

Commonwealth bank of australia and customer strategies

[Finance](#), [Banks](#)



PART A: RESEARCH INTO THE AUSTRALIAN BANKING SECTOR

Chosen Bank: The Commonwealth Bank of Australia (CBA)

1. Company Analysis

Organisational goals and objectives:

The Commonwealth Bank of Australia is a multinational bank with operations across, New Zealand, Asia, the United States and the United Kingdom.

The Commonwealth Bank's purpose:

“ To improve the financial wellbeing of our customers and communities”

(Commonwealth Bank, 2018, p. 13)

This purpose is consistent with their current overall strategy to become a simpler, better bank. With a focus on delivering balanced and sustainable outcomes for customers, community, people and shareholders. They plan on simplifying their portfolio, operations and processes while continually building strong and trusted relationships with customers.

In 2018, they set themselves the following goals:

- #1 Net promoter score for consumer and business customers
- Top quartile reputation score
- Top 10% employee engagement score
- Top quartile total shareholder returns

(Commonwealth Bank, 2018, p. 13)

Established in 1911, CBA is now the largest bank in the Southern Hemisphere, featuring vast resources and capabilities. Their workforce of 52,000 employees serve 16.1 million customers. In terms of physical channels, CBA have established the largest network in Australia with 1,267 branches and 4,253 ATM's (Commonwealth Bank, 2018, p. 14). Their innovative approach to digital capabilities is sector-leading through services such as NetBank, the CommBank app, Artificial Intelligence (AI), data systems and cloud technology. These resources and capabilities have enabled CBA to achieve impressive service quality ratings. As of 2018, CBA had achieved the Bank leading position in retail customer satisfaction for 51 of the previous 60 months. A Roy Morgan report showed that CBA achieved a net promoter score (NPS) of 3.8, while this is quite low, they are the only one of the big four with a positive score (Roy Morgan, 2019).

2. Market Analysis/Customers

Customer Behaviour:

Customer Loyalty:

<http://www.roymorgan.com/findings/7918-banking-nps-201903290530>

Customer satisfaction:

<http://www.roymorgan.com/findings/7667-bank-customer-satisfaction-and-nps-slip-further-during-finance-royal-commission-201807200538>

PART B: RESEARCH INTO THE CUSTOMER STRATEGIES AND CRM OF THE COMMONWEALTH BANK OF AUSTRALIA (CBA)

<https://assignbuster.com/commonwealth-bank-of-australia-and-customer-strategies/>

1. Operational

Systems and processes: CBA are well known for their marketing leading innovation, which is reflected through their banking systems and processes. In 2008 the bank announced a four-year project ' Core Banking Modernisation' that had a final cost of \$1. 1 billion. A much-needed move for the bank, as it involved removal of their 45-year-old legacy system. The project had the goal of modernising existing banking systems in order to enhance the way they provide services to their customers (Commonwealth Bank, 2008). It achieved efficiencies and simplified banking experiences through underpinned end to end processing systems. Customers additionally benefited from increased access to innovative products, significant operational benefits and cost savings while experiencing a more flexible and open banking experience (Evans, 2011).

System automation: In the early 2000s CBA took the riskier move to develop their own inhouse CRM system. The system ' CommSee', stands for ' Service Excellence Everyday'. It had had three main fulfilment objectives; know the customer, deliver that they want and do it in a reliable manner (Commonwealth Bank, 2004). Ralph Norris, CEO at the time, backed the move claiming it was a great success for the bank. CommSee enables them to embed visions for customer service excellence through IT systems. Initially an IT solution developed for the banks high-end clients, it was then tailored specifically to meet the needs of their broader customer base. One of the main features of the system allows bank staff to view stored customer profiles, providing insights on various accounts the customer holds and the

statuses of recent interactions with the bank. The system automates electronic documentation, which includes the ability to capture customer signatures and has the aim of helping all staff conduct their jobs better (Deare, 2006).

Channel integration: CBA have exceptional digital channel integration through various products and services. They serve 6.5 million customers through their NetBank website, CommBank app and digital wallets (John, 2018). NetBank allows customer to manage finances from their own home, helping with efficiencies and costs for the bank. While the CommBank app, with 5 million daily users, simplifies day-to-day management of cards, funds and transferring. Additionally, CBA provides EFTPOS tablet 'Albert' to small businesses to provide efficiencies in daily operations.

Artificial intelligence: Since 2015 CBA has been developing an 'Artificial intelligence (AI) stack', which is now over half-way through development. It includes a customer engagement engine (CEE) with capabilities for suggesting 20 million conversation starters a day. The AI stack allows the bank to better understand what customers are telling them, and problems that need to be solved. Feedback is then fed into the CEE which allows for more proactive and needs-based conversations with customers. AI is additionally used on similar customer complaints, by assessing all past information on those customers in order to identify common events or patterns. This enables understanding of how the bank can shift net promoter scores (Crozier, 2018).

2. Analytical

Data systems and warehousing: CBA is definitely an impressive company from an analytical perspective, analysis of data has now become one of their greatest strategic focuses. Globally, banks are recognising the need to examine vast volumes of data in order to improve understanding of customers. In 2016, CBA completed a modernisation project of their ageing data centre in Sydney. This project delivered boosts in security, power efficiency while also increasing the facility's projected lifespan (Pearce, 2016). Rather than moving to a new facility, CBA opted to revitalise the current facility with an additional two new data halls, a move which is believed to have saved the bank millions. Data analysis has become increasingly essential for CBA, they are slowly moving towards serving customers through interactions on iPhones and tablets rather than in costly branches (Eyers, 2014).

Cloud technology: Additionally, CBA excel in cloud technology through their own private cloud ' One Cloud', which was developed since 2010 and planned to replaced their outsourced IMB P-series system in 2019. This initiative allowed CBA to significantly decrease their cost to income ratios using the technology. They have found that utilising a private cloud is always cheaper than a public one. Through this development CBA experienced significant increases in efficiency and accelerated product development speeds, leaving other competitors well behind (Sharwood, 2018). It allows the bank to eliminate centralised provisioning services, giving customers a more tailored service. It successfully reacts to the increasing need of

improved responsiveness and delivery of self-service capabilities for business customers (Writers, 2019).

3. Strategic

Customer strategy: When it comes to customer strategy CBA has always made efforts to distinguish themselves in the market. The CommBank “CAN” campaign is designed to highlight their competitive advantages in relation to consumers, what a modern bank can be. Whether this is through their various products and services specifically designed to simplify everyday life for its customers. More recently, CBA released their ‘Comyn’ plan to invest \$5 billion into technology over a 5 year period. It is an attempt to further extent their sector-leading position by improving outcomes and experiences for customers. One main initiative is their more personal app which is aimed to assist customers depending on their circumstances, which will continually improve (Knight, 2019).

Competition strategy: Customers are at the forefront of CBA’s operations, their number one priority. They use the following to distinguish themselves from competitors:

- People: A vibrant, positive and customer-focused culture
- Technology: Providing market-leading solutions to meet changing digital needs
- Productivity: Simplifying the way customers do things in order to achieve efficiency

- Strength: Stability and security making them a organisation customers can trust

(Commonwealth Bank, 2014)

Additionally, CBA are extremely attractive through their 1, 000 branches across the country, still placing emphasis on face to face channels.

Digital strategy: CBA has established that an important way to distinguish themselves from competitors is through leadership in digital banking. As previously mentioned, they do this through a plethora of products and services such as NetBank, the CommBank app, EFTPOS ' Albert' tablet and One Cloud. These various approaches allow them to provide the highest level of customer service.

4. Collaborative

Partnerships: One of CBA's recent collaborations is with Australian start-up Kounta, allowing for improvements on their EFTPOS tablet ' Albert' for businesses. This provided various benefits for customers, giving them a personalised experience in the digitally-led business environments of today. It enabled businesses to provide great customer experiences by making paying at the table easier, simplifying customer service roles. It helped day-to-day store management easier through transparency in process management. Finally, it provides greater security for customers with Kounta's reliable service, heavy security procedures and data backups (Commonwealth Bank, 2016). This partnership with Kounta allowed CBA to

provide personalised and tailored products to their business customers, leading to greater satisfaction.

Employees: CBA is well known for their investment in employees, they understand the impact front-line staff have on customers they serve. Since 2005, their CommSee program requires thousands of staff to sit mandatory exams on the new technology. This initiative allowed employees to feel more empowered by technology which translates into service improvements for customers (Bajkowaski, 2005).

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