

# Cross-selling in the financial sector: Customer profitability is key

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**Abstract** Customer relationship management (CRM) is a growing trend in banks today and billions have already been spent on CRM systems. Financial service providers (FSPs) are, however, recognising the many challenges they face in implementing an enterprise CRM business strategy. This paper provides an overview of research work undertaken, in partnership with a major UK bank, to assess the validity of the 'sales through service' concept. The project aimed at identifying the requirements for a successful cross-selling system to provide an external input to the current initiative already underway at the bank. The paper aims to summarise the work undertaken to present what is believed to be a considerable gap between what CRM literature publishes and the actual implementation in 'real-life' organisations. It concludes with recommendations for developing the cross-selling initiative at the bank.

## INTRODUCTION

Customer relationship management (CRM) has become the buzzword of e-business, and it seems that there are almost as many definitions for CRM as there are vendors promoting products for getting closer to customers. Hence, there is little consistency on how CRM fits into an organisation, ie is it customer care, marketing, sales, all of those, others? In essence, CRM aims to increase the profitability of the customer portfolio. This may comprise many elements like

customer acquisition, price, cost to serve, cross sales (further sales to the same customer), up sales (where the customer makes greater use of the same product or services) and so on. As argued in this paper, however, despite all the hype surrounding CRM in the financial services industry, as well as the solutions provided by vendors, financial service providers (FSPs) are recognising the many challenges they face in implementing an enterprise CRM business strategy.

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