause of staff arose. Staff also believed that the leadership of the bank was not accountable and could do better

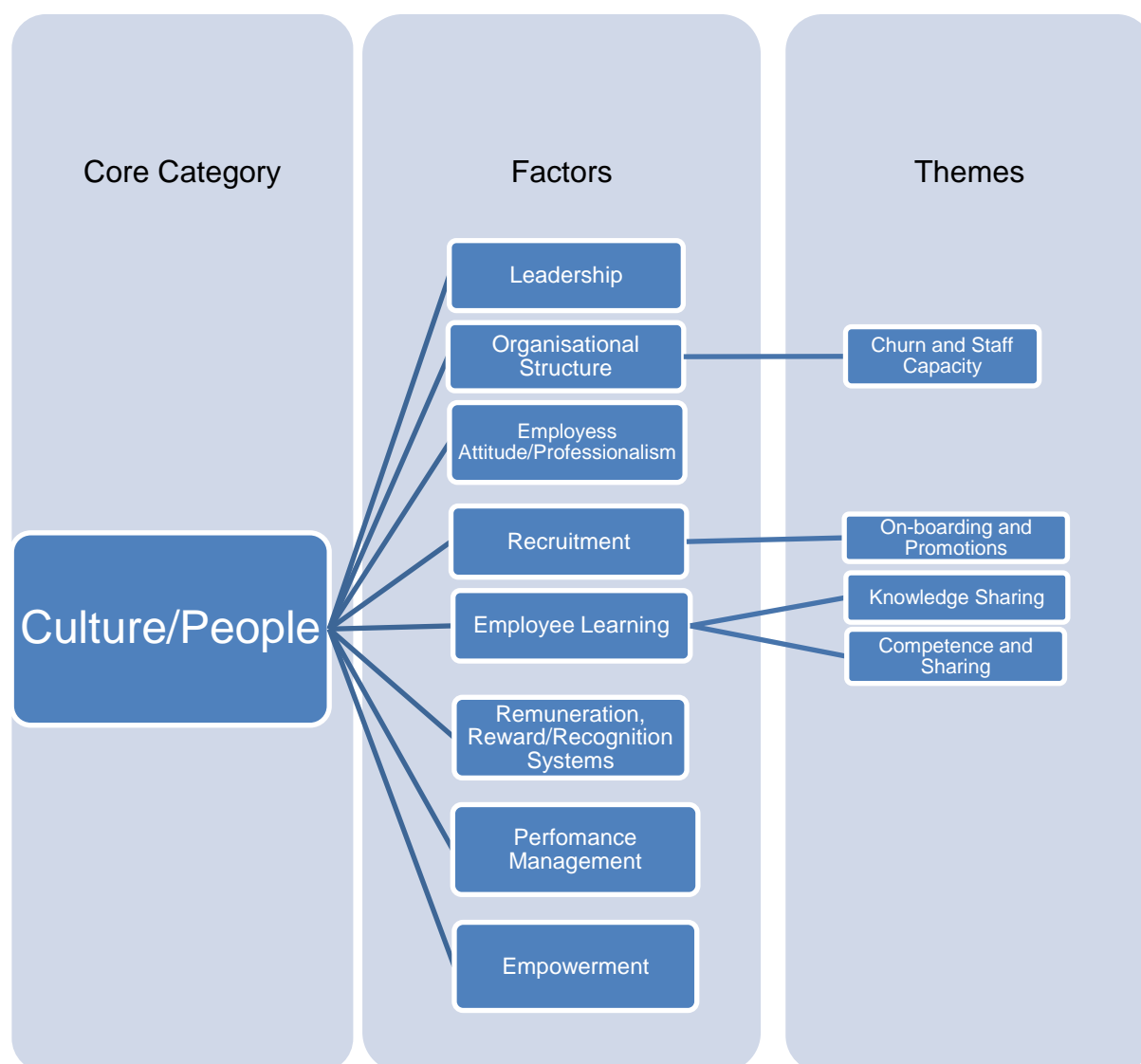
at communication and being loyal to one another apart from the need for leadership to follow through on the promises made to staff.

Figure 51 Final representation of the MKC Relationship Management model with Culture highlighted (source: Author)



Related to the interventions, leadership was also seen to be lacking in empathy in as far as encouraging relationship managers during times when they were not performing well. Where leadership had supported staff such as through the senior banker program, this was well appreciated. In addition to this, it was demonstrated that initiatives with senior leadership support are usually successful. The four interventions in this study all had high level sponsorship from the PBB leadership which contributed to the success that was registered.

Figure 52 Factors and themes of the People/Culture Core Category (source: Author)



Organisational structure - churn and staff capacity (C2)

From the FGDs, the main issue that arose was the need for some churn within the executive as it was felt that most of the executives were lacking creativity due to the fact that they had overstayed in their positions.

On the issue of churn in relation to the cycles of the study, it was felt that constant training was necessary because as staff moved into new roles, the new people in the role lacked the knowledge of new systems such as I-serve and guarantee origination among others.

Staff capacity was a common issue across all interventions. The branches felt under capacitated to deal with the queues and the complex as well as numerous processes involved in account opening, cheque processing as well as UPL processing. The RMs, on

the other hand, felt they had too many customers and were failing to cope with number of customers as well as the administration involved in originating loans as well as managing customers with the rigor required in Salesforce.

Employee attitudes/professionalism (C3)

Staff were not always quick to adopt the initiatives introduced by leadership and it would be important to explore the link between the staff adoption to new initiatives and their perception around how management valued them. The salesforce FGD brought a link between the two where staff felt they wanted to be appreciated more by leadership. Similar issues around staff attitude and professionalism challenges were picked up in the RIE and BO initiatives as well as in the I-serve intervention.

Recruitment, on-boarding and promotions (C4)

Staff perceived that promotion was not always based on merit. Given the challenges noted in the performance management processes, the perceptions of the staff could be valid in that people were not truly rated on the job they were supposed to do but on flawed contracts or sometimes on no contracts at all given the finding presented in Section 4.2.3 where only 80% of staff had performance contracts and discussions.

In addition to this, staff believed that there was no visible and credible succession plan and that on the job training was very poor for new joiners.

Employee learning - knowledge sharing, competence and training (C5)

It was observed on all four interventions that there was a gap in knowledge on standard processes and procedures and easy aids and WhatsApp groups as well as training helped to close this gap. The value in training was, however, questionable given that training interventions were never measured for effectiveness and the survey that measured this parameter in 2015 was not measured effectively in that no specific score was attached to it. Shared folders, visible workflows, helped to improve the customer experience in the interventions. The role that experts from SBG play cannot be under-estimated; they helped with complex design of solutions in intervention 1 and 3. As well as supported all four initiatives.

It was observed as well that the success of all four interventions was driven by teamwork, cross-divisional consultation and aligned goals. Use of simple tools like WhatsApp helped to drive results through effective knowledge sharing. Where communication was good the initiatives went well. However, where communication was poor as was the case with

leadership of the bank on issues that impact staff such as car allowances or salary structures, it was observed that this brought negative energy in the environment.

1. CRM improvement takes time

Given the fact that by end of cycle two, the interventions had not yet been bedded down and become business as usual in the organisation meant that becoming a service oriented organisation takes time. The MKC Relationship Management model is a useful model to relentlessly execute improvements in CRM but it takes continuous improvement and a cultural shift for this to be achieved. This fact cannot however be fully appreciated during the duration of this study.

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In view of these reflections, the MKC Relationship Management model was improved further to incorporate the relationship that people/culture issues has with other aspects of the model. Figure 45 below, shows that after testing the model through cycle two of AR, the role of culture shows that it even impacts on the business value/output through performance management systems which further impact on how customer experience and therefore perceive the bank. This is particularly observed in I-serve and BB TATs where there are attempts to manipulate TATs with a view to managing the end result on the scorecard.

Remuneration, reward/recognition systems (C6)

This factor was closely linked to performance management as remuneration was based on performance rating and recognition incentives were derived from the same results. Given that performance management systems were not as strong within the bank meant that there was also limited credibility in the remuneration, reward/recognition processes. Staff accused the executive management of overriding policies with a view to rewarding staff who were personally loyal to them.

Performance management (C7)

The performance management processes still showed scope for improvement in 2015 given the data taken from the 2015 people survey and this was despite the interventions out in place post the 2013 and 2014 people surveys. Ideally all people in the organisation should have a performance contract, regular performance discussion. Furthermore, the performance contracts must be aligned across business divisions as well as with the strategic objectives of the bank as seen in the I-serve process. Details of the findings are presented in Table 87 below.

The verbatim data collected during the new CE's FGDs that supports the findings related to culture remain unresolved when you consider the issues that have been raised by the staff in the two cycles of the study. These are presented once again below.

More detailed discussions on the findings are found in Section 4.2 and 4.3 of the study and have already been discussed.

As a follow-up to the findings already discussed that relate to this aspect, there was need to by ensure that the people management processes were embedded into the organisation so that everyone pulls in one direction. In view of this, it was important to check on the 2015 people audit data. From the people audit summary report the following emerge (STRATP):

- Integration of new joiners/transferred/promoted employees: there is partial compliance of the requirements thus impacting how new joiners and promoted employees are on-boarded into their new roles and their intention to stay in employment of the Bank. Challenges include (not in all cases) non-issuance of JDs (job descriptions), induction programs; absence of probationary contracts and on the job training plans.
- 2014 final end of year appraisal conversations; as well as On-going Performance monitoring: there is reasonably full compliance in the sampled business units; however, the quality of the conversations is suspect thus affecting staff members' satisfaction with the process.

Table 87 Detailed findings on Culture (Source: Author)

Factors	Intervention 1	Intervention 2	Intervention 3	Intervention 4
Leadership (C1)	Had sponsorship at the highest level in PBB	Had sponsorship at the highest level in PBB	Had sponsorship at the highest level in PBB	Had sponsorship at the highest level in PBB Leadership was viewed as not empathetic to RMs in times when the business was not doing well.
Organisational structure - churn and staff capacity (C2)	Staff roles and responsibilities reviewed to improve capacity and too much workload was impacting on workflow	Too much workload was impacting on workflow New staff needed to be trained therefore training needs to be ongoing because off churn	Too much workload was impacting on workflow	Portfolios were made smaller in order to give RMs more time to manage customers in detail. In addition to this RMs found that proper use of salesforce made them more effective and freed their capacity as well since they spent time with customers that was proportionate to value they brought.
Employee attitudes/professionalism (C3)	Staff did not always display a willingness to serve customers and be professional Staff needed to be accountable and to hold each other to account	Staff did not fully adopt the I-serve system, opting to stick to old ways despite I-serve being championed by most senior leader in the business and feedback from them that it makes a positive difference in		

		their day to day jobs		
Recruitment, on-boarding and promotions (C4)	Promotion process was not considered as credible by staff			
Employee learning -knowledge sharing, competence and training (C5)	<p>Knowledge sharing was introduced through easy guides and shared folders</p> <p>Impact of training was not measured consistently</p> <p>Consultation with all stakeholders was critical in developing the solutions</p> <p>SBG played a major role in training, offering expertise and knowledge sharing</p>	<p>I-serve enabled knowledge sharing through of card, cheque books and complaint management and WhatsApp used to enhance adoption</p> <p>Training was a critical part of ensuring users know how to use the system and the impact that on-boarding has on the system</p> <p>Consultation with all stakeholders was critical in developing the solutions</p>	<p>Knowledge sharing through easy aid guides as well as dashboards helped in managing behaviour change and adoption of new process</p> <p>Training on information required to process guarantees was a critical part of the project success</p> <p>Consultation with all stakeholders was critical in developing the solutions</p> <p>SBG played a major role in training, offering expertise and knowledge sharing</p>	<p>WhatsApp was used to promote adoption of Salesforce</p> <p>Training on how to use Salesforce gave users more confidence to adopt the system</p> <p>Consultation with all in encouraging adoption</p> <p>Salesforce was an SBG wide initiative and some key learnings were achieved through sharing of knowledge across African countries and also through the chat capability</p>

				known as chatter
Remuneration, reward/recognition systems (C6)	Remuneration was closely linked to performance management and the flaws in performance management caused dissatisfaction with remuneration	Remuneration was closely linked to performance management and the flaws in performance management caused dissatisfaction with remuneration	Remuneration was closely linked to performance management and the flaws in performance management caused dissatisfaction with remuneration	Remuneration was closely linked to performance management and the flaws in performance management caused dissatisfaction with remuneration
Performance management (C7)	<p>Flawed contracting process and not all staff had contracts and not all had regular performance discussions.</p> <p>Performance contracts were not aligned across stakeholders with shared processes</p>	<p>Flawed contracting process and not all staff had contracts and not all had regular performance discussions.</p> <p>Performance contracts were not aligned across stakeholders with shared processes. In the case of I-serve some staff were opting to cheat the system in order to improve performance rather than instead of focusing on the impact their actions have on the customer</p>	<p>Flawed contracting process and not all staff had contracts and not all had regular performance discussions.</p> <p>Performance contracts were not aligned across stakeholders with shared processes. In addition the TATs were not part of the contract and performance improved one they were included</p>	<p>Flawed contracting process and not all staff had contracts and not all had regular performance discussions.</p> <p>Performance contracts were not aligned across stakeholders with shared processes. Salesforce was added onto RMs scorecards to ensure adoption and this proved effective</p>

Table 88 Verbatim feedback and extracts from staff on Culture (source: Author)

Category	Findings
C1	<p><i>"Leadership does not put more time, resource and effort in implementing a customer centric strategy"</i> (C1-FGDCEpg3)</p> <p><i>"EXCO lacks courage to face real business issues---can we be bold enough...."</i> (C1-FGDCEpg3; B1-FGDCEpg3)</p> <p><i>"When a customer comes with a complaint, what does EXCO do or say to the client?"</i> (C1-FGDCEpg4; B1-FGDCEpg4)</p> <p><i>"No staff empathy – economic trouble times we worry about shareholder value – Rands versus kwacha to compensate staff"</i> (C1-FGDCEpg1; B1-FGDCEpg1; B5-FGDCEpg1)</p> <p><i>"Hypocrisy don't want to be associated with bad consequence/unpopular decisions e.g. 102 New teller salaries issue has not been formally addressed and communicated"</i> (C1-</p>

	<p>FGDCEpg1;C6-FGDCEpg1)</p> <p><i>“disowning/jumping ship yet they were they were involved – lack of courage. If came back would you say the same things in his face”(C1-FGDCEpg4)</i></p> <p><i>“Bull dozing decisions – e.g. car policy change management not done” (C5-FGDCEpg3; C1-FGDCEpg3)</i></p> <p><i>“Distinguishing between personal and business issues when making staff decisions e.g., if they disagree with and EXCO member would they distinguish?” (C1-FGDCEpg4)</i></p> <p><i>“Lack of confidentiality – no oath pact/issues from EXCO must be communicated through formal channels” (C1-FGDCEpg4; C5-FGDCEpg4)</i></p> <p><i>“EXCO groom up and promise individuals positions creating expectations – they override HR policies and procedures. HR is pulled into it” (C1-FGDCEpg4; C4-FGDCEpg4)</i></p> <p><i>“EXCO must stand up to Centre – don’t always just accept” (C1-FGDCEpg4)</i></p> <p><i>“Bad mouthing of staff that have left the bank” (C1-FGDCEpg3)</i></p> <p><i>“EXCO doesn’t catch bricks ---always take cover when things go sour....always looking for a sacrificial lamb” (C1-FGDCEpg4)</i></p> <p><i>“There is a general perception that the of now is not the one that came that gave all the hope, he has been polluted by the EXCO” (C1-FGDCEpg5)</i></p> <p><i>“.....’s first meetings raised expectations; there has been no feedback despite the various opportunities without proper feedback on progress e.g. speech at End of Year..... and then a new year message.....” (C1-FGDCEpg5; C3-FGDCEpg5)</i></p>
C2	<p><i>“..... most EXCO members are now village chiefs..” (C2-FGDCEpg1)</i></p> <p><i>“Restructuring done no post-mortem, they seem personal and targets compromising business” (P1-FGDCEpg2; C2-FGDCEpg2)</i></p> <p>Staff felt there was need for more churn at EXCO level (C2-FGDCEpg2)</p>
C3	<p><i>“.....’s first meetings raised expectations; there has been no feedback despite the various opportunities without proper feedback on progress e.g. speech at End of Year..... and then a new year message.....” (C1-FGDCEpg5; C3-FGDCEpg5)</i></p>
C4	<p><i>“ God fathers encouraging ‘kupalila syndrome’ no meritocracy”(C4-FGDCEpg3;C6-FGDCEpg3)</i></p>

	<p><i>"EXCO groom up and promise individuals positions creating expectations – they override HR policies and procedures. HR is pulled into it"</i> (C1-FGDCEpg4; C4-FGDCEpg4)</p> <p><i>"Succession plans are rhetoric – even the 2ICs can't take on Exco or other roles"</i> (C4-FGDCEpg3)</p> <p>The integration of new staff into the bank was also very poor and as staff changed, there was no skills transfer through induction and on the job training (C4-FGDCEpg2)</p>
C5	<p><i>" key issues that affect the individual e.g. suspension of staff lending is never discussed and board feedback never given"</i> (C5-FGDCEpg3)</p> <p><i>"Bull dozing decisions – e.g. car policy change management not done"</i> (C5-FGDCEpg3; C1-FGDCEpg3)</p> <p><i>"Lack of confidentiality – no oath pact/issues from EXCO must be communicated through formal channels"</i> (C1; C5)</p>
C6	<p><i>"Hypocrisy don't want to be associated with bad consequence/unpopular decisions e.g 102 New teller salaries issue has not been formally addressed and communicated"</i> (C1-FGDCEpg1;C6-FGDCEpg1)</p> <p><i>" God fathers encouraging 'kupalila syndrome' no meritocracy"</i>(C4-FGDCEpg3;C6-FGDCEpg3)</p> <p><i>"Lots of Perception that precede fact. Validates the view on overriding EPM, Governance and various systems"</i> (C6-FGDCEpg1)</p> <p>A flawed performance management process was used to determine the increment and bonus of staff and the bank claimed to be a performance driven bank (C6-FGDCEpg6)</p> <p>There was poor management of non-performers which could encourage a culture of tolerance for mediocrity (C6-FGDCEpg6)</p> <p>Performance management tool, EPM was not understood by all members in the bank (C6-FGDCEpg6)</p>
C7	<p>Major gaps were identified in the performance contracting process. Not all staff had contracts and not all had performance discussions (C7-FGDCEpg6)</p> <p>Action plans on people audits held between 2011-2013 were not followed through/ was followed through with minimum impact (C7-FGDCEpg6)</p>

Staff members perceive the process as not genuine, not deeply engaging on how staff are performing and how their career is unfolding, the conversations did not focus purely on contracted deliverables/KPIs. This finding correlates with the Staff Engagement Survey where performance and accountability featured most.

- 2014 Reward Review Conversations: there was satisfactory documentation as well as good quality of the conversations as perceived by team members. There were pockets of absence of reward letters in some departments.
- 2015 Performance Contracting Conversations: This was satisfactory because there were well signed-off documentation and well aligned/calibrated goals at individual/team levels. Performance contracts uploaded/signed off both on Peoplefluent (a people management system) and hard copies were available with need for improvement in terms of quality of contracting most especially at clerical and job levels

Following the results of the culture/people analysis in the bank, high level consultations were held with the Human Capital consultant for PBB together with the rest of the PBB leadership team with a view to find out the plans that could be implemented. The following were the high level plans that were discussed to be taken into a full planning cycle.

4.4.2 Culture Intervention

1. Culture Consultant

Hire a culture expert to help the bank in devising a detailed plan to resolve the trust issue between management and staff. This was decided because management had been trying to address the issue through undocumented ways and this had not worked.

In addition to this, there was need to coach all leaders in the bank on how to manage the new generation of staff – the digital natives, a terms that was coined by Prensky in 2001 to describe a new distinct generation of individuals (Koutropoulos, 2011, Hubbard, 2016, Ramarajan et al, 2016; Homkes, 2015) as this could be a contributing factor to the misunderstanding between management and staff. The Bank could also benefit from applying the Hofstede model on Organisational Culture by looking at how the organisation is fairing around the following dimensions (Hofstede, 1990):

- Means oriented versus Goal oriented
- Internally driven versus externally driven
- Easygoing work discipline versus strict work discipline
- Local versus professional
- Open system versus closed system
- Employee oriented versus work oriented
- Degree of acceptance of leadership style
- Degree of identification with the organisation

2. Connect Methodology Intervention

In order to improve communication on the strategy as well as improve goal alignment across all areas of the bank, the “connect methodology” was proposed by the Human Capital team for adoption. The connect methodology is an SBG tool for promoting staff engagement, goal alignment and execution of set objectives. It is aimed at enhancing strategic alignment and implementation of strategy. It also improved the understanding of strategy at all levels and in addition improved leadership engagement, creates empowerment as well as innovation and all these will improve the overall customer experience based on the findings of this research study thus far, particularly as experienced in the salesforce intervention in Section 4.3.4.

3. Improving People Engagement score

Deliberate actions were to be taken to ensure that the scores on the people engagement surveys were at 100% across the entire bank. Further action however needed to be deliberated upon with the Human Capital team as well as sampled staff in the PBB and support departments.

4. Staff Profiling

It was also realised that to cope with some of the staff attitude issues raised by customers and observed during implementation of the two cycles, changing calibre of staff in the organisation to those demanded by the business direction and service orientation was necessary. All staff who serve in the business should have profiles that are strong in service management.

5. Staff and process optimisation project

Experts to come and conduct a capacity review in order to reallocate resources across the bank as it was believed that due to the duplication of processes

observed in the study, there may be inefficient use of human resource that needed to be reallocated to where there was more work.

Having designed a high level plan that was expected to improve the overall culture of the bank, it was important to now look at the customer insights that would help further improve on the interventions with a view to both validating that they were still relevant as well as finding more initiatives as had been found with the culture intervention.

4.4.3 Analysis of customer insights

Following the analysis of the cross-cutting cultural issues as well as the related intervention, the customer insights analysis was done based on the 2015 CEBS survey as well as the customer feedback from the feedback registers in the branches. At a bank-wide level, the bank's CEBS results did not improve though there were significant improvements in the NPS as well as in the scores on customer loyalty and customer complaints resolution (Bo3-CEBS2015). The YoY results are presented in the tables in Section 4.3.5 above.

The analysis of the results was based on the same themes discussed in Section 4.2.1 and presented the factors in this category are once again presented in the Figure 53 below.

A summary of the findings by theme will be discussed below.

Customer Convenience (Ci1)

The most prominent complaints were around the queues in the banking halls with the CEBS rating on this parameter decreasing between 2014 and 2015. Others included the cheque encashment process; the performance of the sms alerts platform as well as the need for mobile banking and increased ATMs at strategic sites.

Value for money (Ci2)

Customers felt that SBM fees were fair though there was need to pay more interest on deposits as well as improve the ATM network so that our customers do not pay more fees when they use competitor ATMs.

Products (Ci3)

In terms of this factor, customers in private banking were less satisfied with the loan products perhaps because of the fact that the bank had tightened the lending criteria in this segment.

Customer-centricity (Ci4)

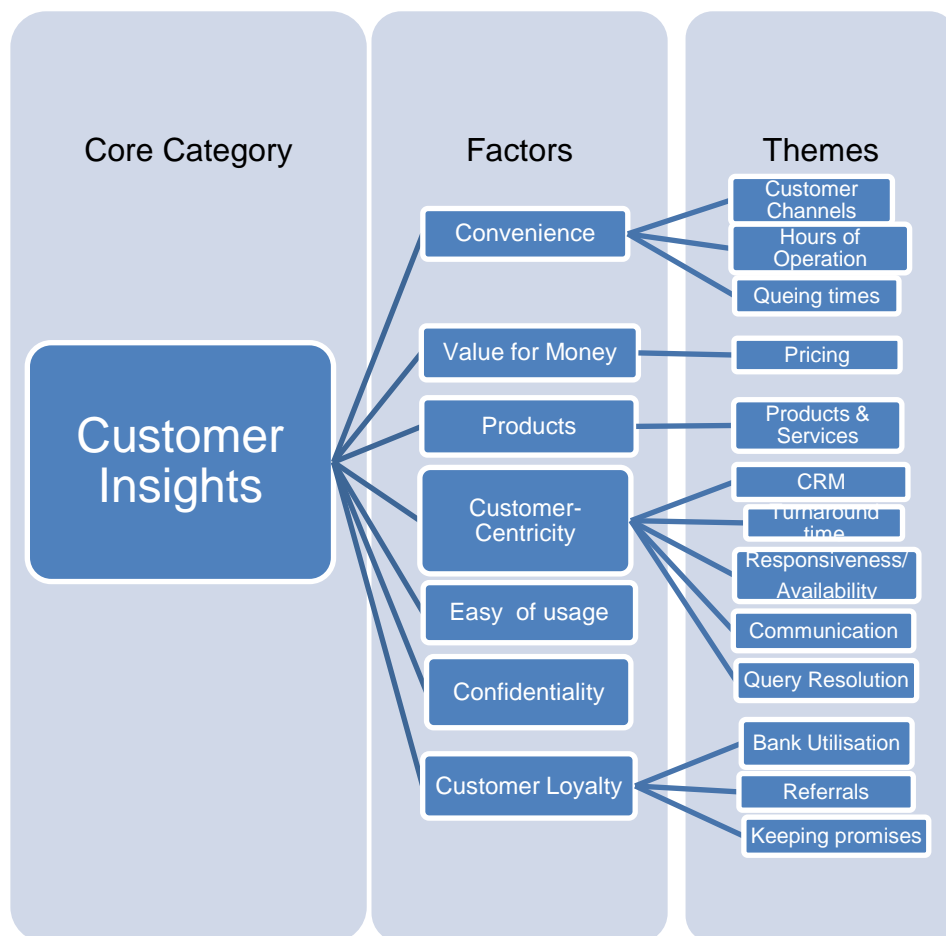
The customer complaints management process and loyalty scores improved across all three segments and private banking improved the satisfaction scores across all important

customer attributes. In branch banking, the most frequent issues were around queuing time and cheque encashment. In both private banking and business banking, the scores were impacted by the change in staff with most new staff scoring very low. The relationship and customer engagement models need to be reviewed based on the new information gathered in this survey.

Ease of using products and services (Ci5)

Feedback was received on the ability of some staff to use the ATMs and how they need to get help from the bank rather than strangers.

Figure 53 Factors and themes in the Customer Insights core category (source: Author)



Confidentiality (Ci6)

This factor improved in business banking with customers reporting that SBM delivers on commitments made. This rating improved from 7.6 in 2014 to 8.0 in 2015. The issue of trust also arose in as expressed in the comment below where a bank staff member would rather be trusted as opposed to any other person one meets by the ATM for example.

Customer Loyalty (Ci7)

The customer loyalty scores improved YoY across all three different segments.

Detailed results of the customer analysis and discussion

Customer Convenience (Ci1)

The feedback on this category came from branch banking and the issue of queuing times dominated this finding. In the CEBS survey, customers gave it an importance rating of 9.1 and there was a YoY decrease in the actual performance going down by 0.9 points from 8.8 in 2014 to 7.9 in 2015 (CEBS15pg17). This is despite the fact that in the interventions more ATMs were added and staff capacity released as well as POS launched albeit in the latter part of the intervention period and therefore the impact of it was yet to be experienced by the customers.

As a result of the long queues, customers were proposing solutions such as placing more seats in the banking halls, improving the cheque encashment process, increasing the number of manned teller positions and/or improving the IT system as these problems contributed to the issue of long queues. Among other proposed solutions include closing hours especially on Saturdays, placing more ATMs, introducing mobile banking since internet banking is considered to be for the elite.

Generally, customers were happy with the performance of SBM's ATMs as well as their locations though some propose more seats. Conveniently located ATMs and some need more ATMs and were proposing sites for these ATMs. Customers also proposed more services such as bill payments, which actually were already offered but customers may be unaware of this. On digital banking channels, the customers expressed dissatisfaction with the performance of the sms alerts platform which need to be addressed.

The verbatim feedback analysed from the customer feedback register showed the following.

Value for money (Ci2)

During the period under review, there were no issues that came up relating to pricing in the CEBS reports. However, some customers advised through the complaints registers that the bank was paying too little interest for their deposits. Previous reports had placed SBM as expensive in terms of both transaction fees as well as interest rates charged for loans and some customers were not sure if there are any other hidden charges.

Customers were also not happy about having fees deducted with inadequate notice and also felt impacted by our limited ATM presence because each time they transacted at a competitor ATM, they incurred high charges.

Below Table 90 is the verbatim customer feedback on this factor:

Products (Ci3)

During the CEBS survey, the rating on the lending products in private banking went down from 7.5 in 2014 to 7.1 in 2015. This may have been influenced by the fact that the bank revised the lending parameters and most clients no longer qualified for the automatic overdraft which was previously being offered in private banking due to the macro-economic factors which were posing additional risk on such products.

Table 89 Verbatim feedback from Customers on Customer Convenience in Cycle 3 (source: Customer feedback register, 2015)

Complaint/Suggestion/Compliment
<i>"I wish Standard Bank Ltd could provide an ATM service at Dedza MI Total filling station which is opening very soon" (CEB14pg8)</i>
<i>"Make sure your tellers are filled with your employees because we spend a lot of time waiting. You have 8 tellers (cubicles) but you only have two people serving" (CFR14pg16)</i>
<i>"Today I have been in the banking hall for over one and a half hours with only (few) people/customers in front of me. The cause of the immense delay being there were 2 cashiers serving us. The lines on both deposits and withdrawals were too long. The situation is a true reflection of lack of value for the customer" (CFR14pg17)</i>
<i>"we need more chairs to sit as we are waiting for our services" (CFR14pg38)</i>
<i>"I sincere(ly) hope this (the larger banking hall) will eventually end the long queues for customer satisfaction and fast service. Keep up friendly customer service"</i>
<i>"ATMs are effective and efficient as compared to other banks. They are also strategically positioned e.g. area 18 adding more value to your customers" (CFR14)</i>
<i>"If possible, make sure all tellers are operational during month(end) to avoid queues or long standing for your customers" (CFR14)</i>
<i>"no adequate seats provided for standing waiting customers. This is a cause of huge physical an psychological distress" (CFR14pg27)</i>
<i>"additional tellers and additional seats please" (CFR14pg29)</i>
<i>"what is the purpose of closing at 11am on a Saturday instead of whole day? I ask because network problems keep people in the bank, can't you find a way out of this?"(CFR14)</i>
<i>"Please provide enough seats, please. You keep us standing for too long. And put enough tellers as well" (CFR14pg32)</i>
<i>"There is sloe service, customers remain unattended to on the long queues for a long time due to insufficient staff" (CFR14pg37)</i>
<i>"I am not reviewing messages once the salaries are deposited. Two months have passed without the service, please assist me" (CFR14pg56)</i>
<i>"I would rather suggest that the Standard Bank better introduce mobile banking services as soon as possible so that we should be checking balances, buying units, transferring moneys etc. since we have the problems and this leads to congestion in the bank a some walk long distances" (CFR14pg49)</i>
<i>"Please its high tine you need to start mobile banking so that people from rural (areas) also benefit. Internet banking is for high class people. Please assist us your customers" (CFR14pg50)</i>
<i>"Waiting time for cheque is too long."</i>
<i>"Please consider providing more seats/chairs as some of us cannot stand long." (CFR14pg15)</i>

<i>"Would you please assist us with the auto teller services in Mchinji? The plea has come because we are losing our money through other banks when their auto tellers have failed to operate. This denotes we need to travel to Lilongwe."</i>
<i>"Waiting time for the cheque is too long. Please consider providing more seats/chairs as some of us cannot stand for long"</i>
<i>"I came to collect account opening forms so that I have an account with this bank but to my dismay, I had to wait for over an hour. I don't want to complain but I would be very grateful if you take this issue for it is very demotivating to others and hence loss of interest to open an account. Thank you."</i>
<i>"I have been facing problems of paying water bills through this bank when I pay my bills through this bank it doesn't indicate that I have paid and I have been advised by the members of Zomba Water Board to pay my bills through National Bank or Post Office." (CFR15pg182)</i>
<i>"I am a resident of Liwonde Township with no Standard Bank branch or an Agency. We are being services by National Bank as well as FMB banks at Liwonde using Visa cards" (CFR15pg183)</i>

Table 90 Verbatim Customer feedback on Value for money in cycle 3 (source: Customer Feedback Registers)

Complaint/Suggestion/Compliment
<i>"Why are you deducting my money without my knowledge? Please notify us if any development has arisen. We budget for any money that goes into my account."</i>
<i>"Would you please assist us with the auto teller services in Mchinji? The plea has come because we are losing our money through other banks when their auto tellers have failed to operate. This denotes we need to travel to Lilongwe."</i>
<i>"I would like to know that why this bank they don't give interest, while other banks they do. We need this bank to develop the nation and also we are tired to stand on the queue" (CFR14pg40)</i>
<i>"Your K600.00 charge per month is fair (if there are no hidden chargers)" (CFR14pg52)</i>

In terms of feedback recorded in the complaints registers, the following were the comments as outlined in table 91 below:

Table 91 Customer feedback on Products in cycle 3 (source: SBM Customer Experience Department)

Complaint/Suggestion/Compliment
<i>"Can't you introduce loans for pensioners?" (CFR14pg5)</i>
<i>"I suggest the bank tellers are well groomed with a formal dress code so that customers take them seriously and with confidence. I suggest the bank tellers being the gatekeepers and banks customer interface adopt a positive attitude to customers by using a good language." (CFR14pg33)</i>
<i>"As a person over 60 years, I have certain minimum expectation on how a teller can attend my needs, today I felt bad from the way the tellers at both Priority banking, inquiries and cashier bulk spoke to me. I found the tone of voice offensive." (CFR14pg33)</i>

Customer-centricity (Ci4)

Branch banking customer centricity somewhat improved during 2015 considering the fact that there was a decline in the number of customers that reported a complaint to 8% down from 11% in 2014. 65% of the complaints were fully resolved an improvement from 45% in 2014. In addition to this, only 9% of the customers were not happy with the resolution as compared to 15% in the prior year. The overall score for the complaints resolution process

improved to 8.4 from 7.8. This goes to show that the interventions put to resolve some of the branch challenges may be starting to bear fruit.

Despite this fact, there were still some concerning trends that were picked up. For example, the following attributes that had importance ratios to the customer of more than 9 went down year on year.

However, in terms of SBM keeping its promise to customers in as far as treating the customer with respect while striving to improve customer service, the ratings went up by 0.1 respectively.

In private banking, like in branch banking, there was also a notable improvement in customer-centricity on some key lines such as the complaints resolution process which improved from 6.4 in 2014 to 8.3 in 2015. In addition to this, while 18% of customer reported complaints in 2014, only 5.9% did so in 2015. Of these 100% were resolved and 100% were happy with the resolutions. The customer escalation line of complaints improved as well from 7.4 to 7.5 while the and in terms of speedy response to product and service through e-mail and telephone this improved from 7.9 to 8.1.

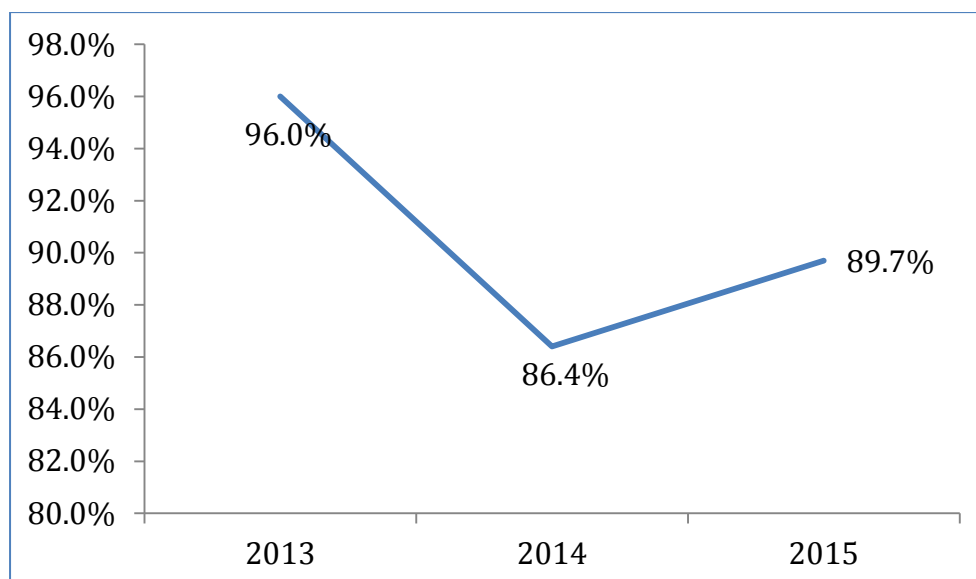
Table 92 Importance versus satisfaction rating on customer-centricity in Cycle 3 (source: SBM Customer Experience Department)

Attribute	Importance rating	Satisfaction Rating		Variance
		2014 rating	2015 rating	
Being treated as a valuable customer	9.5	9.2	9.0	-0.2
SBM keeps your best interest at heart	9.3	9.1	8.7	-0.3
SBM handles transactions/requests/queries in good time with no mistakes	9.3	9.0	8.6	-0.4
Overall service received from staff	n/a	9.0	8.6	-0.4
SBM keeps you regularly informed on the progress of your transaction/query/request	9.4	8.7	8.5	-0.2

The rating for the satisfaction with the Private Banking promise remained unchanged at 7.6. one of the issues that impacted on this rating was the level of churn in the team as most of the private banking team were new, with only two having been in the business since 2013 (C3). This impacted on the respondent who knew their Private banker by name:

However, in terms of the ratings by Private Banker, there was a general improvement across all the portfolios and all the portfolios that previously formed part of this study had now been changed and restructured as staff left this business unit.

Figure 54 Respondents who knew their RM by name in Private Banking (source: SBM Customer Experience Department)



The individual Private Banker ratings were as follows:

Table 93 Private Banker ratings 2014-2015 (source: SBM Customer Experience Department)

NAME OF RM	2014	2015	CHANGE
New Private Banker	7.9	9.2	1.3
New Private Banker	8.8	9.3	0.5
New Private Banker		8.0	
Portfolio IC (previously not under sample)	8.1	9.2	1.1
New Private Banker		7.1	
New Private Banker	7.8	8.9	1.1
Portfolio SK (Previously not under sample)	8.7	9.1	0.4

Customers in private banking also advised that they would like to be contacted when need arises 49% or monthly (30%) with only 19% requiring frequent engagement every two weeks or less. 34% preferred monthly face to face contact while 50% either did not require face to face contact or only wanted it when need arises.

The insights from the CEBS survey are interesting in that customers in private banking prefer never to be contacted 50%, yet only 14% are currently never contacted. Our relationship management model in this regard needs to be revisited.

Figure 55 Face to Face Customer Engagement preferred frequency in Private Banking (source: SBM Customer Experience Department, 2015)

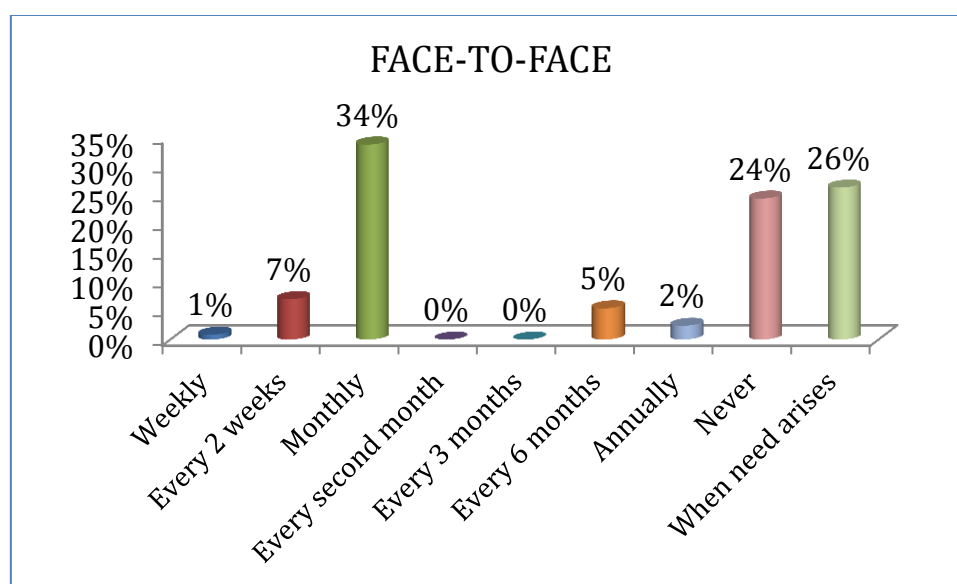


Table 94 Frequency of contact preferred by our Private Bankers (source: SBM Customer Experience Department)

FREQUENCY OF CONTACT	CURRENT	PREFERRED
Weekly	13%	5.7%
Every 2 weeks	12%	13.1%
Monthly	28%	29.8%
Every second month	3%	2.5%
Every 3 months	1%	0.0%
Every 6 months	3%	0.0%
Annually	3%	0.0%
Never	14%	48.9%
When need arises	23%	0.0%

In terms of the importance and satisfaction ratings, all parameters relating to this category improved as presented in Table 92 above.

In business banking, the overall score for the RMs decreased to 8 from 8.4 in 2014. The results were mainly driven by the fact that some portfolios that changed RMs during this period scored very poorly and brought the overall rating down.

Table 95 Importance versus Satisfaction rating for customer centricity for Private Banking (source: SBM Customer Experience Department)

ATTRIBUTE	IMPORTANCE	SATISFACTION			
		2013	2014	2015	CHANGE
Is easily available whenever you need him/her	9.9	8.7	8.1	8.7	0.6
Responds and acts promptly on your queries	9.8	8.8	8.3	8.9	0.6
Proactively keeps you abreast with new products and services	8.9	8.0	7.8	8.5	0.7
Maintains regular contact with you to find out if you have any new needs	9.0	7.6	7.3	8.2	0.9
Does not delay when dealing with your transactions	9.6	8.7	8.2	8.9	0.7
Advises you when there is a problem with your account e.g. a problem clearing a cheque	9.4	8.3	8.2	9.2	1.0
Keeps you regularly updated when processing your queries and or applications	9.0	8.4	7.9	8.6	0.7
Makes banking convenient for you	9.6	8.9	8.4	9.2	0.8
Invites you to events where you can interact with peers	8.8	6.9	5.4	5.7	0.3

Table 96 RM Ratings in BB 2013-2015 (source: SBM Customer Experience Department)

Portfolio	2013	2014	2015	CHANGE
New			6.6	
Portfolio DB	8.8	9.2	9.3	0.1
Portfolio WN	9.6	8.5	8.4	-0.1
New			5.6	
New		8.6	8.6	0.0
Portfolio IC	7.5	8.3	9.0	0.7
Portfolio LK	8.0	7.8	8.7	0.9

Despite this, all customers knew their RM by name an improvement from the 77.7% score in the previous year. This, however, did not help bring up the rating as the most important customer attributes decreased in terms of the customer satisfaction rates YoY as shown in Table 97 below.

Table 97 Importance versus Satisfaction ratings for Customer centricity in BB (source: SBM Customer Experience Department)

Attribute	IMPORTANCE				
		2013	2014	2015	CHANGE
Is easily available whenever you need him/her	9.6	8.7	8.6	8.3	-0.3
Responds and acts promptly on your queries/requests	9.7	8.5	8.5	8.1	-0.5
Is able and is proactive in understanding your current and future business needs	9.4	8.6	8.5	8.1	-0.4
Demonstrates knowledge and keeps you abreast with relevant bank products and services	9.6	8.7	8.1	7.8	-0.3
Proactively learns about your industry and your business	9.0	8.2	8.0	7.8	-0.2
Helps you grow your business	9.8	8.1	7.9	9.3	1.4
Offers expert advice when there is a problem with your business account e.g. a problem clearing a cheque	9.6	8.7	8.7	7.9	-0.7
Keeps you regularly updated on processing of your queries or applications	9.8	8.2	8.4	7.9	-0.4
Invites you to events where you can interact with business acquaintances	9.4	7.6	6.8	6.3	-0.5
The overall service received from the business banker / Relationship Manager	10.0			8.3	8.3

Even in business banking like in the other two segments, the complaint resolution rating improved from 8.1 in 2014 to 8.6 in 2015. Customers who had lodged a complaint decreased to 11% from 29.7% and 63% of the queries had been resolved compared to 42% in 2014. All customers were satisfied with the manner in which their complaint was resolved unlike in 2014 where only 83% were satisfied.

Customers in BB preferred to be contacted at least monthly, with 75% preferring a face to face meeting at least monthly while only 12% prefer to be seen only when need arises.

Verbatim customer feedback on this factor is as outlined in table 98 below.

Ease of using products and services (Ci5)

There was feedback around this relating to the need to help customers use the ATM service as they end up asking strangers to help, which might be risky for them.

Table 98 Customer feedback on Customer Centricity - (source: SBM Customer Experience Department)

Complaint/Suggestion/Compliment
<p><i>"However, am impressed on the duration of the reprocessing the ATM cards with your bank." (CFR14pg1)</i></p>
<p><i>"Please accept my sincere appreciation for the excellent services rendered by your sales assistant. Her zeal in dealing with us customers is very good. I don't know what time she goes to lunch. Her presence from 8:00 to 15:00hrs" (CFR14pg2)</i></p>
<p><i>"I have been so much let down the way ATM cards are managed. I was following up my card after some 2 days it was retained; I was told to renew, which I did, next time renewing/reapplication I just put a wrong PIN number once it also got retained. Am so disappointed." (CFR14pg1)</i></p>
<p><i>"I came to make a deposit into our account. As a bank norm, I stood on the queue waiting for my turn to be assisted. I came on Teller 3, who welcomed me politely but I was just disappointed when she told me that "Ine nduukuuzani kuti mwasochera mukaima pa line ina" (you stood in the wrong queue, go stand in that one). How could she say that to a client when the bank has not made directions whether deposits or withdrawals. Honestly I was pissed off after standing on the queue for large deposits." (CFR14pg3)</i></p>
<p><i>"The service is very slow and you are moving backwards really. The moving forward slogan is a big joke. It takes one hour just to clear a cheque with no problems. A cashier has to walk to get the confirmation of a cheque without someone giving to her. Improve" (CFR14pg)</i></p>
<p><i>"Services have generally improved. Maintain." (CFR14pg11)</i></p>
<p><i>"There is no more need to prohibit customers talking on the phone in the banking hall. If its an issue of security people can still communicate on non-verbal means e.g. WhatsApp and Facebook. So in essence you have to prohibit use of these apps as well which is impossible" (CFR14pg13)</i></p>
<p><i>"Excellent service at all times from it's always a pleasure to deal with her and see her beautiful smile when you walk into the bank." (CFR14pg20)</i></p>
<p><i>"So far so good" (CFR14pg24)</i></p>
<p><i>"I sincere hope this will eventually end the long queues for customer satisfaction, and fast service. Keep up your friendly customer service."</i></p>
<p><i>"..... is a very cheerful lady, very helpful, very supportive. She surely deserves to work in this reputable bank. Please reward her customer care skills. It's been nice meeting her."</i></p>
<p><i>"As a person over 60 years, I have certain minimum expectation on how a teller can attend my needs, today I felt bad from the way the tellers at both Priority banking, inquiries and cashier bulk spoke to me. I found the tone of voice offensive."</i></p>
<p><i>"I am very pleased to provide positive comments on one of your employees I had difficulty using my ATM card until took charges of the matters in her own hands. Within a few days she has resolved the problem to my complete satisfaction. During the time it took her work on the issue, she was always professional and most kind. It is a pleasure to do my banking with a person at the bank whom I trust, respect and admire sincerely." (CFR14pg48)</i></p>
<p><i>"Producing ATM cards within 15mins of opening a new account is what brings customers to your bank. Your service is highly appreciated." (CFR14pg52)</i></p>

"Just to say that after another year with this branch in Zomba, I have nothing but praise for the friendly, polite, efficient service I have received and for the very helpful advice in running the Church account for which I am responsible. Non routine matters have been handled extremely well and made life much easier for me. Thank you." (CFR14pg53)

"My suggestion is that try to ease the requirements and process when one needs to get a loan. Developed economies do very well because they give out a lot of loans. Just think of the profit you would be making if a quarter e.g. your customers were able to access loans every month." (CFR14pg54)

"I would like to recommend, since she joined Executive Banking, her service is superb. She keeps in touch through email updates and her approach and attitude towards me and other customers is very positive." (CFR14pg78)

"Thank you very much to in Priority Banking who is efficient, enthusiastic and helpful. She has transformed the service"

"Speed up processing bank cheques to meet current international standard as regards to competitors e.g. National Bank is much updated."

"Please by 8:00am your bank tellers should be ready not opening the Bank as 8:00am yet your bank tellers are not ready. (Deposits side)" (CFR14pg101)

"We transferred to Lilongwe Branch from Zomba in January 2015. I am very pleased to say that the staff here are equally friendly, efficient and very helpful as they were in Zomba."

I suggest that the increase number of tellers on the busy days and month ends and add chairs in the banking hall, the ones available are not adequate and customers tend to stand for hours.

Table 99 Customer feedback on ease of using products and services (source: SBM Customer Experience Department)

Complaint/Suggestion/Compliment

"Have often been asked to assist people use their ATM cards (at National bank well as at this lovely bank) I am an educator and love to assist where I am able. The problem is that Malawians have simple minds and trust everybody (I am talking about lower class Malawian, cause the educated ones have complicated minds)" (CFR14pg46)

Confidentiality (Ci6)

This factor improved in business banking with customers reporting that SBM delivers on commitments made. This rating improved from 7.6 in 2014 to 8.0 in 2015. The issue of trust also arose in as expressed in the comment below where a bank staff member would rather be trusted as opposed to any other person one meets by the ATM for example.

Table 100 Customer feedback on confidentiality (source: SBM Customer Experience Department)

Complaint/Suggestion/Compliment
“Have often been asked to assist people use their ATM cards (at National bank well as at this lovely bank) I am an educator and love to assist where I am able. The problem is that Malawians have simple minds and trust everybody (I am talking about lower class Malawian, cause the educated ones have complicated minds)”

Customer Loyalty (Ci7)

In branch banking, there was an improvement in the likelihood of customers to recommend SBM to others from 8.12 in 2014 to 8.19 in 2015 while recommending a branch improved by 0.19 from 8.27 to 8.46. Customers also showed a stronger willingness to continue banking with SBM over the next 12 months from 9.02 to 9.07 and overall there was an improvement in the competitive advantage of using SBM from 8.31 to 8.40

Table 101 Customer Loyalty in branch banking (source: SBM Customer Experience Department)

Parameter	2014	2015	Change
Likelihood to recommend the bank	8.12	8.19	-0.7
Likelihood to recommend branch	8.27	8.46	0.19
Likelihood to continue using the bank in next 12 months	9.02	9.07	0.5
SBM Competitive advantage	8.31	8.40	0.9

In private banking, the following table 102 shows that there was an improvement across all areas concerning loyalty except for a slight drop in the likelihood to recommend private banking. SBM competitive score still remains low.

As for business banking, the results in table 103 show that the major improvements were in terms of the competitiveness of SBM as well as in terms of the likelihood to continue using the bank. The other two parameters improved marginally.

Table 102 Customer loyalty in private banking (source: SBM Customer Experience Department)

Parameter	2014	2015	Change
Likelihood to recommend the bank	7.9	8.5	0.6
Likelihood to recommend private banking	8.5	8.4	-0.1
Likelihood to recommend RM	8.6	9.0	0.4
Likelihood to continue using the bank in next 12 months	9.0	9.4	0.4
SBM Competitive advantage	7.9	8.0	0.1

Table 103 Customer Loyalty in business banking (source: SBM Customer Experience Department)

Parameter	2014	2015	Change
Likelihood to recommend the bank	7.6	7.7	0.1
Likelihood to recommend RM	8.4	8.5	0.1
Likelihood to continue using the bank in next 12 months	8.6	9.2	0.6
SBM Competitive advantage	7.2	7.9	0.7

Given the customer insights, there was need to review the interventions one to four to check if they were still relevant to responding to the customer's needs. The following three sections consider this.

4.4.4 Intervention 1 and 3 – BIE; BO and TATs on ODs, LCs and guarantees

In Cycle 2 of this intervention, key processes that impact the customer experience were implemented and partial visibility of processes such as UPL's, O/Ds, guarantees and account origination was achieved. A review of the customer insights following this cycle of research reveals that the customer insights had shifted towards complaining more around long queues especially to cash cheques - a payment method that is fast being phased out globally. Such payments methods have been replaced by the more digital channels solutions as well as many calls for the bank to adopt more self-service channels such as mobile banking – a call to move into modern payment methods (King 2012, Skinner, 2014, Jooste, 2016). The customer demands had evolved as the bank improved on what customers had previously informed them. This indicates that there is a greater expectation and demand that the processes deployed in the businesses within PBB should be enabled more by technology and should consider customer convenience rather than staff efficiency as has been the case in the interventions thus far. This, therefore means that the initial solutions were incremental in nature but customer demands want more radical improvements in the manner in which the transactions are actually processed. In planning for Cycle 3 of the interventions this will be taken into account. The following initiatives were identified to improve intervention one and three.

Channel and process optimisation

The initial high level consultations with the Head of Customer channels, the customer channels team in SBA, the IT, Operations as well as credit teams indicated that there is need to do the following:

- The team proposed to improve the current self-service channels in order to address the problems that were being faced. This included internet banking which was not processing transactions that were done by customers when the system was offline efficiently. Further to this, the channel was not being positioned to the relevant

customers to adopt it and customer awareness of the channel was low with 17 324 registered users out of the entire customer base of close to 200,000 and only 3724 of them being active.

- POS had been launched in April of 2015 and the team was planning on ensuring constant connectivity, monitoring systems. All the devices bought for the initial rollout had been deployed and at the time of closing the study, more devices were being sourced. In addition to this, the mobile POS (MPOS) as being tested which would enable more merchants to acquire SBM transactions and thus increase reach. The uptime monitoring dashboards were still under construction.
- In addition to this, the CCC which had been launched together with a virtual banking centre known as BizDirect for small and medium enterprises (SMEs) was gaining ground with 36% of the target customer having been migrated to BizDirect within the first 5 months of inception. The CCC was processing an average 550 inbound calls and 6000 outbound calls and targets for 2016 were set at a revenue contribution of K200m.
- Airtel Money had also just been launched and this is a transacting platform which was developed in partnership with the largest mobile network provider in the country. The number of transactions on the platform has steadily grown from 385 in August 2015 to 552 in February 2016. The values have grown in the same period from K3m to K11m. The value growth demonstrates the level of trust that people are building on the platform and are now transacting in large volumes. This channel, therefore, has potential to grow.
- Mobile Banking was about to be launched at the end of this study and it would enable most transactions that were being done through Airtel Money to be done directly, ensuring efficiency, cost effectiveness for the customer and improved revenue for the bank.
- A longer term goal was to enable on-line application and processing of loans and other products across all segments, leveraging the BizDirect and CCC channel.
- Preparation for a new core banking system as well as the data clean-up as well as the process alignment that would support this.

4.4.5 Intervention 2 – I-serve

In terms of the second intervention on I-serve it was noted that I-serve had really improved the customer experience in terms of TAT for loans, cards and cheque books. However, the customer complaints platform still needed to be improved and utilisation levels needed to grow. Further, in line with customer convenience, making it accessible on-line to customers and also dealing with the complaints in a seamless manner and making customer feedback a critical part of input into the business strategies would help the business become more customer centric.

In consultation with the Head of Customer Experience who manages and monitors the use of I-serve, it was recommended that the I-serve system be extended to business banking in order to ensure that complaints in that area are also captured digitally and tracked. Furthermore, it was proposed that the solution be integrated to the CCC so that it seamlessly compliments the investment that has been made in the CCC channel and in addition it should be enhanced so that it can be robust enough to handle complaints from alternative channels such as internet banking, the bank's website and any other customer touch point. It was further observed that the awareness of the I-serve is not yet pervasive across the entire organisation and there was need to improve awareness through internal campaigns in order to ensure organisation-wide support and usage of the system.

4.4.6 Intervention 4 - Salesforce

In terms of enhancing salesforce and increasing the value that has already been realised further, it was proposed by the Head of Sales and Customer Experience in PBBA that the next phase of salesforce should be extended to the Private Bankers as well. It was also noted at this point that SBM was the best Bank in PBBA in terms of using salesforce. The utilisation table that shows utilisation in all the countries as at December 2015 are as shown in Table 104 below. Tables 105 and 106, show the level of utilisation of the system in terms of actually entering data relating to customers. SBM was also leading in terms of loaded Customer Value Chain Analysis (CVCAs), table 105 which is identification of all the opportunities that can be obtained from a customer as well as a ratio known as Deliver the Firm (DTF), table 106, which measures the product holding by customer.

Table 104 Salesforce utilisation across PBBA (source: Customer Experience Department, PBBA, 2015)

Country				Average client record completeness
	Number of users that logged in	% of users that logged in	Usage Rank	
Malawi	50	91%	1	93%
Country 2	35	81%	2	90%
Country 3	55	79%	3	66%
Country 4	29	78%	4	91%
Country 5	34	71%	5	73%
Country 7	40	71%	5	63%
Country 8	15	71%	5	60%
Country 9	26	68%	6	74%
Country 10	26	60%	7	93%
Country 11	29	53%	8	93%
Country 12	35	46%	9	71%
Country 13	25	41%	10	77%
Country 14	8	23%	11	78%

Table 105 CVCA's completion record (source: Salesforce)

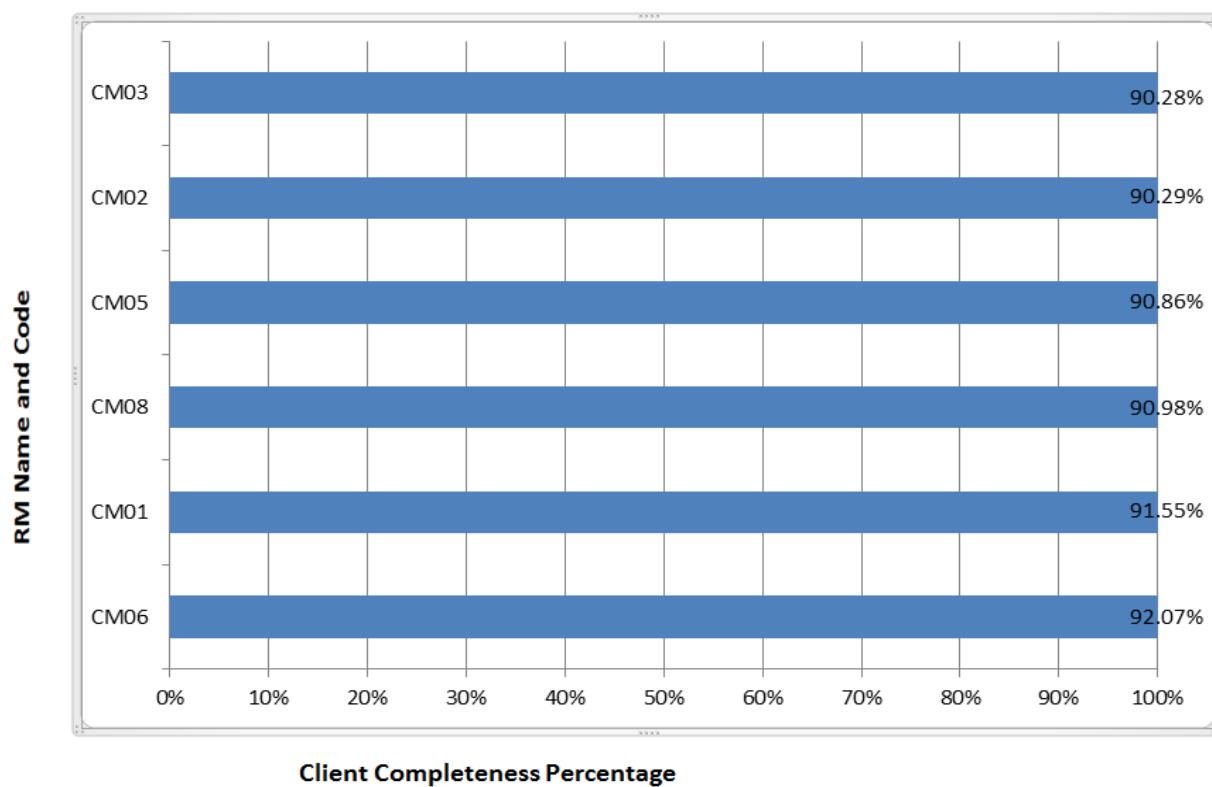


Table 106 DTF results across PBBA as at 31 December 2015 (source: PBBA Sales Department)

Country	DTF Ratio Start Dec 2014	DTF Ratio Target Dec 2015	DTF Ratio Current Dec	DTF Target Q4	% Achieved
A	0.310	0.500	0.541	0.500	108.2%
L	0.270	0.500	0.516	0.500	103.2%
B	0.280	0.500	0.515	0.500	103.0%
Malawi	0.234	0.500	0.506	0.500	101.2%
ZA	0.230	0.500	0.505	0.500	101.0%
N	0.352	0.500	0.501	0.500	100.2%
K	0.318	0.500	0.494	0.500	98.8%
M	0.240	0.500	0.453	0.500	90.6%
ZE	0.216	0.500	0.447	0.500	89.4%
S	0.271	0.500	0.420	0.500	84.0%
G	0.290	0.500	0.401	0.500	80.2%
T	0.280	0.500	0.382	0.500	76.4%
NR	0.188	0.500	0.381	0.500	76.2%
U	0.360	0.500	0.325	0.500	65.0%

4.5 Summary

This chapter covered the research findings in two complete cycles of AR followed by a planning for a third cycle of research. The MKC Relationship Management model developed in literature was modified after reflecting on each cycle. The research findings were presented by the four interventions identified which were RIE and BO; I-serve; BB TATs and Salesforce. The research findings proved that the MKC Relationship Management model is a useful model that can be adopted to improve CRM with the aim of increasing profitability at SBM.

Chapter 5 Conclusion and contribution to Knowledge

5.1 Introduction

The aim of this chapter is to conclude this research study. There are seven sections in the chapter. The first one will cover the research problem, goals and objectives. The next one will discuss the theoretical contribution followed by the practical contribution. The final sections will look at the validity of the findings, the limitations and areas of further study.

5.2 Research problem, aims and objectives

The aim of this study was to increase profitability in PBB at SBM by developing and testing a framework that uses KM to enhance CRM and customer service. The research problem that was being solved for was:

“How can SBM retail banking help the strategic objective of SBG as well as of SBM to achieve greater profitability through using KM of the information from and/or about customers held in the bank to improve CRM?”

The MKC Relationship Management model which was developed based on extensive literature in this study, provided a framework that was tested through two cycles of AR and proved to be useful in terms of improving profitability in the PBB business in Malawi. A third cycle for testing the framework was also planned for. The objectives of this study were:

- To develop a conceptual framework based on current literature in the fields of CRM and KM that can be used to enhance customer value and profitability at SBM.
- To understand the current CRM and KM practices at SBM and how these relate to the conceptual framework.
- To test the framework over two cycles of action research followed by planning for a third cycle and assess how this impacts on the profitability of retail banking at SBM.
- Based on the outcome of the two cycles of action research, review the conceptual framework developed in the first objective into one that can become a blue print for use in SBM retail banking.

The following sub-sections look at each of the objectives and the status of the same.

5.2.1 To develop a conceptual framework based on current literature in the fields of CRM and KM that can be used to enhance customer value and profitability at SBM.

To address this objective, an extensive literature review was provided in chapter two of this thesis. The history of retail banking was considered with a view to understanding how banking has evolved and where the future of banking is likely to go. The influences of retail banking were established as being the four key stakeholders to this business (shareholders, regulators, staff and customers) and a relationship between the four is established. A conclusion was drawn from the literature that in the future of banking more focus needs to be placed on the customer while fulfilling the needs of the other three stakeholders of shareholder, staff and the regulator.

Thereafter, the importance of CRM was discussed and defined and the various levels of CRM – operational, analytical and collaborative are discussed. A link between CRM and KM was then established in the sense that in order to manage customer relationships better, there was need to harness the knowledge held in the organisation by staff in various departments about and for customers in order to know the areas that can be improved or continued. This helps to improve the time it takes to respond to the customer's needs as processes are managed more proactively. The study has indeed shown customer experience, upselling and cross-selling opportunities and competence of staff in dealing with customer issues improves. In addition to this, it promotes collaboration and alignment within the organisation for the sake of improved customer experience and in turn less unresolved customer issues. Besides, the organisation's culture, systems and processes become more customer centric resulting in better customer retention and acquisition. Various models that integrate CRM and KM were considered and ultimately a conceptual framework based on literature was developed. This conceptual framework (The MKC Relationship Management framework) was then tested through AR to see if it can be applied in practise.

5.2.2 To understand the current CRM and KM practices at SBM and how these relate to the conceptual framework.

In chapter four of this thesis, in-depth insights were gathered in terms of how SBM manages CRM and KM across business banking, private banking and branch banking. Key processes with maximum impact are isolated, studied and improved during the course of the study. These processes related to TATs across loans, guarantees, cards, cheque books, customer query handling, cheque processing and account opening. The CRM tool, Salesforce, already used at SBM was further exploited to see how it could enhance profitability and management

of customer relationships. Of all the initiatives studied, Salesforce showed greater evidence of impacting on profitability within a short space of time. At the end of the study, the customer query resolution improved as seen by the customer. Besides, apart from long queuing times (Ci4), the customer complaints had shifted to new areas such as the need for mobile banking.

In terms of TATs across loans, guarantees, cards, cheque books and query resolution, there was no way of measuring these processes prior to the study. The processes were also marred with multiple hand-offs, manual systems that were prone to mistakes and knowledge gaps across the value chain. By the end of the study, though there was no way to measure the true end to end customer process, there were some measurements introduced and the TATs improved over time. In addition to this, the processes that support these key customer touch points were also improved and the end result was general improvement in the NPS score and a shift in the issues that customers were raising through the customer feedback registers in the branches. The development and use of the I-serve system was a major realised benefit derived from the use of the model.

As far as Salesforce was concerned, the level of utilisation not only went up but this also improved the share of wallet among existing Commercial Banking customers as well as their perception of the Bank. It also improved the understanding of customers by Relationship Managers.

In terms of the conceptual framework, it proved to be an iterative process that allows for continuous improvement of various customer touchpoints as it gave room to improve new areas as existing problem areas were resolved.

5.2.3 To test the framework over two cycles of action research followed by planning for a third cycle and assess how this impacts on the profitability of retail banking at SBM

The MKC Relationship Management model that was developed based on literature in chapter two was tested in chapter four through two cycles of AR. The method of testing was thoroughly discussed in chapter three. The MKC Relationship Management model was modified with each cycle of AR and the end result showed that CRM and KM initiatives thrive better in the right organisational culture and cultural issues are key determinants of the success of CRM and KM initiatives. In addition to this, the testing of the framework proved that IT systems need to work hand in hand with processes and business strategy in order to be successful. CRM and KM initiatives take time to show results but once the disciplines are

embedded, the results could be rewarding for the Bank. This conclusion is based on the outcome of the Salesforce initiative and assumes that if cycle 3 is carried out, greater return will be registered. In addition to this, the cyclical nature of the model allows for continuous improvement of the entire CRM and KM system for the better of the customer as well as the bank.

While various studies have come up with conclusions that are similar to those identified in this study, this specific study adds value in that no single study has come up with a consolidation of such conclusion as was the case in this study. In addition to this most studies such as the one by Kandadi (2006), Johnson and Christensen (2011) and others discussed as part of this study were developed at conceptual level but were not tested in practise. Some key insights gained from testing the MKC Relationship Management Conceptual Framework were:

1. Where IT systems, business processes, business focus/strategy and culture worked well, the intervention proved to be very successful. This was the case with the Salesforce intervention where profitability actually improved alongside the NPS scores.
2. Where IT systems failed or were unstable and unreliable, as was the case in the I-serve intervention, it was a source of frustration and staff went back to the old way of doing things. Similarly, the system was not fully adopted where the process required that staff use dual systems. The I-serve system was a case in point that required staff to log in card orders into both I-serve and the core banking system.
3. As processes changed, there was need for cultural changes particularly in terms of the structure, remuneration and reward as well as recognition processes. This would have ensured that people optimisation was achieved and that the new processes were not compromised by continued duplication of roles. In this study, ensuring that the new standards of performance were incorporated into the performance contracts of staff helped to embed adoption of new processes as well as deepened the level of cultural change. The tendency to cheat in order to meet the new standards of delivery was of key concern and hence the need to ensure that the culture was deeply embedded in a widely accepted value systems.
4. Competence was essential to the success of the CRM projects in this study. It was observed that some CRM initiatives were failing because of knowledge gaps.
5. Measurement tools should enable measurement of end-to-end processes in order for them to truly impact on the customer experience. The measurements that were used in this study were not measuring the true customer experience but at least gave

visibility to the TATs which helped improve them. A true end-to-end measure will enable transformation of the customer experience.

6. MKC Relationship Management model is a continuous process because customer needs are constantly evolving and the model allows for improvement in the customer experience as customer needs change.

5.2.4 Based on the outcome of the two cycles of action research, review the conceptual framework developed in the first objective into one that can become a blue print for use in SBM retail banking.

The final part of chapter four of this thesis covered a summary of the findings and compares the same to literature. The section unveiled the unique findings that are uncovered in this study, as well as the other findings that this study confirms. Once this was done, the conceptual framework was reviewed and changes were made to it. The changes mainly cover the fact that the framework was a continuous process which is iterative in nature and continuously improved based on the voice of the customer (customer feedback). In addition to this, it is acknowledged that implementation of the framework takes time. Issues of culture also become overarching as the organisation's culture impacts on customer- centricity and profitability. The framework that was developed after literature review was thus improved after testing it through the study to make it more practical. This objective is elaborated in Section 5.3 below because it is a major contribution to knowledge at both theory as well as practical levels.

5.3 Theoretical contribution

There are two main theoretical contributions to knowledge that have been made by this study:

1. Theory development in the form of the MKC Relationship Management framework that added to other theories that blend CRM and KM concepts.
2. Adding to the body of knowledge and research in the field of banking in Malawi.

The two theoretical contributions will now be discussed in turn:

1. The MKC Relationship Management framework

The core concept of the framework was developed based on literature and improved following application in two cycles of AR. A comparison between the literature used to develop the MKC Relationship Management conceptual framework and the conclusions drawn after the study reveals that there is literature supporting the conclusions drawn. The

difference between this study and the rest of the studies that support the conclusion is the fact that this study draws all the conclusions from a single study rather than from several studies. In addition to this, the conclusions are not only drawn from support in literature but are based on practical experience obtained during the two cycles of AR. In addition to this, the MKC Relationship Management model was drawn from extensive literature review and, therefore, has the advantage of translating literature to a practical framework and compares the findings back to literature. The application of the framework in a banking environment in Malawi makes this research study unique given the limited CRM and KM literature in banking in Malawi.

Having said this, it is imperative that the various studies whose conclusions are similar to this study be discussed. The work done by Kandadi (2006), formed part of the MKC Relationship Management framework, through the use of the core organisational elements that help build KM in a dispersed organisation. Kandadi's model simply provided a theoretical framework that was enhanced by this study. Furthermore, the four categories of BCPI were presented as having equal importance yet this study shows that organisational culture plays a cross-cutting role across the categories. Like Kandadi (2006), Sahaf et al (2011) also considered the elements of strategy, systems, process and people but the latter study applied these elements towards improving CRM as opposed to KM. Sahaf et al (2011) argue that for a CRM strategy to be successful, there must be a perfect alignment between strategy, processes, technology and people. The arguments and guidance provided by Sahaf et al (2011) are proven true in this study. Where IT, process, business focus and culture worked well, the intervention proved to be very successful. This was the case with the Salesforce intervention. However, the difference between the Sahaf et al (2011) study and this one is that, like Kandadi (2006), the study in was not validated and refined through practical and iterative testing.

Another work that supports one of the conclusions reached in this study is the work done by Bolton, Gustafsson, McColl-Kennedy, Sirianni and Tse (2014). Bolton et al (2014), and Edelman et al (2015) argue that most service organisations realise the need for change but few pay attention to the small details that actually differentiate them on the market. The study by Bolton et al, supports the outcomes of the MKC Relationship Management model in terms of asserting the need to understand and develop service propositions that improve the customer experience in line with customer expectations. The element of continuous improvement in the MKC Relationship Management model is aligned to the arguments proposed by Bolton et al (2014) and more especially given that the starting point of any improvement in the MKC Relationship Management model is the voice of the customer (customer feedback). Closely aligned to this in terms of a step by step approach to improving

customer experience is the 10 step plan developed by Johnston and Kong (2011), which was based on a case study of four companies. The work by Johnston and Kong (2011) is concluded at the point of developing the steps without validating them.

Apart from the research work discussed thus far which are related to this study, the study by Kelly (1990) also supports part of this research in that it considers how the level of service offered by staff relates to the motivation of the staff, role clarity and job satisfaction. The study reveals that motivation and role clarity have the greatest impact of customer orientation. The issue of culture in service was an aspect that was seen as being equal in importance to process, systems and business focus but this study supports the conclusion of this study which states that culture is an overarching concept in CRM/customer service and orientation. Similarly, Wilson (1997) argues that a relationship between the corporate culture and service does indeed exist and also points out that it is a complex concept because the level of service varies from branch to branch even though the corporate identity is similar. This was proven to be true in this study. In the study which is the subject matter of this paper, it is argued that the differences do not simply emanate in branches alone but also in customer segments of BB, private banking and personal markets in the bank.

In driving a customer-centric organisations, lessons can be learnt from Disney, who developed a service philosophy in the 1950s and till now every aspect of Disney is geared towards satisfying visitors of the Disney theme parks across the world (Johnson, 1991). While this study has stressed on the importance of culture as an important component of driving a CRM/service organisation, it does not agree with the arguments forwarded by Chidley and Pritchard, 2014 that successful CRM is driven by people rather than by process. This study argues that the culture is only a basis for building on. The systems, process and business focus must all work towards supporting the highly committed and motivated staff in a service organisation. This is because otherwise highly motivated staff could become frustrated with processes that have multiple hand-offs, systems that do not work, limited physical infrastructure or an institution that does not put the customer at the heart of its strategic imperatives.

Al-hawari (2015) studied the impact of the customer's personality on how they view service being offered to them and how this impacts on the customer's loyalty. Related to this is the study by Itani and Inyang (2015) which shows that there is a relationship between the salesperson's empathy, felt stress and listening ability with the customer's perceived quality of relationship. This study gives insights into the possible link between the people issues at SBM and how these could be impacting on the interaction between staff and customers which was captured as staff attitude in this study. Al-hawari (2015) studied the customer's

impact on service perception which Itani et al (2015) were more concerned about how the salesperson impacts the customer experience. The latter study is more aligned to one of the findings in this study as opposed to the former since this study also considers how the people, process and business focus issues relate to each other to influence the customer experience. The former study was not as relevant to the finding of this study since the customer's direct data was not collected as part of the data collected for this study.

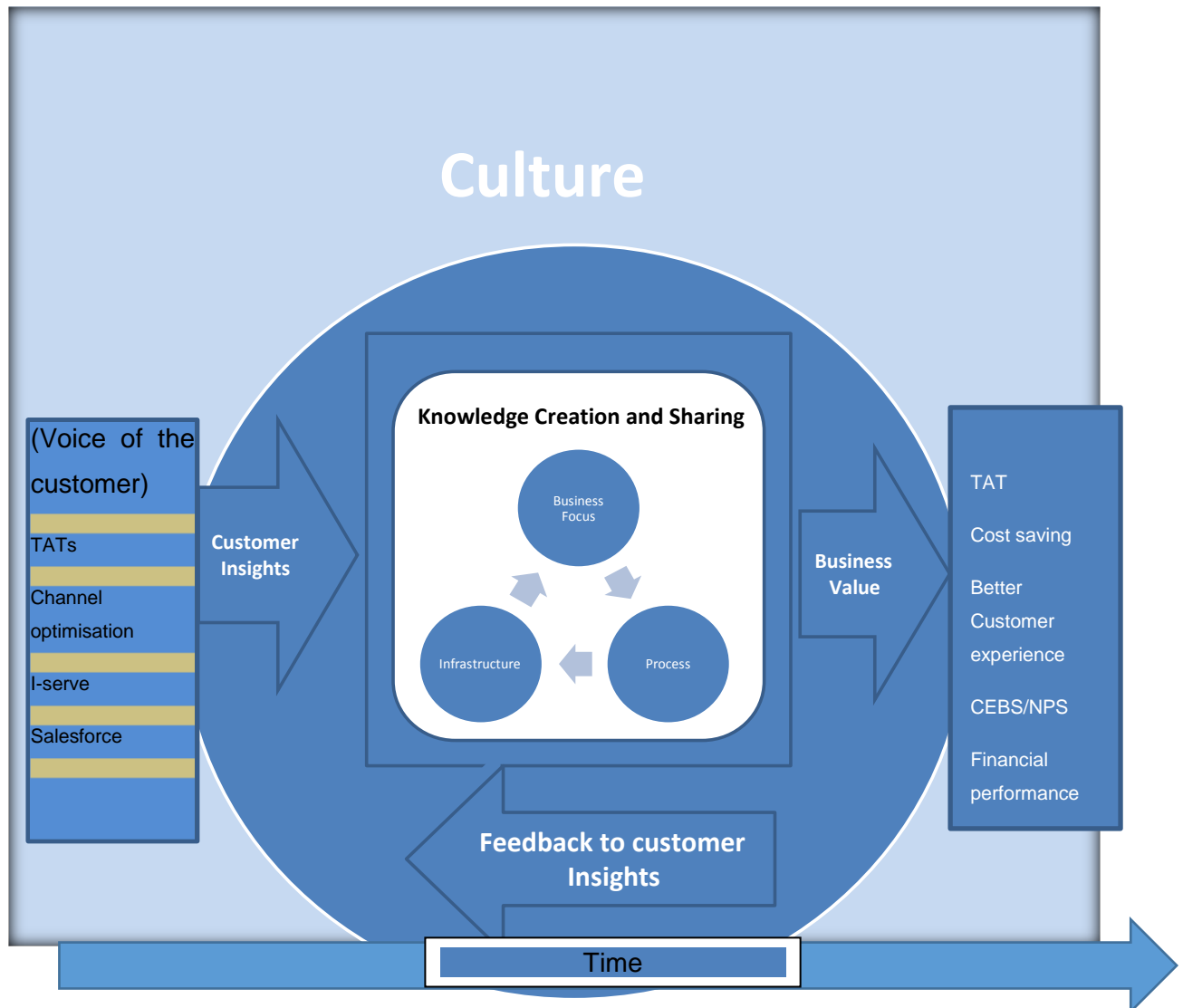
The MKC Relationship Management conceptual framework was used to develop codes that guided the data analysis. Six core categories were identified and these were customer insights (Ci), business process (B), culture/people (C), process (P), infrastructure (I) and business outcome (Bo). 27 elements/factors were identified and grouped into the core categories.

By the end of the two cycles of testing the MKC Relationship Management conceptual framework, the relationship between the various categories and elements in the framework evolved as follows:

- Culture is an overarching part of driving CRM and KM initiatives (C1, C2, C3, C5, C6, C7)
- Business focus, process and infrastructure overlap rather than exist as independently functioning components of the model. For example, as far as the customer KYC is concerned (B4), it needs to be managed using a system (I1) that enables an easier process (P1) in order to deliver a better customer experience (Ci4) and which will result in better TAT (Bo1) in terms of account opening as well as service (Bo3) and ultimately profitability (Bo4).
- The framework is cyclical rather than having a definite start and end. This makes the model dynamic and contributes to the body of literature on continuous improvement and in this instance the continuous improvement relates to CRM.
- It was also been proven in the model that the initiatives that truly change CRM and KM take time.
- In the theoretical contribution of this model, the relationship between KM and CRM is shown to be one that is mutually beneficial. As KM improves so does CRM and vice versa.

Figure 56 shows the final MKC Relationship Management model that has evolved from a conceptual framework. This model has been added to the body of knowledge as a result of this study.

Figure 56 Final MKC Relationship Management model after two cycle of AR (source: Author)



2. Contribution to the body of knowledge in the field of Banking and CRM and KM in Malawi

There is currently limited literature in KM and CRM within the Malawian environment and more specifically within the retail banking environment. Most research in banking in Malawi relates to economics and finance. This motivated this research to contribute to a body of knowledge that considers banking as primarily about customers and basing all decisions that relate to a retail banking business around the customer rather than the regulator, the staff or

the shareholder. My contribution to knowledge through this research will help build the body of knowledge in KM and CRM in general in the context of Malawi and which has been specifically applied to retail banking. Both CRM and KM are relatively new areas of study and the new model developed as a result of this study, the MKC Relationship Management model will support in furthering knowledge in the field.

Finally, this study is one of the few documented studies on CRM in Malawi and more specifically in the retail banking sector at PhD level. It will, therefore, open up for more studies in this area as a result of the areas of further study identified and the base literature provided by this study.

5.4 Practical contribution

There are four main practical contributions to knowledge that have been made by this study:

1. The application of the MKC Relationship Management framework through two cycles of research which demonstrates how theory can be put into practice.
2. The development of a working definition of CRM banking in Malawi.
3. The practical use of the Salesforce CRM tool to drive profitability.
4. The I-serve system which has been adopted and streamlined into the PBB business in Malawi.

The four practical contributions will now be discussed in turn:

1. Application of the MKC Relationship Management Model

Figure 56 shows the final version of MKC Relationship Management model after the two cycles of AR. This in itself is a practical contribution to knowledge in that, the framework is specifically developed for retail banking in Malawi with a view to improving business value and profitability (Bo1, Bo2, Bo3, Bo4) by applying the model. The practical application and business results are all presented in the study. In addition to this, during the period of the study, profitability at SBM improved as a result of systematically applying the framework.

Apart from this, another practical contribution is the systematic manner in which customer feedback is used to improve the experience of both staff and customers. The MKC Relationship Management model offers a guide in systematically receiving customer feedback, interpreting it and devising solutions to the customer issues. It also provides for tracking of the same for the internal results as well as the customer impact of the improvements as seen not only by the organisation but by the customers. In its application, the MKC Relationship Management model is participatory in nature and improves the level of staff engagement in the initiatives (C3).

This piece of work is also practical in that it specifically looks at the various tools that can be used to improve efficiency in the daily operations of the bank in a practical manner. For example, the RIE method used to improve the Account origination and UPL with very positive results goes to show that it is possible to improve profitability by becoming more efficient in processes as well as through leveraging technology without investing heavily in IT systems or infrastructure. A practical example is how the dual screens were used in the verification of personal loan applications, thus saving, time, paper and printing.

Apart from the model having been developed and used in the context of Malawi, the final model after two cycles of AR is so dynamic that it can be applied in a different country within SBM or indeed be used to drive service/CRM in other service industries. This is because the model does not recommend what needs to be done but how it can be done and it always starts with the Voice of the Customer/Customer feedback which differs from organisation to organisation and even across industries.

2. Practical Definition of CRM in Banking in Malawi

The definitions of CRM are generic and not easy to apply. In this study, what composes CRM at SBM for the retail banking customers was broken down to minute detail. The framework provided a working definition of CRM in retail banking at SBM. CRM was viewed as multi-faceted with no single solution for improving customer experience. The four interventions adopted in addressing the issues as raised by the customers demonstrate this fact. The study also provides practical measures that can be tracked to monitor progress and effectiveness. While the model could provide this guidance across how CRM challenges can be resolved, the work done by Furrer, Liu and Sudharshan (2000) shows that perceptions in service quality vary across cultural groups (Hubbard, 2016; Ramarajan et al, 2016). This means that the solutions adopted at SBM successfully may not be as successful in a different cultural context. However, the framework is still relevant in as far as it produces a reference point on how to think through a CRM/service problem.

3. Practical use of the Salesforce CRM tool to drive profitability

Apart from this, the Salesforce system is tested in action and its practical application in a retail banking environment is systematically studied and documented. This adds credibility to the marketing of this CRM tool within similar environments. Currently the Bank at Group level continues to use Salesforce as a basis for growing the business and Malawi remains in the lead of Salesforce utilisation as well as completion of the customer account plans. The research enabled Malawi to take the lead in terms of using this system and Malawi is the best country by revenue in as far as this segment of business banking customers that are managed on this platform are concerned.

4. The I-serve workflow management system

The final practical contribution is the a new process flow management system (i-serve) as well as streamlined processes that have been adopted and tested in retail banking at SBM. The I-serve system was developed in-house and is now a mainstream system in the bank used to manage and measure delivery of debit cards, cheque books as well as complaints management. Other countries in the SBG are currently looking at adopting this workflow system which greatly improves the customer experience. The I-serve system is a pioneering innovation even at SBG level and continues to receive good accolades.

In conclusion, Sahaf et al (2011), Butte et al (2002), Appell at al (2014) among others have provided various guidelines as to how to implement CRM projects in an organisation and have implied knowledge sharing in their findings but this paper specifically applies KM concepts to CRM. Liew (2008), Dehghani et al (2013), Gilbert et al (2003), Alryalat et al (2008), Gerbert et al (2002), Zanjani et al (2008) have also brought CRM and KM concepts together and this study has built on these concepts by developing a more encompassing model that is proven through practical research. The studies cited do not comprehensively touch on all the CRM and KM concepts as presented in this study.

5.5 Validity of findings

There are various ways of ensuring that a study such as this one is valid, According to Kemmis at al, (2014), rigor is required in the manner in which a study such as this one is conceptualised; the way data is collected and analysed as well as how it is presented. The rigor with which existing literature was analysed in chapter two and how it became the basis of the MKC Relationship Management model ensured that the model was deeply embedded in existing literature. In addition to this, the model became a guide for the study in terms of how data was collected and analysed. AR method was followed and thematic coding was used to analyse the data while a grounded approach was taken towards interpreting the data (Nielsen and Nielsen, 2006; Avison et al, 1999; Saldana, 2009; Anderson et al, 2015; Merriam 2009; Ary et al, 2015)

To enhance the internal validity of the data, firstly, triangulation was used in the study in the manner in which data was collected as well as the methods used to collect the data. Data was collected from CEBS studies, customer feedback registers, in-depth interviews as well as FGDs. The ensured multiple data sources and member checks and respondent validation was done by consulting the stakeholders responsible for managing the customers to interpret their understanding of the customer feedback given. This is known as negative or discrepant case analysis (Merriam, 2009; Ary et al, 2013). For example, in this study, this was done at the beginning of cycle three when analysis of customer data is done to check

how the customers' views differed with that of staff output as assessed by business value at the end of cycle 2.

In addition to this, a strategy known as reflexivity or researcher's position where the researcher constantly reflects critically on self as a researcher was also adopted in this study and the reflection was captured in chapter four off the study at the end of each cycle of research (Anderson et al, 2015; Kemmis et al, 2000).

The final manner in which internal validity was established was through the peer reviews in the conferences held throughout the period of this study. At each conference, the researcher had opportunity to get feedback from peers and consideration from this feedback was taken into account in the final outcome of the study.

5.6 Limitations

Three main limitations were identified in this study. The first has to do with limited literature in the field of CRM, KM and retail banking in Malawi. The second had to do with the quality and quantity of data available which related to customer complaints. The final limitation was with relation to the time constraints associated with carrying out AR as well as the key output which was being monitored being profitability which takes time to reflect following some interventions. Below each of the three limitations will be discussed.

1. There is a sizeable body of literature relating to CRM and KM even though they are relatively new fields of study. In as far as literature that relates to CRM and KM in retail banking is concerned, the literature is very limited and this gets even worse with reference to Malawi specific literature. Many researchers in Malawi have written on banking in the field of economics but no published literature of value to this study would be identified. This meant that the reference of existing literature was made using references outside of the Malawian context.
2. A limitation with relation to the data from customers in customer feedback registers was also noted. This could be attributed to the attention that was given towards systematically collecting such data and filing it accordingly. It also shows the level of discipline and rigor that was applied towards CRM within the organisation. A lot of customer data was being collected but was never linked to key decisions and actions to improve the customer experience prior to the MKC Relationship Management model. This resulted in use of data from the entire database rather than merely from the intended sample branches as was stated in chapter three of the study. This was to ensure that the outcome of the study remains valid and credible.

3. Both AR as well as translation of action/interventions to profitability takes time (Frei et al, 1998; Nielsen and Nielsen, 2006; Avison et al, 1999; Kemmis et al, 2000). This is why more than just profitability was measured in the study given that the AR part of the study could only be done over a period of under 2 years. Movements in TAT, sales, customer experience/feedback were used to measure the value/impact of the interventions. In addition to this, other factors impact on the profitability of the business which were not in scope in this study. This includes the macro-economic factors such as inflation, exchange rates which erode profitability. It is difficult to hold these factors constant during the period of the study. However, a trend over several years and also during a similar period is tracked and monitored and despite the macro-economic environment, the impact of the interventions can be deciphered.

5.7 Areas of further study

Some areas of further study were identified in this study and these are extensions of the findings of this study. These were as follows:

1. One of the issues that remained unresolved for the customer included the issue of long queues/long queueing times and resolving this particular issue within the context of the literature on the future of retail banking required consideration of more advanced payment methods. Mobile banking has already been in Malawi for over 3 years and various mobile network operators and banks are participating in this space. The necessity of digital payments methods is in no way in question as customers are demanding this. However, the question of how to transition from the traditional payments methods to the digital payments platforms could be an interesting area of study. How M-PESA in Kenya has revolutionised the customer experience in Kenya, balancing technology, process and business focus with the key stakeholder needs (regulator, shareholder and staff) would be an interesting reference point.

Studies by Heinonen (2014) and Edelman et al, (2015) argue that it is important to look not only at what drives customer satisfaction but also the context of the customer's lives in order to be able to integrate the services offered into the lives of the customers. One of the areas that this study failed to deliver on was with regards to reducing queuing times and also providing alternative channels such as mobile banking (m-banking). Much as this was excluded in the study, it proved to be of importance to the customer's context. This makes the conceptual framework by

Heinonen (2014) important for future development of the MKC Relationship Management model.

For consideration in this regard, too, is the work by Thakur (2014), who argues that In order to develop customer loyalty in m-banking, banks should prioritize user friendly interface and provide services valued by m-banking customers

2. The second area of further study would be related to how a retail bank can embrace digitisation of both customer facing and back end processing for better CRM. In this area of further study, I am specifically reflecting on the transition of the bank from a conventional bank which is highly dependent on people and processes to one that is more dependent on system and processes with little human interaction. From this study, the few work streams that were automated during this study (I-serve, salesforce as well as CAMS system that enables tracking of loans in BB), it is clear that adoption of new processes by staff is not as fast as the market might demand. This study provides some insights into how adoption can be fast-tracked and this includes sponsorship of the initiatives from the top leadership, switching off of the old system as well as remuneration and recognition that encourage such behaviour. This, however, needs to be studied further in order for a blue print that guides the transition and fast tracks it to be developed.
3. Related to this is the change in drivers of customer satisfaction as the channels of delivery change (Thakur, 2014). Kaura, Prasad and Sharma (2015) studied service quality, perceived price and fairness and service convenience influence customer satisfaction and customer loyalty for Indian retail banking sector. This study, however, does not show what the key drivers of customer satisfaction and loyalty would be in a setting such as Malawi and given that culture influences the factors that drive customer satisfaction (Kelley, 1990). It would be interesting to study this with a view to understanding how to build the future organisational service culture which is aligned to the newer channels.
4. The last area of further study would be to investigate shaping the organisation for better delivery of CRM and KM initiatives. Shaping the culture of the bank is critical to any CRM and KM initiatives. While this same finding emerged in this study, it would be beneficial to map out all the various aspects that constitute a CRM and KM driven culture because the aspects identified in this study might be limited given that the finding emerged as a major influence to the study and was not originally anticipated as such. In addition to this, the cultural issues might have emerged as a major issue

within the context of SBM and this might not be the case in other organisations. The issue of context might actually need to be uncovered in a further study.

5.8 Summary

This chapter provided a conclusive summary of the study beginning from examining the research problem and how the study has fulfilled each of the aims and objectives as well as considering both the theoretical and practical contributions of the study. The next sections of the chapter considered the why the research findings should be considered as valid as well as the limitations of the study. To close the chapter, areas of further study were suggested and discussed.

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Appendices

Appendix 1 – CEBS Branch Banking Questionnaire

2014 CEMS SURVEY

BRANCH BANKING



Respondent's Full Name _____
Physical Address _____
City/ Town _____ Telephone Number _____ Interview Date _____
Interviewer's name _____

A1. OUTLET

OUTLET NAME	CODE
Blantyre Main	1
Ginnery Corner	2
Chichiri Mall	3
Limbe	4
CBC	5
Luchenza	6
Mwanza	7
Nchalo	8
Zomba	9
Mangochi	10
Balaka	11
Ntcheu	12
Dedza	13
Bwaila	14
Lilongwe Old Town	15
Capital City	16
City Mall	17

Kanengo	18
Kamuzu International Airport	19
Salima	20
Dwangwa	21
Mponela	22
Kasungu	23
Mzimba	24
Mzuzu	25
Karonga	26

SCREENING QUESTIONS

INTRODUCTION

Good morning / afternoon / evening. My name is from Impact Research, an independent market research firm. We are carrying out a study on behalf of Standard Bank to evaluate the service that the bank offers you as a customer. We would be grateful if you could spare about 15 minutes of your time to assist us in our research. Let me assure you that this is a genuine piece of market research, and is not intended at selling you anything and the information will be used for research purposes only.

B1. Have you participated in any research in the past 6 months? **DO NOT READ OUT.**

Yes	1	THANK RESPONDENT & CLOSE
No	2	CONTINUE

B2. We are looking for people who work in certain occupations. Do you or any of your close friends or family work in any of the following occupations? **INTERVIEWER READ OUT LIST BELOW**

Market Research	1	THANK RESPONDENT AND CLOSE
The banking/financial service industry	2	
None of these	3	CONTINUE

INTERVIEWER RECORD START TIME

C1. With which of the following touch points did you just have an interaction with today? READ OUT. IF MORE THAN ONE TOUCH POINT ASK C2.

C2. And with which did you spend most of your time? READ OUT RESPONSES IN C1.

TOUCH POINT	C1. MULTIPLE CODES POSSIBLE	C2. SINGLE CODE MOST TIME
Teller	1	1
Enquiries	2	2
Consultant	3	3
Business Banker	4	4
Other (specify)	5	5

C3. What was your purpose of visiting the branch today? DO NOT READ OUT. MULTIPLE CODES POSSIBLE

PURPOSE OF VISIT	
Buy a banker's cheque	01
Enquire about a product	02
Enquire about other services offered	03
Enquire about my own account	04
Collect a cheque book	05
Apply for a product	06
Buy foreign exchange	07
Credit card	08
Collect my Credit card	09
Cash a cheque	10
Deposit cash	11
Deposit cheque	12
Lodge a complaint	13
Pay a utility bill	14
Receive cash International Money Transfer	15

Request a debit order/query on a debit order	16
Request a statement	17
Request an ATM card replacement	18
Request on my updates/query on my updates	19
Request PIN on an ATM card	20
Requested a history statement	21
To follow up on a complaint I had lodged	22
To follow up on a query I had made	23
To follow up on an application I made	24
Transfer cash through International Money Transfer	25
Transfer cash from one account to another	26
Transfer money from from one bank to another	27
Update withdrawal limits/query on my withdrawal limits	28
Update/requested Electronic Account Payment Limits/Query EAP limit	29
Withdraw cash	30
Other (Specify)	

C4. Was this transaction at {MENTION RESPONSE TO C2 IF MORE THAN ONE AT C1} for your own account at Standard Bank?

Yes	1	CONTINUE
No	2	
Do not have an account with Standard Bank	3	

C5. Was the visit to the branch today for your personal account or business account at Standard Bank? **READ OUT.**
MULTIPLE CODES POSSIBLE

Personal account	1
Business account	2

MAIN QUESTIONNAIRE

ASK ALL:

1. Would you please rate the overall service from **STANDARD BANK** on a scale of 1 to 10. Where 1 is poor and 10 is excellent. Remember you can use any number between 1 and 10.

Poor					Excellent				
01	02	03	04	05	06	07	08	09	10

2. Why do you say that.....?any other reason?
INTERVIEWER PROBE FULLY AND RECORD VERBATIM BELOW

3. Please rate the overall service you received from this **branch today** on a scale of 1 to 10. Where 1 is poor and 10 is excellent. Remember you can use any number between 1 and 10.

Poor					Excellent				
01	02	03	04	05	06	07	08	09	10

4. You have given the branch an overall rating of **{INSERT RESPONSE FROM Q3}** out of 10 based on your experience with it. What specifically makes you rate the branch as? **{INSERT RESPONSE FROM Q3}**.
DO NOT PROMPT, PROBE FULLY

5. How likely are you to recommend **Standard Bank** to friends or acquaintances? Please use a scale of 1 to 10 where 1 is not at all likely and 10 is extremely likely.

Not at all likely					Extremely likely				
01	02	03	04	05	06	07	08	09	10

6. How likely are you to recommend this **Standard Bank** branch to friends or acquaintances? Please use a scale of 1 to 10 where 1 is not at all likely and 10 is extremely likely.

Not at all likely									Extremely likely
01	02	03	04	05	06	07	08	09	10

7. How likely are you to continue using **Standard Bank** in the next twelve months? Using a 10 point scale where 1 is not at all likely and 10 is extremely likely.

Not at all likely									Extremely likely
01	02	03	04	05	06	07	08	09	10

8. From your experience and knowledge of other banks, how would you rate the advantage to you of using Standard Bank rather than any other bank? Please use a 10 point scale where 1 is no advantage at all and 10 is a very big advantage. Remember you can use any number between 1 and 10 to represent the extent to which you have an advantage or do not have any advantage banking with Standard Bank.

No advantage at all									A very big advantage
01	02	03	04	05	06	07	08	09	10

9. Why do you say that.....?any other reason?
INTERVIEWER PROBE FULLY AND RECORD VERBATIM BELOW

SERVICE RATING

ASK ALL QUESTIONS. ROTATE THE ATTRIBUTES

SHOW IMPORTANCE RATING CARD

10. Here are some factors that people have mentioned as important when dealing with a bank. Please tell me according to you, how important is each of these factors? Please indicate your opinion using a 10 point scale where 1 is not at all important and 10 is very critical. Remember you can use any number on the scale between 1 and 10.
ROTATE STARTING POINT. TICK THE STARTING POINT IN THE COLUMN PROVIDED.

SINGLE CODE PER STATEMENT

TICK STARTING POINT												Don't know
		Not at all important					Very critical					
a	Standard Bank handles transaction/request/ query in good time without mistakes	01	02	03	04	05	06	07	08	09	10	-99
b	Standard Bank takes ownership of your transaction/query/request	01	02	03	04	05	06	07	08	09	10	-99
c	Standard Bank keeps you regularly informed on the progress of your transaction/query/request	01	02	03	04	05	06	07	08	09	10	-99
d	Overall appearance of the branch	01	02	03	04	05	06	07	08	09	10	-99
e	Cleanliness of the branch	01	02	03	04	05	06	07	08	09	10	-99
f	Confidentiality / security in transactions	01	02	03	04	05	06	07	08	09	10	-99
g	Standard Bank has the staff readily available	01	02	03	04	05	06	07	08	09	10	-99
h	The way you were greeted by the staff	01	02	03	04	05	06	07	08	09	10	-99
i	Overall appearance of the staff	01	02	03	04	05	06	07	08	09	10	-99
j	Friendliness of the staff	01	02	03	04	05	06	07	08	09	10	-99
k	Helpfulness of the staff	01	02	03	04	05	06	07	08	09	10	-99
l	Understanding your needs	01	02	03	04	05	06	07	08	09	10	-99
m	Product knowledge of the staff	01	02	03	04	05	06	07	08	09	10	-99
n	The competence of the staff	01	02	03	04	05	06	07	08	09	10	-99
o	Being treated as a valued customer	01	02	03	04	05	06	07	08	09	10	-99
p	Professionalism of the staff	01	02	03	04	05	06	07	08	09	10	-99

TICK STARTING POINT												Don't know
	Not at all important											
q	Willingness and effort made for you by the staff	01	02	03	04	05	06	07	08	09	10	-99
r	Standard Bank keeps your best interest at heart	01	02	03	04	05	06	07	08	09	10	-99
s	Trust/Confidence you have in the staff who served you	01	02	03	04	05	06	07	08	09	10	-99
t	Clear and visible signage -branch /counter / directional	01	02	03	04	05	06	07	08	09	10	-99
u	Attractive and well-designed interior	01	02	03	04	05	06	07	08	09	10	-99
v	Availability of stationery like pens, transaction slips, information leaflets	01	02	03	04	05	06	07	08	09	10	-99
w	Length of time spent at the queue	01	02	03	04	05	06	07	08	09	10	-99

11. Now I would like to ask you a few questions about the service you received at this branch today – This should not be about banking in the branch but the service you received on this day. Please rate the service you received on a scale of 1 to 10, where 1 means the service was worse than you expected and 10 means the service was much better than you expected.

EXPLAIN THE SCALE AND ASK RESPONDENT TO RATE EACH ATTRIBUTE ON THIS SCALE. RECORD RESPONSES IN THE TABLE GIVEN UNDER COLUMN FOR Q11

DO NOT ROTATE ATTRIBUTE 'x'. ALWAYS ASK ATTRIBUTE 'x' LAST

Tick starting point											Don't know
	Worse than you expected it					Much better than you expected it					
a. Handling transaction/request/ query in good time without mistakes	01	02	03	04	05	06	07	08	09	10	-99
b. The ownership they take of your transaction/query/request	01	02	03	04	05	06	07	08	09	10	-99
c. Keeping you regularly informed on the progress of your transaction/query/request	01	02	03	04	05	06	07	08	09	10	-99
d. Overall appearance of the branch	01	02	03	04	05	06	07	08	09	10	-99
e. Cleanliness of the branch	01	02	03	04	05	06	07	08	09	10	-99
f. Confidentiality / security in transactions	01	02	03	04	05	06	07	08	09	10	-99
g. Having the staff readily available	01	02	03	04	05	06	07	08	09	10	-99
h. The way you were greeted by the staff	01	02	03	04	05	06	07	08	09	10	-99
i. Overall appearance of the staff	01	02	03	04	05	06	07	08	09	10	-99
j. Friendliness of the staff	01	02	03	04	05	06	07	08	09	10	-99

Tick starting point											Don't know
	Worse than you expected it					Much better than you expected it					
k. Helpfulness of the staff	01	02	03	04	05	06	07	08	09	10	-99
l. Understanding your needs	01	02	03	04	05	06	07	08	09	10	-99
m. Product knowledge of the staff	01	02	03	04	05	06	07	08	09	10	-99
n. The competence of the staff	01	02	03	04	05	06	07	08	09	10	-99
o. Being treated as a valued customer	01	02	03	04	05	06	07	08	09	10	-99
p. Professionalism of the staff	01	02	03	04	05	06	07	08	09	10	-99
q. Willingness and effort made for you by the staff	01	02	03	04	05	06	07	08	09	10	-99
r. Keeping your best interest at heart	01	02	03	04	05	06	07	08	09	10	-99
s. Trust/Confidence you have in the staff who served you	01	02	03	04	05	06	07	08	09	10	-99
t. Clear and visible signage – branch/counter/directional	01	02	03	04	05	06	07	08	09	10	-99
u. Attractive and well-designed interior	01	02	03	04	05	06	07	08	09	10	-99
v. Availability of stationery like pens, transaction slips, information leaflets	01	02	03	04	05	06	07	08	09	10	-99
w. Length of time spent at the queue	01	02	03	04	05	06	07	08	09	10	-99

15. How long has your complaint been outstanding? **DO NOT READ OUT SINGLE MENTION**

A couple of hours but less than a day	1	SKIP TO Q20
1 day	2	
2 - 3 days	3	
4 - 7 days	4	
8 - 14 days	5	
15 - 21 days	6	
More than 21 days	7	
Other: Specify	8	

16. Was this complaint resolved to your satisfaction?

Yes	1	GO TO Q18
No	2	CONTINUE

17. Why do you say that the complaint was not resolved to your satisfaction? **PROBE FULLY AND RECORD VERBATIM**

18. Based on your most recent or last complaint, how would you rate Standard Bank on complaint resolution? Please use a 10 point scale where 1 is poor and 10 is excellent remember you can use any number between 1 and 10. **SINGLE MENTION.**

Poor					Excellent				
01	02	03	04	05	06	07	08	09	10

ASK Q19 FOR RESPONDENTS WITH CODE 5, 6 or 7 AT Q15.

19. Would you like us to provide your details to Standard Bank on your unresolved complaint or would you rather wait that Standard Bank resolves it?

Yes, please provide them with my details	1
--	---

No, I'll wait for them to resolve the complaint	2
---	---

20. Generally thinking about your experience with Standard Bank, to what extent do you agree or disagree with the following statements, using a scale from 1 to 10, where 1 is "strongly disagree" and 10 is "strongly agree", you can use any number between 1 and 10.

	Strongly Disagree										Strongly Agree									
a. Standard Bank delivers on their commitments	01	02	03	04	05	06	07	08	09	10	01	02	03	04	05	06	07	08	09	10
b. Standard Bank takes ownership	01	02	03	04	05	06	07	08	09	10	01	02	03	04	05	06	07	08	09	10
c. Standard Bank treats customers with respect	01	02	03	04	05	06	07	08	09	10	01	02	03	04	05	06	07	08	09	10
d. Standard Bank strives to further their customer service	01	02	03	04	05	06	07	08	09	10	01	02	03	04	05	06	07	08	09	10

21. If there was one thing that Standard Bank needs to **START FOCUSING ON** from a service point of view, what would you say it is? **PROBE FULLY AND RECORD VERBATIM**

22. And if there was one thing that Standard Bank needs to **CARRY ON DOING** from a service point of view, what would you say it is? **PROBE FULLY AND RECORD VERBATIM**

--

23. And if there was one thing you would like Standard Bank **TO STOP** doing as far as service is concerned, what is it? **PROBE FULLY AND RECORD VERBATIM**

--

24. Which other bank or banks if any do you use? **MULTICODES POSSIBLE. DO NOT READ OUT. IF THE RESPONDENT DOES NOT BANK WITH ANY OTHER BANK OTHER THAN STANDARD BANK PLEASE PROCEED TO DEMOGRAPHICS.**

IF RESPONDENT USES MORE THAN TWO BANK(S) IN Q24 ABOVE ASK Q25 IF NOT SKIP TO DEMOGRAPHICS

25. Out of the banks that you use besides Standard Bank, please tell me, which **TWO** banks did you use most recently? **REFER TO OTHER BANKS USED IN Q24. PLEASE CODE ONLY TWO BANKS**

26. Please rate the service you got from..... (MENTION BANK CODED IN Q25) when you recently dealt with them. Please rate them on a scale of 1-10 where 1 means the service was worse than you expected and 10 means the service was much better than you expected.
INTERVIEWER RATE A MAXIMUM OF TWO BANKS THAT THE RESPONDENT HAS MOST RECENTLY USED

			Q26	
--	--	--	-----	--

BANK	Q24 (OTHER BANKS USED)	Q25 (two banks used most recently)	Much worse than										Don't know
			Much worse than expected					Much better than expected					
CDH BANK	01	01	01	02	03	04	05	06	07	08	09	10	-99
ECOBANK	02	02	01	02	03	04	05	06	07	08	09	10	-99
FDH BANK	03	03	01	02	03	04	05	06	07	08	09	10	-99
FMB	04	04	01	02	03	04	05	06	07	08	09	10	-99
INDEBANK	05	05	01	02	03	04	05	06	07	08	09	10	-99
MALAWI SAVINGS	06	06	01	02	03	04	05	06	07	08	09	10	-99
NATIONAL BANK	07	07	01	02	03	04	05	06	07	08	09	10	-99
NBS BANK	08	08	01	02	03	04	05	06	07	08	09	10	-99
NEDBANK	09	09	01	02	03	04	05	06	07	08	09	10	-99
OIBM	10	10	01	02	03	04	05	06	07	08	09	10	-99
NONE	-99												

DEMOGRAPHICS

READ OUT: To complete the interview I would like to ask you some questions about you that will assist us in classification purposes.

D1. Please look at this card and tell me which age bracket you fall in

SHOW CARD D1

18-25	26-34	35-44	45-54	55-64	65+	Refused
01	02	03	04	05	06	00

D2. RECORD GENDER OF RESPONDENT. (DO NOT ASK)

Male	Female
01	02

D3. WORKING STATUS

Which of the following describes your work status? **READ OUT OPTIONS - MULTIPLE MENTIONS POSSIBLE**

In paid employment	01
Self employed (you work for yourself / own a business)	02
You are studying	03
You are retired	04
You are unemployed / do not work	05

D4. EDUCATION

SHOW CARD D4

What is your highest qualification? Is it... **READ OUT. SINGLE CODE ONLY**

Started primary school but not completed	01
Completed primary school	02
Started secondary school but not completed	03
Completed secondary school	04
Started college/university/polytechnic but not completed	05
Completed college /university/polytechnic (dip/cert/degree)	06
Adult education	07
None	08
Refused	09

D5. What is your occupation?

Owner of company/ Self Employed / Businessman	01
Professional (e.g. lawyer, doctor)	02
Senior management (e.g. CEO, Director)	03
Middle management (e.g. managerial)	04
Executive / officer	05
Other white collar (e.g. salesman, clerks, supervisor).	06
Blue collar (skilled or unskilled)	07
Civil Servant	08
Farmer	09
Housewife /husband	10
Student	11
Retired	12
Unemployed	13
Others (specify)	14

D6. Can you please give me an indication of your total monthly gross personal Income by making use of this show card?

SHOW CARD D6

Up to K15 ,000	01
K 15, 001 - K 70 ,000	02
K 70, 001 - K 250, 000	03
K 250, 001 - K 500, 000	04

K 500, 001 - K 1,000, 000	05
K1,000,000 and above	06
Refuse to answer	07

THANK THE RESPONDENT FOR THEIR TIME AND CLOSE INTERVIEW

.....

INTERVIEWER RECORD END TIME

Appendix 2 – Interview Guide – Head Business Banking (INTBUSB)

Interview Guide For Interview With Head Business Banking

Introduction

Good day.....This discussion is for me to understand from your point of view on what is driving your profitability and if there is any way we can improve the profitability position of your business unit. I am basing my discussion on this theoretical model:

The logic is that;

1. We get input from customers on what they think of our business.
2. We take the feedback and seek to improve our profitability by reviewing our Business focus, culture, processes and infrastructure.
3. Once done, we then review the impact of our action on customer perception and business profitability.

I would therefore like to discuss the following few points with you;

1. What is your view around your business performance? What is driving the business?
2. What are some of the areas where you would like to do better at?
3. I was receiving feedback from your customers and it seems like some of the issues they raised are related to;
 - Long queues in our banking halls
 - Time it takes to clear cheque deposits
 - The time it takes to open accounts because of the need to verify registration certificate with the Registrar of companies
 - Our branches and ATMs are not located in all the places where our customers want them.
 - Our interest rates and charges are too high.
 - The Relationship Managers (RMs) are not giving the value for money to the customers because customers believe that:

- i. Our RMs have limited understanding of the customer's business and are therefore unable to give them advice that helps their businesses to grow.
 - ii. Our RMs are not always available when needed by the customers.
 - iii. We take too long to grant loans, guarantee, LC's and OD's.
 - iv. We do not differentiate them from other customers in the banking hall or otherwise.
- We do not always have foreign currency when they need it.

 - We do not offer all the products they need such as credit cards and Internet banking.

What are your views in all these issues raised by the customers?

4. If you had to choose four areas to improve, what would these be in priority order and why?

5. Do you believe we can find solutions to these challenges? What else can we do for our customers?

Appendix 3 – Discussion Guide – Relationship Managers (FGDBUSB)

Interview Guide For Focus Group Discussion With The Relationship Managers In Business Banking

Introduction

Good day.....This discussion is mainly aimed at making me understand how we are making money in business banking from your point of view. I also want us to discuss some key stakeholders in our business, mainly around shareholders, regulators, staff and customers. This discussion will help us to build a better business. However, I will use parts of this discussion for my PhD thesis. I am not going to identify you by name so please feel free to contribute to this discussion.

Let us start by reflecting on a few issues:

1. What drives profit in a retail bank? What enables us to make money?
2. Let us talk about the role of the shareholders in enabling/hindering us to be profitable?
3. Now what is the role of the Regulators in enabling/hindering us to be profitable?
4. How about the staff/employees in enabling/hindering us to be profitable?
5. And finally, what is the role of the customer in enabling/hindering us to be profitable?

As an employee, you play an important part because without you there will be no one to do all that the bank does. However, for you to serve the customers well, some academics have said that you need to be motivated. Let us talk about this:

1. What motivates you to come to work every day? What keeps you working for Standard Bank?
2. What drives you to serve customers?
3. Do you think that we could still be profitable without customers? How important are customers to the business?
4. If we only focused on the customer, do you think we would be successful as an organisation?

So given that we have established that the customer is important to our business, let us spend some time talking about the customer:

1. What are we going to do to improve how we manage the customers?

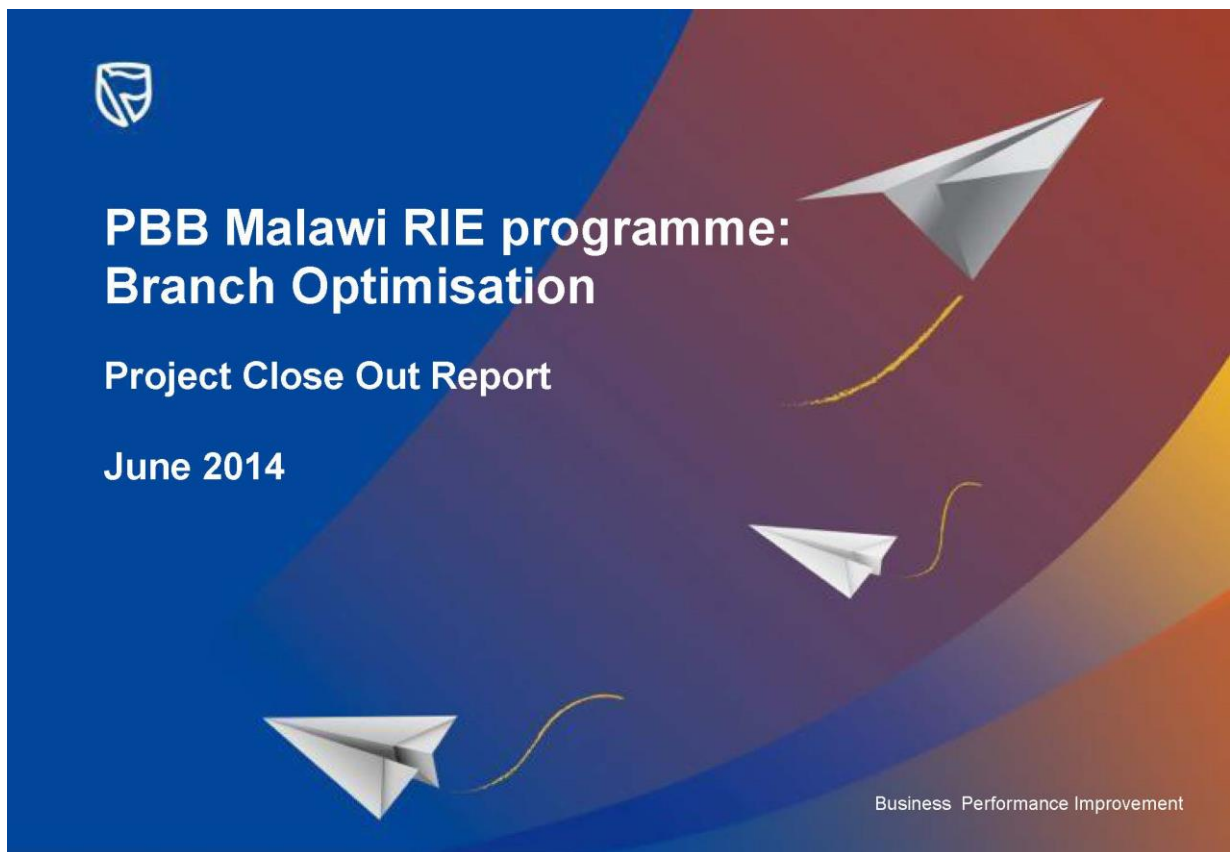
2. How can we ensure we are able to retain our customers?/ Not to frustrate them. Let us be very specific in our responses.
3. Some customers call at night, what is your view around this?
4. What constitutes Customer Relationship Management in your view?

We need some tools that enable us to manage our customers better. These tools enable efficient management of customers. Let us discuss this issue:

1. What systems and tools do we need to improve the way we manage customers?
2. How do we pull information for and about customers in the Bank?
3. Are these tools adequate?
4. What other systems/tools do you require to make managing customers easier?
5. What kind of knowledge do we need to share with our stakeholders that enable us to manage customer relationships better?
6. Let us talk specifically about Salesforce, our utilisation levels are very low? Why is this the case? Is it a useful tool? If yes, how can we use it more? If no, what should we do about it?

To close off the discussion can we just go around the table and talk about any final thoughts on how we can improve CRM for the BB customers and how this impacts our profitability.

Appendix 4 – Malawi Business Banking Closeout Report (BBTAT2)



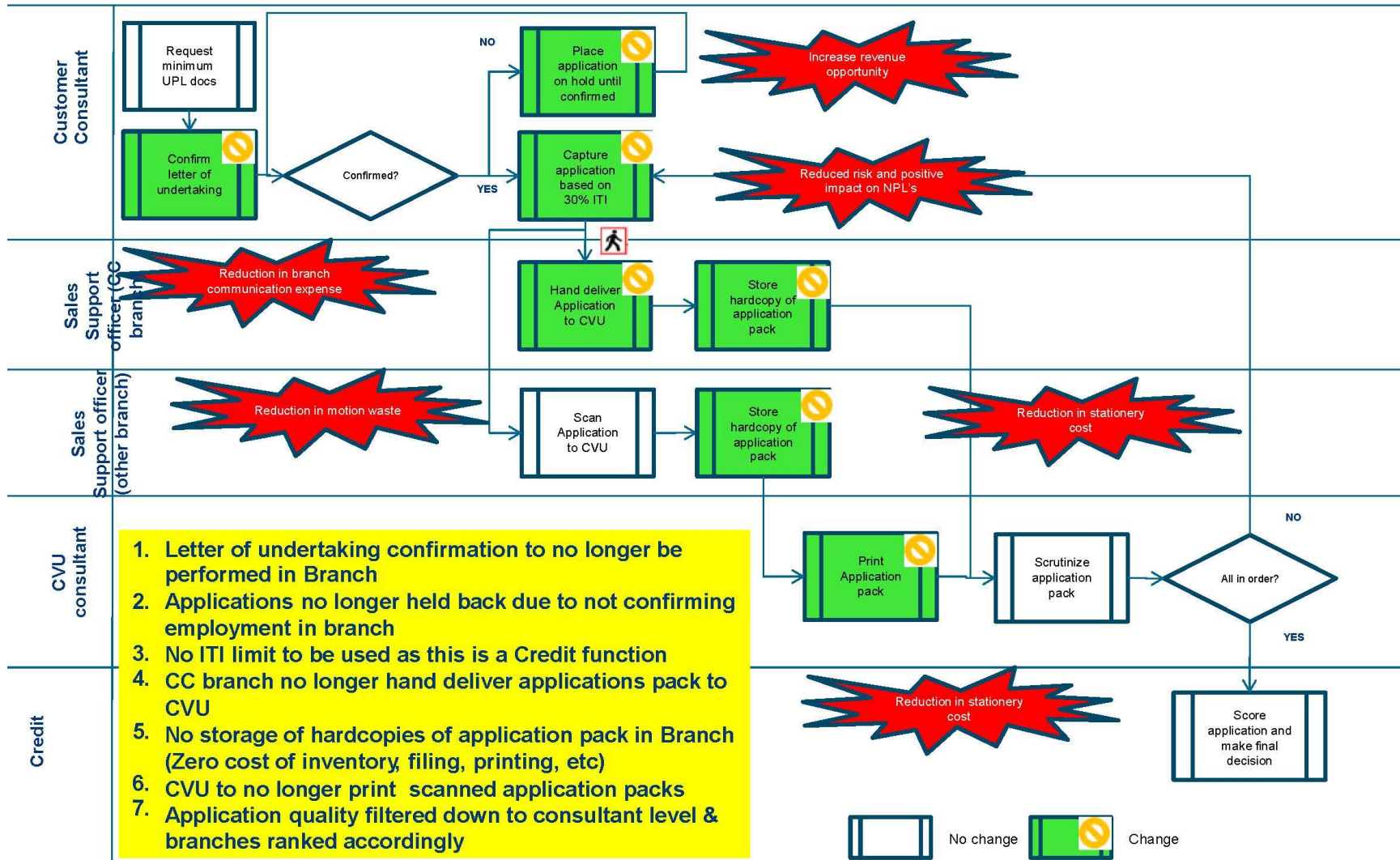
Core focus area # 3 – Account Opening (High impact Root causes- Solution matrix)



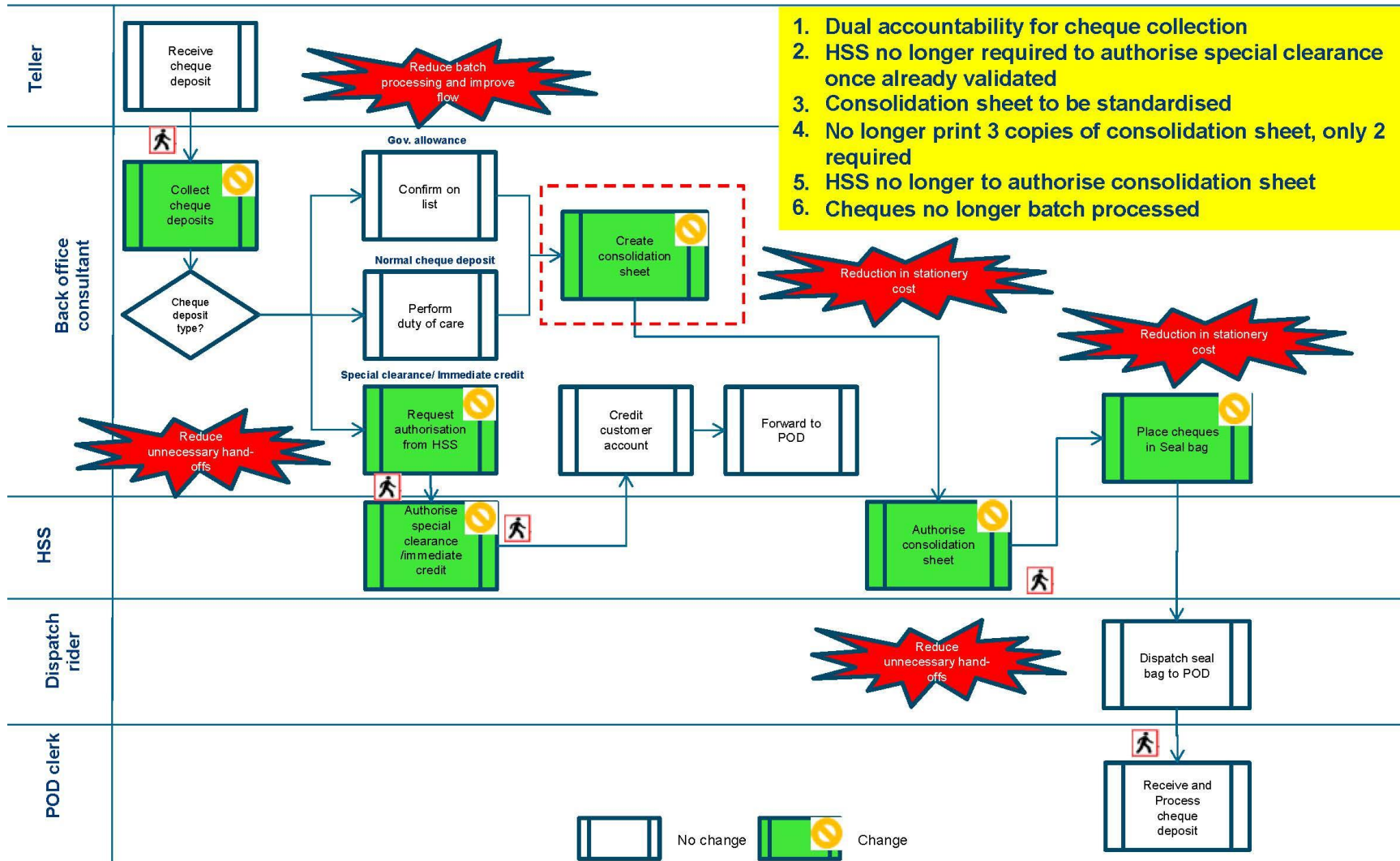
Key root causes	Solution	Main primary benefit to be realised	Solution type
Unclear minimum requirements for origination	Develop an easy aid clearly illustrating minimum requirements for Account Opening origination	<ul style="list-style-type: none"> Improved customer experience & reduced reworks Increase in Sales 	ST
Multiple hand-offs during account opening process	Sales consultant to assist with account deposit process	<ul style="list-style-type: none"> Reduction in accounts opened with NIL balance Improved customer experience 	ST
Correct customer account details not provided to customers	Customer new account template to be provided to all new accounts opened	<ul style="list-style-type: none"> Reduction in accounts opened with NIL balance Improved customer experience 	ST
Business banking accounts require approval of certificates from Registrar delaying accounts being opened	Recommendation to proceed with account opening and simultaneously requesting approval from Registrar.	<ul style="list-style-type: none"> Increase in Business Banking account NIR 	ST
	Enforce Registrar to commit to SLA on approvals and make them accountable for approval	<ul style="list-style-type: none"> Shift in ownership or risk 	LT
Enquiries constantly have large queues due to customers being serviced and responsibility	Separate enquiries function according to customer requirements.	<ul style="list-style-type: none"> Reduced communication expenses in branch 	LT
	Alternatively increase enquiries capacity to ensure streamlined customer experience	<ul style="list-style-type: none"> Improved customer experience 	LT
Manual completion of KYC details delay account opening	Integrate KYC process on system and deploy imaging solution for documentation requirements	<ul style="list-style-type: none"> Reduce Account opening TAT 	LT

■ Piloted successfully
 ■ In progress
 ■ Not started

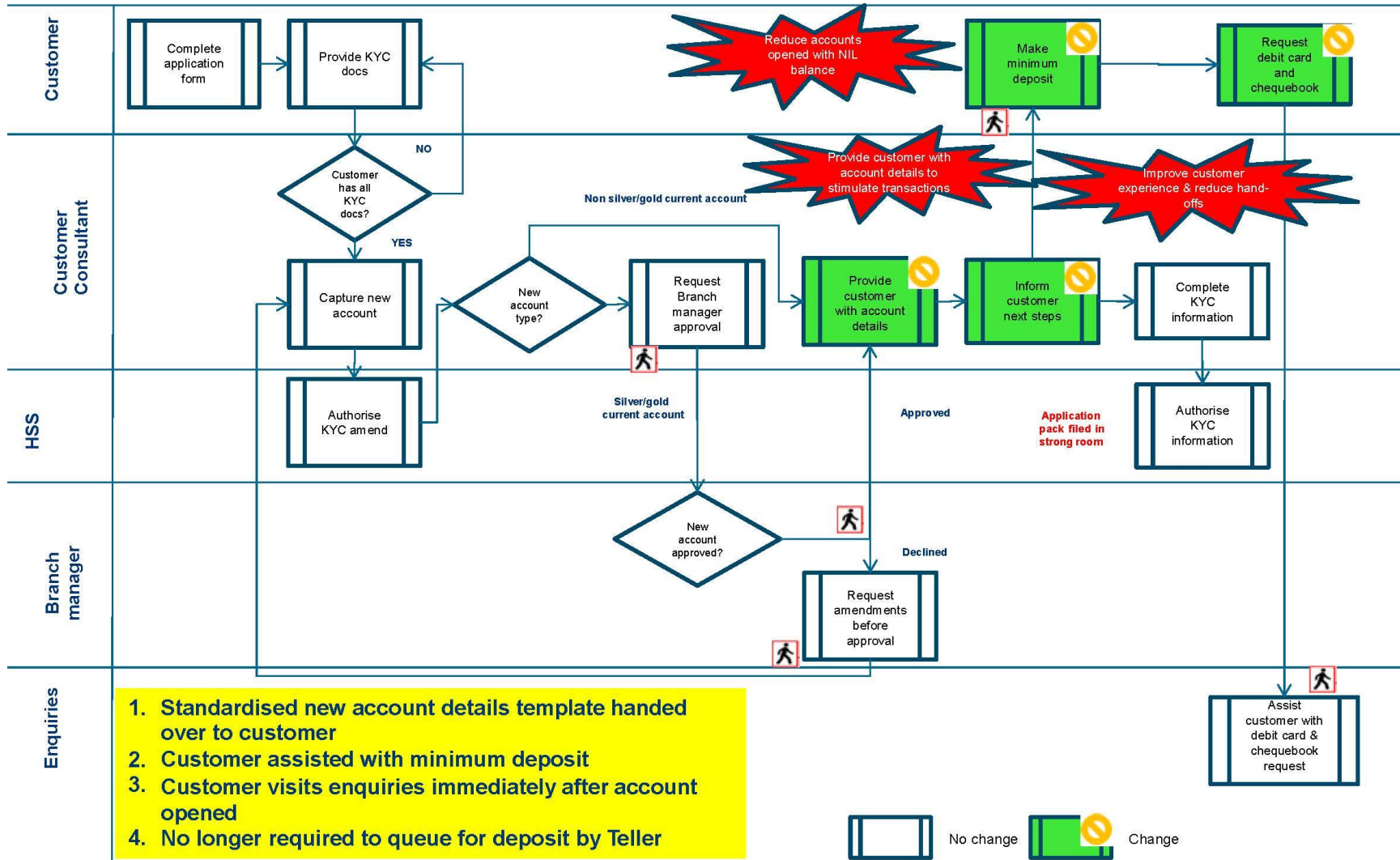
High level UPL process with new changes



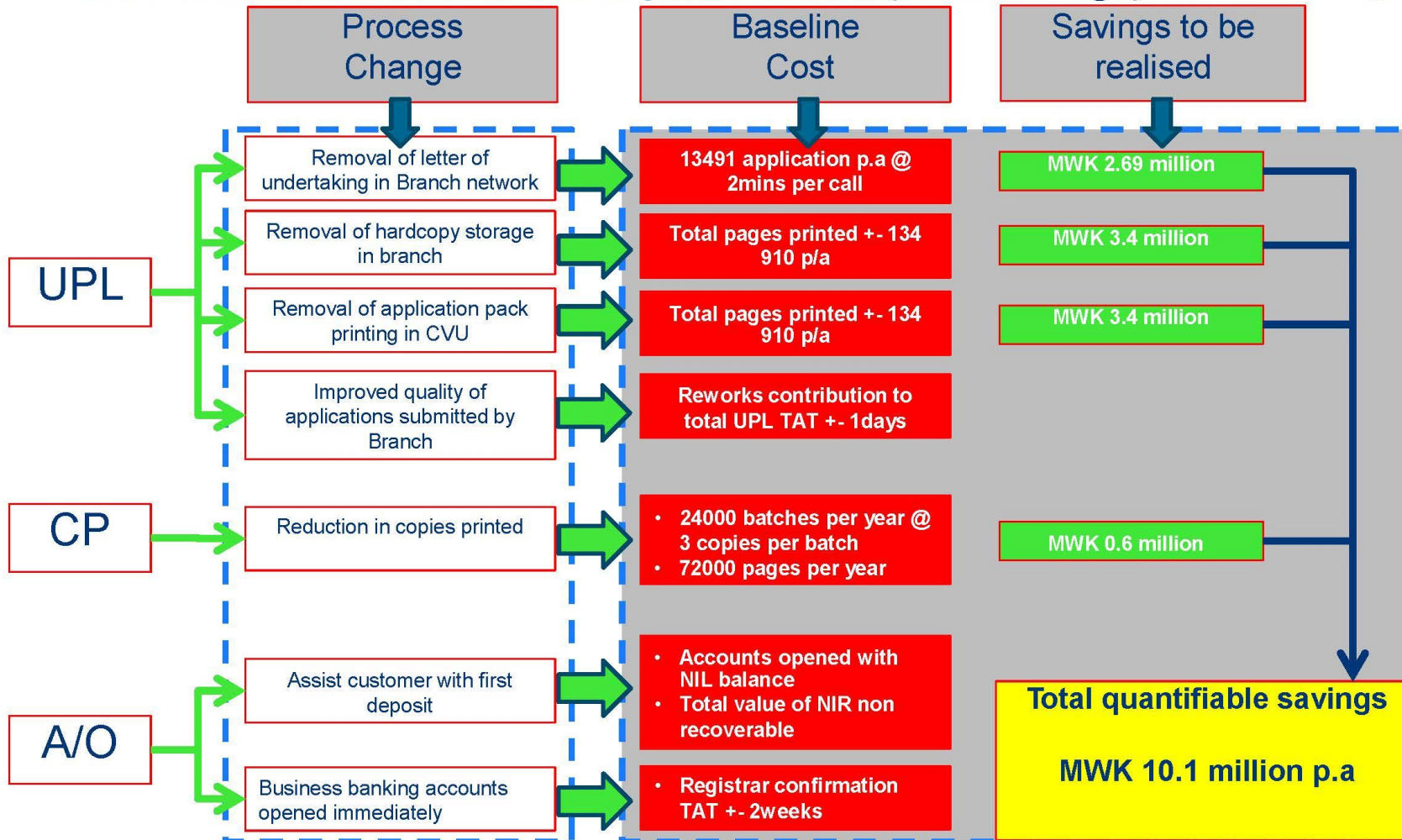
High level Cheque processing process with new changes



High level A/O (Personal banking) process with new changes



Benefit realisation with national implementation (Hard savings)



***See appendix for detailed calculation

Benefit realisation with national implementation (Soft savings)



Scope		Process change
Benefit element		
UPL	Removal of letter of undertaking in Branch network	1) Improved customer experience through reduced waiting time 2) Applications not held back due to inability to confirm at branch
	Provide Customer consultants with easy aid guideline document	3) Improve quality of applications 4) Knowledgeable Customer consultants 5) Simple document to reference for in-experienced staff
	Remove 30% ITI guideline focusing on loan amount required and minimum acceptable loan amount	6) Correct department focusing on customer affordability thereby reducing risk 7) Data inputs to building automated risk based scorecards
	Removal of hardcopy storage in Branch	8) Aligned to imaging solution and going paperless 9) Easier retrieval of application pack if required
	Usage of dual screens in CVU & Credit	10) Reduce ability of making errors 11) Facilitates paperless processing
Cheque Processing	Dual accountability of cheque collection	12) Reduce batch processing which influence overtime hours worked and staff morale 13) Positively influence TAT
	Easy aid on deposit slip completion for customers	14) Improved quality of cheque deposits 15) Improved customer education 16) Reduction in reworks
	Removal of HSS authorisation	17) Improved flow of work in back office 18) Reduction in processing delays/bottleneck
Account Opening	Assist customer with first deposit	19) Improved customer experience through reduced waiting time 20) Reduction in hand-offs
	Business banking accounts opened immediately with Registrar confirmation occurring simultaneously	20) Customer centric process
	Provide easy aid and minimum requirements documents to Customer consultants	21) Equip staff with updated product information 22) Clear guideline of minimum requirements 23) Improved customer experience

High level tracking of deliverables as @ 1 June 2014



What's been achieved to date?

Deliverable	Responsible
<input type="checkbox"/> Conducted pre assessment to agree on focus areas as well as to understand PBB business in Malawi.	BPI
<input type="checkbox"/> Documented AS-IS processes for each focus area within scope of work	BPI
<input type="checkbox"/> Completed root causes analysis workshops.	BPI
<input type="checkbox"/> Setup task team to assist with solution piloting within agreed pilot site.	BPI & Project Sponsor
<input type="checkbox"/> Conducted solutions generation workshops to address root causes identified.	BPI & Task team
<input type="checkbox"/> Allocated solution accountability to task team to ensure sustainability and business ownership.	BPI & Task team
<input type="checkbox"/> Draft Branch communication as 90% of solutions can be implemented without physical presence as per usual projects.	BPI & Task team

Next steps?

Deliverable	Responsible
<input type="checkbox"/> Finalise non piloted solutions for implementation	Task team
<input type="checkbox"/> Finalise Branch communication & forward to Branch network	Task team
<input type="checkbox"/> Quantify Financial benefits.	BPI
<input type="checkbox"/> Develop control measurements to ensure sustainability	BPI & Task team
<input type="checkbox"/> Unpack roll-off issues uncovered during project lifecycle	BPI & Project Sponsor
<input type="checkbox"/> Sign-off project close-out	BPI & Project Sponsor

Worked well, Didn't worked well



Worked Well

- ☺ Involvement of Branch staff from the beginning of the project to perform process & root cause analysis
- ☺ Lots of time spent building relationships in pilot branch, which made piloting of solutions easier
- ☺ Formulation of task team from the PBB business to drive actions for solution piloting added tremendous value
- ☺ Great project sponsor who consistently provided support when required
- ☺ Staying in country for longer periods opposed to 1week visits allowed for increased focus and traction on the ground

Didn't Work Well

- ☹ Ability to measure baseline performance due to system constraints and no existing metrics
- ☹ High attrition rate within CC branch with lots of staff moving on to other areas
- ☹ While not being in country, momentum tended to slow down
- ☹ Multiple projects running concurrently within PBB Malawi
- ☹ Task team were not 100% dedicated to project delivery making it challenging for them to commit to timelines

Implementation control plan



	Process Step	What's Controlled?	Input or Output?	Spec. Limits / Requirements	Measurement Method	Control Method	Sample Size	Frequency	Who/What Measures	Where Recorded	Decision Rule/ Corrective Action
UPL	UPL- Letter of undertaking confirmation	Letter of undertaking confirmation	Output	<5 POR's still performing letter of undertaking confirmation in branch	-Branch Manco Feedback sessions - Stationery & Printing cost reports	Inspection (Process Audits)	All Branches & 5 service centres	Weekly/Monthly	-Branch Management - Ops control	Branch Manco minutes	- Channel to re-inforce behaviour through meetings and feedback sessions. - Re-iterate communication of key changes and highlight impact on cost
	UPL loan application details captured	Expense details captured on loan application	Input	<5% contribution to CVU errors	MIS reports	SPC- Measurement of error rates captured by CVU	100% of applications with errors	Weekly/Monthly	Wellington Nakanga	CVU error report	Channel to re-inforce behaviour with Sales staff
	Creation of UPL account on Branch Power	Creation to Branch Power account when originating UPL's	Output	<5% contribution to CVU errors	MIS reports	SPC- Measurement of error rates captured by CVU	100% of applications with errors	Weekly/Monthly	Wellington Nakanga	CVU error report	Channel to re-inforce behaviour with Sales staff
	UPL application pack printing	Printing of UPL application packs in Branch	Output	<5 POR's still printing UPL application packs	-Branch Manco Feedback sessions - Stationery & Printing cost reports	Inspection (Process Audits)	100%	Weekly/Monthly	-Branch Management - Ops control	Branch Manco minutes	- Channel to re-inforce behaviour through meetings and feedback sessions. - Re-iterate communication of key changes and highlight impact on cost
		UPL application packs stored electronically on local sharedrive	Output	<5 POR's not scanning and storing UPL application packs on local sharedrives	Audit of local sharedrives	Inspection (Process Audits)	10% of applications submitted to CVU	Monthly	Wellington Nakanga & IT	Branch Manco minutes	Channel to re-inforce behaviour with Branch network
		Printing of UPL application packs in CVU	Output	<1% application packs printed in CVU	Audit of CVU processing	Inspection (Process Audits)	10% of applications submitted to CVU	Weekly/Monthly	Ops control	Cost management report	Meetings to be held with CVU to address behaviour
UPL application quality (CVU error checks)	Quality of applications submitted to CVU	Output	<10% error rate	MIS reports	SPC- Measurement of error rates captured by CVU	100% of applications with errors	Weekly/Monthly	Wellington Nakanga	CVU error report	Channel to re-inforce behaviour with Sales staff	
Cheque Processing	Handover of cheque deposits to Back office	Flow of cheque's to Back office for processing	Output	<10% of cheque's processed	Audit of cheque processing	Inspection (Process Audits)	5% of applications	Weekly/Monthly	Ops control	Branch Manco minutes	Channel to re-inforce behaviour with back office and Teller staff
	Creation of Consolidation sheets	Template used to create consolidation sheet	Output	<1% of total consolidation sheets created	Audit of cheque processing	Inspection (Process Audits)	20% of cheques processed	Weekly/Monthly	Ops control	Branch Manco minutes	Channel to re-inforce behaviour with back office staff
	Printing of Consolidation sheets	Number of copies printed	Output	<1% of sampled applications	Audit of cheque processing	Inspection (Process Audits)	5% of applications	Weekly/Monthly	Ops control	Branch Manco minutes	Channel to re-inforce behaviour with back office staff
A/O	Handout of Account opening template	Information provided to customer upon new account opened	Output	<5% of sampled applications with no account opening template	Contacting of customers to confirm template & information provided	Inspection (Process Audits)	5% of new accounts opened	Quarterly	Ops control	Branch Manco minutes	Channel to re-inforce behaviour with Customer Consultants
	New account opened minimum deposit	Minimum deposit made by customer upon new account opened	Output	<1% of sampled applications	MIS reports	SPC- Measurement of accounts with NIL balance	100% new accounts opened	Weekly/Monthly	Wellington Nakanga & IT	Branch Manco minutes	Channel to re-inforce behaviour with Branch network

Where to from Here...

